

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 19, 2012

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-27824  
(Commission  
File No.)

33-0684451  
(IRS Employer  
Identification No.)

560 White Plains Road, Suite 210, Tarrytown, New York  
(Address of Principal Executive Offices)

10591  
(Zip Code)

Registrant's telephone number, including area code: (914) 332-4100

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition.**

On March 19, 2012, we, SPAR Group, Inc. ("SGRP" or the "Registrant"), and its subsidiaries (together with SGRP, "we", "our" or the "Company"), issued a press release (the "Earnings Release") reporting our net income and revenue for our fiscal quarter that ended on December 31, 2011 (our "2011 Fourth Quarter") and our fiscal year that ended on December 31, 2011 (our "2011 Fiscal Year").

A copy of the Earnings Release is attached to this Current Report on Form 8-K (this "Report") as Exhibit 99.1 and is hereby incorporated herein by reference.

**Item 8.01. Other Events.**

On March 21, 2012, we issued a press release (the "Call Release") that we would hold a public conference call for our shareholders and others on Thursday, March 22, 2012, during which management will discuss our financial results for our 2011 Fourth Quarter and 2011 Fiscal Year. There will also be a simultaneous audio webcast of the conference call available at our website (sparinc.com) under the "Investor Relations" menu section and "News Releases" sub-menu of our website.

Conference Call Details:

Date: Thursday, March 22, 2012

Time: 4:15 p.m. Eastern Daylight Time (EDT)

Dial In-Number: 1-877-941-2068

International Dial-In Number: 1-480-629-9712

Participants should ask for the SPAR Group Shareholder Update conference call.

It is recommended that participants dial in approximately 5 to 10 minutes prior to the start of the 4:15 p.m. EDT call.

There will also be a simultaneous audio feed webcast and archived recording of the conference call available at <http://www.sparinc.com> under the "Investor Relations" menu section and "News Releases" sub-menu of the website or you may use the link audio feed and archived recording of the conference call available at <http://www.viaavid.net/>.

Please note that the Earnings Release mistakenly referenced Eastern Standard Time (EST) rather than Eastern Daylight Time (EDT). Eastern Daylight Time is currently in effect in New York, where we have our executive offices. Our conference call is scheduled for 4:15 Eastern Daylight Time.

A copy of the Call Release is attached to this Report as Exhibit 99.2, and is hereby incorporated herein by reference.

**Information Not "Filed"**

The information in Items 2.02 and 8.01 of this Report and each of the Earnings Release and Call Release attached as Exhibit 99.1 and 99.2, respectively (each a "Release"), and any information that may be conveyed in such conference call, shall, to the greatest extent permitted by applicable law, not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. Such information, to the extent deemed or determined to have been not "filed" under applicable law, shall not be deemed incorporated by reference in any filing by us under the Securities Act of 1933, as amended (the "Securities Act", and together with the Exchange Act, the "Securities Laws"), except as shall be expressly set forth by specific reference in such a filing.

## Forward Looking Statements

Statements contained in this Report and each attached Release, and any statements that may be made in such conference call, include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including (without limitation) any statements relating to anticipated, prospective or desired customers, acquisitions or markets, trends, updates, or other anticipated, estimated, expected or desired assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results, risks or condition. You can identify forward-looking statements in such information by the Company's use of terms such as "may", "will", "expect", "intend", "believe", "estimate", "anticipate", "continue" or similar words or variations or negatives of those words. You should carefully consider all such information and the other risks and cautions noted in the Company's Annual and Quarterly Reports and other filings under applicable Securities Laws (including this report, each a "SEC Report", each of which is available on the Company's website at <http://investors.sparinc.com>) that could cause the Company's actual assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results, risks or condition to differ materially from those anticipated by the Company and described in the information in the Company's forward-looking statements, whether express or implied, as the Company's anticipations are based upon the Company's plans, intentions and best estimates and (although the Company believe them to be reasonable) involve known and unknown risks, uncertainties and other factors that could cause them to fail to occur or be realized or to be materially and adversely different from those the Company anticipated.

