



March 8, 2011

SPAR Group Announces Fiscal 2010 EPS of \$0.11 for the Year Ended December 31, 2010

TARRYTOWN, NY -- (MARKET WIRE) -- 03/08/11 -- SPAR Group, Inc. (NASDAQ: SGRP) (the "Company" or "SPAR Group"), a leading supplier of retail merchandising and other marketing services throughout the United States and internationally, today announced its fourth quarter and 2010 year-end financial results for the period ended December 31, 2010.

2010 Year End Financial Highlights:

- Net revenue increased 10% to \$63.2 million compared to \$57.5 million in 2009;
- Gross profit increased 20% on improved margins to \$21.0 million compared to \$17.5 million in 2009;
- Operating income increased 9 fold to \$2.8 million compared to \$322,000 in 2009; and
- Net income increased 4 fold to \$2.2 million or \$0.11 per share compared to \$502,000 or \$0.03 per share in 2009.

"We are very proud to announce the significant financial improvements for 2010 after having to overcome significant economic hurdles globally over the last two years in the consumer products industry. The worldwide slowdown forced management to rethink our strategy and create a very lean, highly efficient organization that could withstand the worst of times but have significant earnings power as the business environment improved. The hard work and positive execution by our team has enabled us to announce an increase of 332% in our net income to \$0.11 per share for 2010," stated Gary Raymond, President and Chief Executive Officer of SPAR Group. "Our strong financial results in the 2010 fourth quarter and fiscal year provide proof that our company is able to grow profitably even during difficult economic times and further underscores our confidence in our ability to generate double-digit sales and earnings gains. We believe that demand for SPAR Group's services is continuing to grow in 2011, as many of our large manufacturing and retail clients report improved sales driven by increased consumer confidence. We will continue to capitalize on the significant growth opportunities available to us from both the domestic and international operations, as we further expand our presence within the global merchandising services industry."

Key Fourth Quarter 2010 Financial Results:

- Both domestic and international net revenues increased over 30%;
- International gross profit increased 42.5% to \$2.6 million in 2010;
- Operating income increased 13 fold to \$1.7 million compared to \$123,000 in 2009;
- International operating income improved to \$247,000 compared to an operating loss of \$504,000 last year; and
- Net income increased 4 fold to \$1.2 million or \$0.06 per share.

Fourth Quarter Financial Results for Period Ended December 31, 2010.

Revenue for the quarter ended December 31, 2010 totaled \$18.7 million, an increase of 32%, compared to \$14.2 million for the fourth quarter ended December 31, 2009. Our domestic revenue for the fourth quarter of 2010 increased 34% to \$10.1 million compared to \$7.5 million for the same period in 2009 due to both organic growth and the acquisition of National Marketing Services in late 2009. Our international revenue increased 30% to \$8.7 million compared to \$6.7 million for the same period of 2009. The international revenue increase was primarily attributable to a strong performance in Canada, equally attributable to both organic growth and the acquisition efforts in this region, and increased revenue in Australia and China.

Gross profit increased \$1.6 million or 33% to \$6.6 million for the fourth quarter of 2010 compared to \$4.9 million for the fourth quarter of 2009. Domestically, gross profit increased 28% to \$3.9 million for the fourth quarter of 2010 compared to \$3.1 million for the same period in 2009 while the gross profit margin declined to 39% for the fourth quarter of 2010 compared to 41% for the same period in 2009. The drop in domestic gross margin was directly attributable to the mix in business year to year. Internationally, gross profit increased to \$2.7 million for the fourth quarter of 2010 compared to \$1.8 million in 2009 yielding an improved gross profit margin of 30.4% compared to 27.7% year over year. These improvements in both international gross profit and gross margins were primarily driven by the change in operating partners in a number of international locations, specifically China, Japan and India, as the Company continues to focus on improving operations in these critical areas.

