

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): November 8, 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.)

333 Westchester Avenue, South Building, Suite 204, White Plains, NY
(Address of Principal Executive Offices)

10604
(Zip Code)

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

560 White Plains Road, Suite 210, Tarrytown, New York

10591

(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 November 8, 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 "Release") reporting our net income and revenue for our fiscal quarter and nine-month period that ended on September 30, 2012 (our "2012 Third Quarter").

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

Information Not "Filed"

The information in Item 8.01 of this Report and the Release attached as Exhibit 99.1 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 Releases, 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, expectations 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, expectations and estimates reflected or implied in such forward-looking statements are reasonable, the Company cannot assure you that such plans, intentions, expectations 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 November 8, 2012, as attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPAR Group, Inc.

Date: November 8, 2012

By: /s/ James R. Segreto
James R. Segreto, Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of the Registrant dated November 8, 2012, as attached hereto.



SPAR Group Reports 50% Increase in Third Quarter Revenue to \$26.4 Million and 134% Increase in Net Income to \$.03 per Diluted Share

TARRYTOWN, NY – November 8, 2012 - SPAR Group, Inc. (NASDAQ: SGRP) ("we", the "Company" or "SPAR Group"), a leading supplier of retail merchandising and other marketing services throughout the United States and internationally, today announced third quarter 2012 financial results, including revenue of \$26.4 million, gross profit of \$6.5 million and net income attributable to SPAR Group, Inc. of \$578,000 or \$0.03 per diluted share. In the first nine months of 2012, the Company achieved revenue of \$71.8 million, gross profit of \$19.0 million, net income attributable to Spar Group, Inc. of \$1.6 million, and diluted earnings per share of \$0.07.

Company Highlights

- Third quarter 2012:
 - Revenue increased 50% to \$26.4 million;
 - Gross profit increased 29% to \$6.5 million;
 - Operating income increased 134% to \$936,000;
 - Consolidated net income attributable to the Company increased 134% to \$578,000, or \$0.03 per diluted share.
- Nine months of 2012:
 - Revenue increased 44% to \$71.8 million;
 - Consolidated net income attributable to SPAR Group, Inc. increased 59% to \$1.6 million, or \$0.07 per diluted share;
- Signed new contracts and expanded South African locations that will add a combined \$20 million in revenue over next 12 months;
- Book Value increased to \$11.6 million as of September 30, 2012 compared to \$9.3 million as of December 31, 2011;
- Cash increased to \$1.9 million compared to \$1.7 million as of December 31, 2011 while the company decreased its lines of credit by just under \$3 million, from \$3.64 million to \$757,000.

"Management is pleased with the significant expansion in both our international and domestic businesses," stated Gary Raymond, Chief Executive Officer of SPAR Group. "We remained disciplined during the third quarter, delivering strong revenue growth while simultaneously increasing our net income 134%. The Company sustained organic growth by signing multiple international contracts with Fortune 500 companies that we estimate will add \$10 million in revenue over the next twelve months. Additionally, with our expansion into both the "Inland Territory" of South Africa and Romania, we believe that the Company will deliver an additional \$10 million in annualized revenue. With this additional \$20 million in annualized revenue, we are anticipating increased profitability in these important international markets. Our entire management team and board of directors are excited about the financial momentum we continue to build at SPAR Group as we head into our traditionally strongest performing quarter of the year. We believe that we will continue to find new opportunities for growth due to our strengthened balance sheet and earnings power."

Financial Results for the three and nine month periods ended September 30, 2012 and 2011

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	Change		2012	2011	Change	
			\$	%			\$	%
Net Revenue:								
Domestic	\$ 11,016	\$ 8,734	\$ 2,282	26%	\$ 31,182	\$ 27,621	\$ 3,561	13%
International	15,407	8,830	6,577	75%	40,631	22,304	18,327	82%
Total	\$ 26,423	\$ 17,564	\$ 8,859	50%	\$ 71,813	\$ 49,925	\$ 21,888	44%
Gross Profit:								
Domestic	\$ 3,243	\$ 2,662	\$ 581	22%	\$ 9,945	\$ 8,870	\$ 1,075	12%
International	3,281	2,387	894	38%	9,055	6,371	2,684	42%
Total	\$ 6,524	\$ 5,049	\$ 1,475	29%	\$ 19,000	\$ 15,241	\$ 3,759	25%
Net Income attributable to SPAR Group, Inc.:								
Domestic	\$ 617	\$ 282	\$ 335	119%	\$ 1,808	\$ 1,340	\$ 468	35%
International	(39)	(35)	(4)	(12)%	(205)	(332)	127	38%
Total	\$ 578	\$ 247	\$ 331	134%	\$ 1,603	\$ 1,008	\$ 595	59%
Earnings per Diluted Share:	\$ 0.03	\$ 0.01	\$ 0.02		\$ 0.07	\$ 0.05	\$ 0.02	

Consolidated net revenue for the three and nine month periods ended September 30, 2012 increased 50% and 44%, respectively, when compared to the same periods in 2011. The increases in net revenue were primarily due to our new subsidiaries in Mexico, Romania and Turkey and strong performances in South Africa, China and Japan. Continued growth in SPAR Group's domestic operations also contributed to those increases and was primarily due to new client work, continued growth in the Company's syndicated services and assembly business, and increased project work in the third quarter of 2012 when compared to a year ago.