Although the Company believe that its plans, intentions and estimates reflected or implied in such forward-looking statements are reasonable, the Company cannot assure you that such plans, intentions or estimates will be achieved in whole or in part, that the Company has identified all potential risks, or that the Company can successfully avoid or mitigate such risks in whole or in part. You should carefully review the risk factors described below (See Item 1A – Risk Factors) and any other cautionary statements contained or incorporated by reference in this Annual Report. All forward-looking and other statements attributable to the Company or persons acting on its behalf are expressly subject to and qualified by all such risk factors and other cautionary statements.

You should not place undue reliance on the Company's 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 its control. The Company's forward-looking statements are based on the information currently available to it and speak only as of the referenced date(s) or, in the case of forward-looking statements incorporated by reference, as of the date of the SEC Report that includes such statement. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these matters or how they may arise or affect the Company. Over time, the Company's actual assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results, risks or condition will likely differ from those expressed or implied by the Company's forward-looking statements, and such difference could be significant and materially adverse to the Company and the value of your investment in the Company's Common Stock.

The Company does not intend or promise, and the Company expressly disclaims any obligation, to publicly update or revise any forward-looking statements, risk factors or other cautionary statements (in whole or in part), whether as a result of new information, future events or recognition or otherwise, except as and to the extent required by applicable law.

### **Item 9.01. Financial Statements and Exhibits.**

(a) Exhibits:

- |      |   |
|------|---|
| 99.1 | Press Release of the Registrant dated March 19, 2012, as attached hereto. |
| 99.2 | Press Release of the Registrant dated March 21, 2012, as attached hereto  |



EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of the Registrant dated March 19, 2012, as attached hereto.
99.2	Press Release of the Registrant dated March 21, 2012, as attached hereto.

# SPAR Group Exceeds Revenue Guidance and Announces Revenue Growth to \$73.5 Million for Fiscal Year 2011

## 2011 Fourth Quarter Revenue Grew 26% to \$23.6 Million

TARRYTOWN, NY - (3/19/2012) - 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 fourth quarter and 2011 year end revenue of \$23.6 million and \$73.5 million respectively.

### 2011 Company Highlights

- Revenue for the fiscal year increased by 16% and by 26% for the fourth quarter of 2011 based on strong growth from the Company's international operations.
- Added several new subsidiaries in 2011 to expand operations in Mexico, Turkey and China that are expected to add additional \$18 million in revenue in 2012.
- International division revenues grew by 55% for the fourth quarter and 34% for the fiscal year.
- Working capital improved to \$7.2 million from \$4.4 million year over year and cash on hand increased approximately \$800,000.

"Having exceeded our revenue guidance for FY2011, SPAR Group is extremely pleased with the Company's significant growth during both the fourth quarter and fiscal year for 2011," stated Gary Raymond, Chief Executive Officer of SPAR Group. "Due to our strategic business model for global expansion, our international division now accounts for nearly half of SPAR Groups total revenue. Through the use of our proprietary technology, our ability to enter new markets and quickly operate in a profitable manner provides us with a strong competitive advantage. We are currently evaluating several additional expansion opportunities which will be accretive to our earnings and provide increased market opportunities for future growth."

Mr. Raymond continued, "In addition to the strong growth in our international division, we are pleased with continued consistent success in our domestic business. In both divisions we expect additional contract awards that will lead to consistent growth throughout 2012 and beyond. With numerous profitable opportunities available to us, and expectations for additional domestic and international acquisitions in the coming year, 2012 looks to be one of our strongest growth years ever."