Net income for the fourth quarter of 2010 increased 294% to \$1.2 million or \$0.06 per share compared to \$303,000 or \$0.02 per share for the same period of 2009. Net income from domestic operations for the fourth quarter of 2010 totaled \$1.1 million compared to \$559,000 for the same period in 2009 and international net income for the same period totaled \$52,000 compared to net loss of \$256,000 in 2009.

Mr. Raymond further stated, "Throughout 2010, the Company increased market share in its domestic operations, through

acquisition and organic growth, and in its international operations as it redeveloped key partner relationships that are expected to continue to yield sustained growth and profitability. As operating results on the domestic front have steadily increased, fourth quarter 2010 provided strong evidence that the international division will also play a vital role in SPAR Group's continued growth. Our international business provided a boost to our earnings as it experienced a \$308,000 increase in net income, which helped us attain earnings of \$0.06 per share during the fourth quarter. Management is confident that these results provide evidence that our international business will play a meaningful role in our financial results going forward. Our 2010 outstanding performance is the direct result of the entire management team's diligent work combined with the support of our board of directors."

Key 2010 Year End Financial Results:

- Domestic revenue increased 38%;
- Gross profit increased 20%;
- International gross margin improved to 30% compared to 25% in 2009;
- Operating profit increased 9 fold to \$2.8 million compared to \$322,000 in 2009;
- Domestic operating profit improved 243% to \$3 million in 2010; and
- Net income increased 4 fold to \$2.2 million or \$0.11 per share compared to \$502,000 or \$0.03 per share in 2009.

Twelve Months Financial Results for Period Ended December 31, 2010.

Revenue for the twelve months ended December 31, 2010 totaled \$63.2 million compared to \$57.5 million for the twelve months ended December 31, 2009. Our domestic revenue for the 2010 fiscal year increased 38% to \$36.6 million compared to \$26.4 million for 2009 equally attributable to both organic and acquisition growth. Our international revenue for 2010 decreased 15% to \$26.6 million compared to \$31.1 million for the same period in 2009 due to the Company's strategic focus on margin enhancement as demonstrated by the shedding of the less profitable sales promotion business in Japan.

Gross profit for 2010 increased 20% to \$21.0 million compared to \$17.5 million for 2009. These results yielded an improved gross margin of 33.2% for 2010 compared to 30.5% in 2009. Domestically, gross profit for the 2010 year end increased 35% to \$13.1 million compared to \$9.7 million in 2009, and domestic gross profit margin totaled 35.9% compared to 36.8% in 2009. Internationally, 2010 gross profit totaled \$7.9 million compared to \$7.8 million in 2009 while the gross margin improved to 29.6 % in 2010 compared to 25.1% in the prior year.

Net income for the twelve month period ended December 31, 2010 increased 332% to \$2.2 million or \$0.11 per share compared to net income of \$502,000 or \$0.03 per shares in 2009. Domestically, net income for 2010 more than doubled to \$2.7 million compared to net income of \$1.1 million for 2009. Internationally, the net loss for 2010 improved 20% to \$506,000 compared to a net loss of \$631,000 for 2009 as the Company continues its focus to return the international business to profitability.

Balance Sheet as of December 31, 2010

Total current assets and total assets were \$16.2 million and \$19.1 million, respectively. Cash and cash equivalents totaled \$923,000 at December 31, 2010. Total current liabilities were \$11.8 million, with no long-term liabilities, at December 31, 2010. Total equity was \$6.8 million for the period ending December 31, 2010. The Company's working capital for the period ending December 31, 2010 improved to \$4.4 million and its current ratio improved to 1.37 to 1, compared to 1.02 to 1 last year.

The Company intends to file the Form 10-K with the Securities and Exchange Commission on or before March 15, 2011 and host a shareholder conference call that week.