Consolidated gross profit for the three and nine month periods ended September 30, 2012 increased 29% and 25%, respectively, when compared to the prior year due primarily to our international expansion efforts.

Net income attributable to SPAR Group, Inc. increased 134% and 59% for the three and nine month periods ended September 30, respectively, when compared to the same period a year ago. The increase for the three month period ended September 30, 2012 was driven by a 119% increase in domestic operations. The improvement in net income for the nine month period ended September 30 2012 was attributed to the improved performances in both the domestic and international divisions.

Balance Sheet as of September 30, 2012

As of September 30, 2012, our working capital improved to \$8.2 million and our current ratio was 1.7 to 1. Total current assets and total assets were \$20.5 million and \$25.7 million, respectively, and cash and cash equivalents totaled \$1.9 million at September 30, 2012. Total current liabilities and total liabilities were \$12.3 million and \$12.7 million, respectively, and total equity was \$11.6 million at September 30, 2012.

The Company currently plans to file its Quarterly Report on Form 10-Q with the Securities and Exchange Commission on or before November 9, 2012, and to host a shareholder conference call on November 9, 2012, at 11:00 a.m. eastern standard time.

Conference Call

As a reminder, the Company will host a shareholder update conference call on Friday, November 9, at 11:00 a.m. (EST). It is recommended that participants dial in approximately 5 to 10 minutes prior to the start of the call, and ask for the SPAR Group Third Quarter Conference Call. Those calling from within the U.S should dial: 1-877-941-8416 while International callers should dial: 1-480-629-9808.

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 world in 10 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, estimates, belief or guidance respecting customer contract expansion, increasing revenues, profits and earnings per share through organic growth and acquisitions, attracting new business that will increase SPAR Group's revenues, continuing to maintain costs and consummating any acquisitions or other 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, success of the Company's international efforts, success and availability of acquisitions, and availability of financing and other risks or matters, 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 forward looking statements 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.

SPAR Group, Inc. and Subsidiaries
Consolidated Statements of Income and Comprehensive Income
(unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net revenues	\$ 26,423	\$ 17,564	\$ 71,813	\$ 49,925
Cost of revenues	19,899	12,515	52,813	34,684
Gross profit	6,524	5,049	19,000	15,241
Selling, general and administrative expenses	5,290	4,368	15,945	13,078
Depreciation and amortization	298	280	868	808
Operating income	936	401	2,187	1,355
Interest expense	33	55	96	160
Other income	(29)	(30)	(36)	(22)
Income before provision for income taxes	932	376	2,127	1,217
Provision for income taxes	73	17	173	72
Net income	859	359	1,954	1,145
Net income attributable to the non-controlling interest	(281)	(112)	(351)	(137)
Net income attributable to SPAR Group, Inc.	\$ 578	\$ 247	\$ 1,603	\$ 1,008
Basic/diluted net income per common share:				
Net income - basic	\$ 0.03	\$ 0.01	\$ 0.08	\$ 0.05
Net income - diluted	\$ 0.03	\$ 0.01	\$ 0.07	\$ 0.05
Weighted average common shares – basic	20,275	20,081	20,175	19,911
Weighted average common shares – diluted	21,987	21,536	21,682	21,423
Net income	859	359	1,954	1,145
Other comprehensive income:				
Foreign currency translation adjustments	158	(163)	(37)	(138)
Comprehensive income	\$ 1,017	\$ 196	\$ 1,917	\$ 1,007

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

	<u>September 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
	<u>(unaudited)</u>	<u>(note)</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,929	\$ 1,705
Accounts receivable, net	17,713	15,461
Prepaid expenses and other current assets	896	801
Total current assets	<u>20,538</u>	<u>17,967</u>
Property and equipment, net	1,725	1,523
Goodwill	1,348	1,148
Intangibles	1,365	705
Other assets	681	178
Total assets	<u>\$ 25,657</u>	<u>\$ 21,521</u>
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 2,699	\$ 1,819
Accrued expenses and other current liabilities	5,967	4,039
Accrued expenses due to affiliates	2,488	1,092
Customer deposits	423	183
Lines of credit	757	3,641
Total current liabilities	<u>12,334</u>	<u>10,774</u>
Long-term debt and other liabilities	329	334
Total liabilities	<u>12,663</u>	<u>11,108</u>
Equity:		
SPAR Group, Inc. equity		
Preferred stock, \$.01 par value: Authorized and available shares– 2,245,598 Issued and outstanding shares – none – September 30, 2012 and none – December 31, 2011	–	–
Common stock, \$.01 par value: Authorized shares – 47,000,000 Issued and outstanding shares – 20,414,468 – September 30, 2012 and 20,103,043 – December 31, 2011	204	201
Treasury stock	(24)	–
Additional paid-in capital	14,609	13,940
Accumulated other comprehensive loss	(209)	(172)
Accumulated deficit	(3,023)	(4,626)
Total SPAR Group, Inc. equity	<u>11,557</u>	<u>9,343</u>
Non-controlling interest	<u>1,437</u>	<u>1,070</u>
Total liabilities and equity	<u>\$ 25,657</u>	<u>\$ 21,521</u>

Note: The Balance Sheet at December 31, 2011, 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:

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