### Three Month Financial Results for the period ended December 31, 2011

- Total revenue increased 26%, led by strong growth of 55% in the International division,
  - Net Income of \$1.2 million,
  - Gross Profit increased 11%.
-

Three Months Ended December 31,

(in thousands)

	2011		2010		Change		
					\$	%	
<b>Net Revenue:</b>							
Domestic	\$	10,188	\$	10,060	\$	128	1%
International		13,411		8,678		4,733	55%
Total	\$	23,599	\$	18,738	\$	4,861	26%
<b>Gross Profit:</b>							
Domestic	\$	3,721	\$	3,925	\$	(204)	(5)%
International		3,535		2,638		897	34%
Total	\$	7,256	\$	6,563	\$	693	11%
<b>Operating Income:</b>							
Domestic	\$	1,213	\$	1,404	\$	(191)	(14)%
International		315		247		68	28%
Total	\$	1,528	\$	1,651	\$	(123)	(8)%
<b>Net Income:</b>							
Domestic	\$	991	\$	1,143	\$	(152)	(13)%
International		213		52		161	307%
Total	\$	1,204	\$	1,195	\$	9	1%

Revenue for the quarter ended December 31, 2011 totaled \$23.6 million, an increase of 26% compared to \$18.7 million for the fourth quarter ended December 31, 2010. Domestic revenue for the fourth quarter of 2011 was \$10.2 million compared to \$10.1 million for the same period in 2010. The increase in domestic revenue was mainly attributable to continued growth from the Company's syndicated services as well as continued growth in the assembly business. International revenue for the fourth quarter increased 55% to \$13.4 million compared to \$8.7 million during the same period 2010. This increase is due to additional revenue from the new subsidiaries in Mexico and Turkey and improved operations in China, South Africa and Australia.

Gross profit increased 11% to \$7.3 million for the fourth quarter of 2011, when compared to \$6.6 million the same period of 2010. Domestically, our gross profit margin was 36.5% for the fourth quarter 2011 compared to 39% in 2010. The decrease in gross profit margin was directly attributable to an unfavorable mix within both syndicated and project work compared to last year. Internationally, our gross profit margin was 26.4% for the fourth quarter of 2011 compared to 30.4% for the same period in 2010. This change was due to the mix of business predominately in our China, Japan, South Africa and Mexico markets.

Net income for the fourth quarter of 2011 was \$1.2 million, or \$0.06 per share, compared to \$1.2 million, or \$0.06 per share, for the same period of 2010 based on diluted shares outstanding of 21.3 million and 21.0 million, respectively. Domestically, net income for the fourth quarter was \$991,000 compared to net income of \$1.1 million for the same period in 2010. Internationally, net income for the fourth quarter of 2011 totaled \$213,000 compared to a net income of \$52,000 for the same period in 2010.

### Fiscal Year Ended December 31, 2011 Financial Results

- Total revenue increased 16%,
- Domestic revenue increased \$1.2 million,
- International revenue increased \$9.1 million,
- Gross profit increased \$1.5 million,
- Working capital continues to show improvement at \$7.2 million.

	Twelve Months Ended December 31,			
	(in thousands)			
	2011	2010	Change	
			\$	%
<b>Net Revenue:</b>				
Domestic	\$ 37,809	\$ 36,564	\$ 1,245	3%
International	<u>35,715</u>	<u>26,590</u>	<u>9,125</u>	<u>34%</u>
Total	\$ 73,524	\$ 63,154	\$ 10,370	16%
<b>Gross Profit:</b>				
Domestic	\$ 12,590	\$ 13,129	\$ (539)	(4)%
International	<u>9,906</u>	<u>7,860</u>	<u>2,046</u>	<u>26%</u>
Total	\$ 22,496	\$ 20,989	\$ 1,507	7%
<b>Operating Income:</b>				
Domestic	\$ 2,774	\$ 3,044	\$ (270)	(9)%
International	<u>111</u>	<u>(213)</u>	<u>324</u>	<u>152%</u>
Total	\$ 2,885	\$ 2,831	\$ 54	2%
<b>Net Income (loss):</b>				
Domestic	\$ 2,333	\$ 2,673	\$ (340)	(13)%
International	<u>(119)</u>	<u>(506)</u>	<u>387</u>	<u>77%</u>
Total	\$ 2,214	\$ 2,167	\$ 47	2%

Revenue for the fiscal year 2011 increased 16% to \$73.5 million compared to \$63.1 million in 2010. Domestic revenue for 2011 was \$37.8 million compared to \$36.6 million during the same period in 2010, an increase of \$1.2 million primarily attributable to continued growth from the Company's syndicated and assembly services. Internationally, our revenue for the year ended December 31, 2011 was \$35.7 million compared to \$26.6 million during the same period 2010. The increase in international revenue was due primarily to additional revenue from the new subsidiary in Mexico of \$4.6 million, an increase in China of \$2.5 million resulting primarily from increased project work in the beverage category and an increase in South Africa of \$2.2 million resulting from a new client in the general merchandising category.