About SPAR Group

SPAR Group, Inc. is a diversified international merchandising and marketing services company and provides a broad array of services worldwide to help companies improve their sales, operating efficiency and profits at retail locations. The Company provides merchandising and other marketing services to manufacturers, distributors and retailers worldwide, primarily in mass merchandisers, office, grocery and drug store chains, independent, convenience and electronics stores, as well as providing furniture and other product assembly services, in-store events, radio frequency identification ("RFID") and related technology services and marketing research. The Company has supplied these project and product services in the United States since certain of its predecessors were formed in 1979 and internationally since the Company acquired its first international subsidiary in Japan in May of 2001. Product services include product additions; placement, reordering, replenishment, labeling, evaluation and deletions, and project services include seasonal and special product promotions, product recalls and complete setups of departments and stores. The company operates throughout the United States and internationally in 9 of the most populated countries, including China and India. For more information, visit the SPAR Group's Web site at <http://www.sparinc.com/>.

Certain statements in this news release and such conference call are forward-looking, including (without limitation) growing

revenues and profits through organic growth and acquisitions, attracting new business that will increase SPAR Group's revenues, continuing to maintain costs and consummating any transactions. Undue reliance should not be placed on such forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond the company's control. The company's actual results, performance and trends could differ materially from those indicated or implied by such statements as a result of various factors, including (without limitation) the continued strengthening of SPAR Group's selling and marketing functions, continued customer satisfaction and contract renewal, new product development, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, success and availability of acquisitions, availability of financing and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information regarding certain of those and other risk factors and cautionary statements that could affect future results, performance or trends are discussed in SPAR Group's most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and other filings made with the Securities and Exchange Commission from time to time. All of the company's forward-looking statements are expressly qualified by all such risk factors and other cautionary statements.

Tables Follow.

SPAR Group, Inc.

Consolidated Statement of Operations

(unaudited)

(in thousands, except per share data)

	Three Months Ending		Twelve Months Ending	
	December 31,	December 31,	December 31,	December 31,
	2010	2009	2010	2009
	-----	-----	-----	-----
Net revenues	\$ 18,738	\$ 14,191	\$ 63,154	\$ 57,549
Cost of revenues	12,175	9,262	42,165	40,019
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Gross profit	6,563	4,929	20,989	17,530
 Selling, general, and administrative expense	 4,619	 4,526	 17,140	 16,127
Depreciation and				

amortization	293	280	1,018	1,081
	-----	-----	-----	-----
Operating income	1,651	123	2,831	322
Interest expense	171	23	310	178
Other (income)	(36)	(39)	(21)	(582)
	-----	-----	-----	-----
Income before provision for income taxes	1,516	139	2,542	726
Provision (benefit) for income taxes	188	(77)	263	169
	-----	-----	-----	-----
Net income	1,328	216	2,279	557
Net (income) loss attributable to non-controlling interest	(133)	87	(112)	(55)
	-----	-----	-----	-----
Net income attributable to SPAR Group, Inc.	\$ 1,195	\$ 303	\$ 2,167	\$ 502
	=====	=====	=====	=====
Basic/diluted net income per common share:				
Net income - basic				

and diluted	\$	0.06	\$	0.02	\$	0.11	\$	0.03
		=====		=====		=====		=====
Weighted average								
common shares -								
basic		19,290		19,139		19,209		19,139
		=====		=====		=====		=====
Weighted average								
common shares -								
diluted		21,047		19,436		20,602		19,434
		=====		=====		=====		=====

SPAR Group, Inc.

Consolidated Balance Sheets

(unaudited)

(in thousands, except share and per share data)

	December 31,	
	2010	2009
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 923	\$ 1,659
Accounts receivable, net	13,999	10,231
Prepaid expenses and other current assets	1,283	1,182
	-----	-----
Total current assets	16,205	13,072
Property and equipment, net	1,452	1,550

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Total SPAR Group, Inc. equity	6,797	4,100
Non-controlling interest	450	431
	-----	-----
Total liabilities and equity	\$ 19,093	\$ 17,351
	=====	=====

Contact:

James R. Segreto
Chief Financial Officer
SPAR Group, Inc.
(914) 332-4100

Investors:

Alan Sheinwald
Alliance Advisors, LLC
(212) 398-3486
Email Contact

Or

Chris Camarra
Alliance Advisors, LLC
(212) 398-3487
Email Contact

Source: SPAR Group Inc.

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