Gross profit for the fiscal year 2011 increased 7% to \$22.5 million compared to \$21.0 million for the same period in 2010. Domestic margins for the fiscal year 2011 were 33.3% compared to 35.9% during the same period 2010. The changes in domestic gross profit margins are related to an unfavorable mix within both syndicated and project work compared to last year. Internationally, our gross profit margins for 2011 were 27.7% compared to 29.6% in the previous year, primarily due to the mix of business in Mexico, South Africa, China and Japan.



Net income for the fiscal year 2011 totaled \$2.2 million or \$0.10 per share compared to net income of \$2.2 million, or \$0.11 per share, for the fiscal year 2010 based on diluted shares outstanding of 21.3 million and 20.6 million, respectively. Domestically, our 2011 net income totaled \$2.3 million compared to net income of \$2.7 million for the same period in 2010. Internationally, a net loss for the fiscal year 2011 totaled \$119,000 compared to a net loss of \$506,000 for the same period in 2010.

#### **Balance Sheet as of December 31, 2011**

As of December 31, 2011 working capital improved to \$7.2 million and our current ratio increased to 1.7 to 1. Total current assets and total assets were \$18.0 million and \$21.5 million, respectively and cash and cash equivalents totaled \$1.7 million at December 31, 2011. Total current liabilities and total liabilities were \$10.8 million and \$11.1 million, respectively and total equity was \$9.3 million at December 31, 2011.

The Company intends to file the Form 10-K with the Securities and Exchange Commission on or before March 20, 2012. The Company will host a shareholder conference call on March 22, 2012 at 4:15 p.m. eastern standard time. Anyone interested in participating should dial 1-877-941-2068, if calling from within the United States, or 1-480-629-9712, if calling internationally, approximately 5 to 10 minutes prior to the 4:15 p.m. start time. Participants should ask for the SPAR Group Shareholder Update conference call. A webcast will also be available on the SPAR Group website, [www.sparinc.com](http://www.sparinc.com).

#### **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 supply, 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) expectations or guidance respecting customer contract expansion, 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 Statements of Income  
(unaudited)  
(in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net revenues	\$ 23,599	\$ 18,738	\$ 73,524	\$ 63,154
Cost of revenues	<u>16,343</u>	<u>12,175</u>	<u>51,028</u>	<u>42,165</u>
Gross profit	7,256	6,563	22,496	20,989
Selling, general, and administrative expense	5,467	4,619	18,542	17,140
Depreciation and amortization	<u>261</u>	<u>293</u>	<u>1,069</u>	<u>1,018</u>
Operating income	1,528	1,651	2,885	2,831
Interest expense	36	171	197	310
Other expense (income)	<u>11</u>	<u>(36)</u>	<u>(11)</u>	<u>(21)</u>
Income before provision for income taxes	1,481	1,516	2,699	2,542
Provision for income taxes	<u>291</u>	<u>188</u>	<u>362</u>	<u>263</u>
Net income	1,190	1,329	2,337	2,279
Net loss (income) attributable to the non-controlling interest	<u>14</u>	<u>(133)</u>	<u>(123)</u>	<u>(112)</u>
Net income attributable to SPAR Group, Inc.	<u>\$ 1,204</u>	<u>\$ 1,195</u>	<u>\$ 2,214</u>	<u>\$ 2,167</u>
Net income per basic/diluted common share:				
Net income – basic	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>
Net income –diluted	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.10</u>	<u>\$ 0.11</u>
Weighted average common shares - basic	<u>20,101</u>	<u>19,290</u>	<u>19,958</u>	<u>19,209</u>
Weighted average common shares - diluted	<u>21,344</u>	<u>21,047</u>	<u>21,327</u>	<u>20,602</u>

**SPAR Group, Inc.**  
Consolidated Balance Sheets  
(in thousands, except share and per share data)

	December 31, 2011	December 31, 2010
	(unaudited)	(note)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,705	\$ 923
Accounts receivable, net	15,461	13,999
Prepaid expenses and other current assets	801	1,283
<b>Total current assets</b>	<b>17,967</b>	<b>16,205</b>
Property and equipment, net	1,523	1,452
Goodwill	1,148	848
Intangibles	705	362
Other assets	178	226
<b>Total assets</b>	<b>\$ 21,521</b>	<b>\$ 19,093</b>
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,819	\$ 1,804
Accrued expenses and other current liabilities	4,039	2,733
Accrued expense due to affiliates	1,092	1,575
Customer deposits	183	471
Lines of credit and other debt	3,641	5,263
<b>Total current liabilities</b>	<b>10,774</b>	<b>11,846</b>
Long-term debt and other liabilities	334	-
<b>Total liabilities</b>	<b>11,108</b>	<b>11,846</b>
<b>Equity:</b>		
<b>SPAR Group, Inc. equity</b>		
Preferred stock, \$.01 par value:		
Authorized and available shares - 2,445,598		
Issued and outstanding shares –		
None - December 31, 2011		
554,402 - December 31, 2010	-	6
Common stock, \$.01 par value:		
Authorized shares - 47,000,000		
Issued and outstanding shares –		
20,103,043 – December 31, 2011		
19,314,306 – December 31, 2010	201	193
Treasury stock	-	(1)
Additional paid-in capital	13,940	13,549
Accumulated other comprehensive loss	(172)	(142)
Accumulated deficit	(4,626)	(6,808)
<b>Total SPAR Group, Inc. equity</b>	<b>9,343</b>	<b>6,797</b>
Non-controlling interest	1,070	450
<b>Total liabilities and equity</b>	<b>\$ 21,521</b>	<b>\$ 19,093</b>

Note: The Balance Sheet at December 31, 2010, is excerpted from the consolidated audited financial statements as of that date but does not include certain information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

**Contact:**

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

**Investors:**

Alan Sheinwald  
Alliance Advisors, LLC  
(212) 398-3486  
[asheinwald@allianceadvisors.net](mailto:asheinwald@allianceadvisors.net)

Chris Camarra  
Alliance Advisors, LLC  
(212) 398-3487  
[ccamarra@allianceadvisors.net](mailto:ccamarra@allianceadvisors.net)

## SPAR Group Announces Fiscal Year End 2011 Shareholder Update Call Reminder

TARRYTOWN, NY --3/21/12 -- 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, announced a reminder that Gary Raymond, President and Chief Executive Officer, and Jim Segreto, Chief Financial Officer, will host a shareholder update conference on Thursday, March 22, 2012, at 4:15 p.m. Eastern Daylight Time. During the call management will discuss the company's Fourth Quarter and Year End 2011 financial results.

### **Conference Call Details:**

Date: Thursday, March 22, 2012

Time: 4:15 p.m. EDT

Dial In-Number: 1-877-941-2068

International Dial-In Number: 1-480-629-9712

It is recommended that participants dial in approximately 5 to 10 minutes prior to the start of the 4:15 p.m. call. A telephonic replay of the conference call may be accessed approximately three hours after the call through March 29, 2012, by dialing 1-877-870-5176, or 1-858-384-5517 for international callers, and entering the replay pin number 4522743.

There will also be a simultaneous audio feed webcast and archived recording of the conference call available at <http://www.sparinc.com> under the "Investor Relations" menu section and "News Releases" sub-menu of the website or you may use the link audio feed and archived recording of the conference call available at <http://www.viavid.net/>.

### **About SPAR Group**

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**Contact:**

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

**Investors:**

Alan Sheinwald  
Alliance Advisors, LLC  
(212) 398-3486  
[asheinwald@allianceadvisors.net](mailto:asheinwald@allianceadvisors.net)

Chris Camarra  
Alliance Advisors, LLC  
(212) 398-3487  
[ccamarra@allianceadvisors.net](mailto:ccamarra@allianceadvisors.net)