

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

Form 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
--- ACT OF 1934 for the first quarterly period ended March 31, 2004

OR

--- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the transition period from _____ to

Commission file number: 0-27824

SPAR Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware 33-0684451
State of Incorporation IRS Employer Identification No.

580 White Plains Road, Tarrytown, New York, 10591
(Address of principal executive offices, including zip code)

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

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: [X] Yes [] No

Indicate by check whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): [] Yes [X] No

On March 31, 2004, there were 18,858,972 shares of Common Stock outstanding.

SPAR Group, Inc.

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PART I: FINANCIAL INFORMATION

Item 1: Financial Statements

SPAR Group, Inc.

Consolidated Balance Sheets
(In thousands, except share and per share data)

	March 31, 2004 ----- (Unaudited)	December 31, 2003 ----- (Note)
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net	11,401	13,942
Prepaid expenses and other current assets	964	415
Deferred income taxes	1,873	1,305

Total current assets	14,238	15,662
Property and equipment, net	2,038	2,099
Goodwill	9,201	8,749
Deferred income taxes	434	434
Other assets	630	926
Total assets	\$ 26,541	\$ 27,870
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,596	\$ 1,445
Accrued expenses and other current liabilities	2,220	4,367
Accrued expenses, due to affiliates	1,576	996
Restructuring charges, current	685	685
Line of credit, short-term	3,889	4,084
Total current liabilities	10,966	11,577
Other long-term liabilities	275	270
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value:		
Authorized shares - 3,000,000		
Issued and outstanding shares - none	-	-
Common stock, \$.01 par value:		
Authorized shares - 47,000,000		
Issued and outstanding shares -		
18,858,972 - March 31, 2004 and		
December 31, 2003	189	189
Treasury stock	(242)	(384)
Accumulated other comprehensive loss	(8)	(7)
Additional paid-in capital	11,175	11,249
Retained earnings	4,186	4,976
Total stockholders' equity	15,300	16,023
Total liabilities and stockholders' equity	\$ 26,541	\$ 27,870

Note: The Balance Sheet at December 31, 2003, has been derived from the audited financial statements at that date but does not include any of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

See accompanying notes.

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SPAR Group, Inc.
Consolidated Statements of Operations
(unaudited)
(In thousands, except per share data)

	Three Months Ended	
	March 31, 2004	March 31, 2003
Net revenues	\$ 12,803	\$ 18,739
Cost of revenues	8,694	11,251
Gross profit	4,109	7,488
Selling, general and administrative expenses	4,967	4,943
Depreciation and amortization	362	378
Operating (loss) income	(1,220)	2,167
Interest expense	34	68
Other expense	1	38

(Loss) income before income taxes	(1,255)	2,061
(Benefit) provision for income taxes	(465)	783
Net (loss) income	\$ (790)	\$ 1,278
Basic/diluted net (loss) income per common share:		
Net (loss) income - basic/diluted	\$ (0.04)	\$ 0.07
Weighted average common shares - basic	18,859	18,841
Weighted average common shares - diluted	18,859	19,443

See accompanying notes.

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SPAR Group, Inc.

Consolidated Statements of Cash Flows
(unaudited) (In thousands)

	Three Months Ended	
	March 31, 2004	March 31, 2003
Operating activities		
Net (loss) income	\$ (790)	\$ 1,278
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	362	378
Share of loss in joint venture	1	38
Changes in operating assets and liabilities:		
Accounts receivable	2,541	(1,590)
Prepaid expenses, other assets and deferred taxes	(821)	(418)
Accounts payable, accrued expenses and other current liabilities	(996)	1,175
Accrued expenses due to affiliates	580	-
Restructuring charges	-	(816)
Other long-term liabilities	5	-
Net cash provided by operating activities	882	45
Investing activities		
Purchases of property and equipment	(301)	(421)
Acquisition of businesses	(453)	(38)
Net cash used in investing activities	(754)	(459)
Financing activities		
Net (payments) borrowings on line of credit	(195)	3,469
Proceeds from employee stock purchase plan and exercised options	68	23
Payments to certain stockholders	-	(3,000)
Purchase of treasury stock	-	(78)
Translation (loss)	(1)	-
Net cash (used in) provided by financing activities	(128)	414
Net change in cash	-	-
Cash at beginning of period	-	-
Cash at end of period	\$ -	\$ -
Supplemental disclosure of cash flow information		
Interest paid	\$ 35	\$ 56

See accompanying notes.

SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited, consolidated financial statements of SPAR Group, Inc., a Delaware corporation ("SGRP"), and its subsidiaries (together with SGRP, collectively, the "Company" or the "SPAR Group") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in these interim financial statements. However, these interim financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto for the Company as contained in Company's Annual Report for 2003 on Form 10-K for the year ended December 31, 2003, as filed with the Securities Exchange Commission on March 30, 2004 (the "Company's Annual Report for 2003 on Form 10-K"). The Company's results of operations for the interim periods are not necessarily indicative of its operating results for the entire year.

2. Restructuring Charges

In 1999, the Company's Board of Directors approved a plan to restructure the operations of the PIA Companies. Restructuring costs were composed of committed costs required to integrate the SPAR Companies' and the PIA Companies' field organizations and the consolidation of administrative functions to achieve beneficial synergies and costs savings. (For the specific definitions of those terms, see Item 1 - Business - GENERAL - Continuing Operations - Merchandising Services Division in the Company's Annual Report for 2003 on Form 10-K.)

The restructuring reserve relates to equipment and office lease settlements and remains unchanged from the December 31, 2003 balance of \$685,000.

SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited) (continued)

3. Net (Loss) Income Per Share

The following table sets forth the computations of basic and diluted (loss) income per share (in thousands, except per share data):

	Three Months Ended	
	March 31, 2004	March 31, 2003
Numerator:		
Net (loss) income	\$ (790)	\$ 1,278
Denominator:		
Shares used in basic (loss) income per share calculation	18,859	18,841
Effect of diluted securities:		
Employee stock options	-	602

Shares used in diluted (loss) income per share calculation	18,859	19,443
------------------------------------------------------------	--------	--------

Basic and diluted (loss) income per common share:

Net (loss) income - basic	\$ (0.04)	\$ 0.07
- diluted	\$ (0.04)	\$ 0.07

The computation of dilutive loss per share excluded anti-dilutive stock options to purchase 501,000 shares as of March 31, 2004.

4. Line of Credit and Long-Term Liabilities

In January 2003, the Company and Webster Business Credit Corporation, then known as Whitehall Business Credit Corporation ("Webster"), entered into the Third Amended and Restated Revolving Credit and Security Agreement (as amended, collectively, the "Credit Facility"). The Credit Facility provides a \$15.0 million revolving credit facility that matures on January 23, 2006. The Credit Facility allows the Company to borrow up to \$15.0 million based upon a borrowing base formula as defined in the agreement (principally 85% of "eligible" accounts receivable). The Credit Facility bears interest at Webster's "Alternative Base Rate" plus one-half percent (a total of 4.5% per annum at March 31, 2004), or LIBOR plus three percent, and is secured by all the assets of the Company and its subsidiaries.

SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited) (continued)

The Credit Facility contains certain financial covenants that must be met by the Company on a consolidated basis, among which are a minimum "Net Worth", a minimum "Fixed Charge Coverage Ratio", a capital expenditure limitation and a minimum EBITDA, as such terms are defined in the Credit Facility. The Company was in compliance with such financial covenants at March 31, 2004, except for the minimum "Fixed Charge Coverage Ratio" and minimum EBITDA. On May 17, 2004, the Company secured a waiver from Webster for these covenant violations. As consideration for the waiver, among other things, the Company has agreed to reduce the revolving credit facility to \$10.0 million from \$15.0 million.

Because of the requirement to maintain a lock box arrangement with Webster and Webster's ability to invoke a subjective acceleration clause at its discretion, borrowings under the Credit Facility are classified as current at March 31, 2004, and December 31, 2003, in accordance with EITF 95-22.

The revolving loan balances outstanding under the Credit Facility were \$3.9 million and \$4.1 million at March 31, 2004, and December 31, 2003, respectively. There were letters of credit outstanding under the Credit Facility of \$0.7 million at March 31, 2004 and December 31, 2003. As of March 31, 2004, the SPAR Group had unused availability under the Credit Facility of \$1.1 million out of the remaining maximum \$11.1 million unused revolving line of credit after reducing the borrowing base by the outstanding loans and letters of credit.

5. Related-Party Transactions

Mr. Robert G. Brown, a Director, the Chairman, President and Chief Executive Officer and a major stockholder of the Company, and Mr. William H. Bartels, a Director, the Vice Chairman and a major stockholder of the Company (collectively, the "SMS Principals"), are executive officers and the sole stockholders and directors of SPAR Marketing Services, Inc. ("SMS"), SPAR Management Services, Inc. ("SMSI"), and SPAR Infotech, Inc. ("SIT").

As consideration for Webster's waiver as of March 31, 2004 (See Note 4 - Line of Credit and Long-Term Liabilities), the SMS Principals have provided personal guarantees to Webster that the Company's obligations will be paid in accordance with the terms of the Credit Facility. However, the guarantees from the SMS Principals are limited to a maximum of \$1.0 million, with Mr. Brown limited to \$600,000 and Mr. Bartels limited to \$400,000. These guarantees will remain in effect until the Company has achieved certain financial criteria.

For the 3-month period ended March 31, 2004, SMS provided approximately 92% of the Company's field representatives (through its independent contractor field force), and SMSI provided approximately 95% of the Company's field management. Pursuant to the Amended and Restated Field Service Agreement dated as of January 1, 2004 (the "Field Service Agreement"), SMS provides the services of approximately 6,000 field representatives to the Company at its request from time to time, for which the Company has agreed to reimburse SMS for all of its costs of providing those services and to pay SMS a premium equal to 4% of such costs. Pursuant to the terms of the Amended and Restated Field Management Agreement dated as of January 1, 2004 (the "Field Management Agreement"), SMSI provides approximately 70 full-time national, regional and district managers to the Company at its request, from time to time, for which the Company has agreed to reimburse SMSI for all of its costs of providing those services and to pay SMSI a premium equal to 4% of such costs, except that for 2004 SMSI agreed (as an accommodation to the Company) to not be paid for certain administrative costs (which concession saved the Company approximately \$145,000 for the 3-month period ended March 31, 2004). The SMS Principals were not paid any salaries as officers of SMS or SMSI for the 3-month period ended March 31, 2004, so there were no salary reimbursements for them included in such costs or

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SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited) (continued)

premium. However, since SMS and SMSI are "Subchapter S" corporations, the SMS Principals benefit from any income of such companies allocated to them.

SIT provided substantially all of the Internet computer programming services to the Company for the 3-month period ended March 31, 2004. Pursuant to the Amended and Restated Programming and Support Agreement dated as of January 1, 2004 (the "Programming and Support Agreement"), SIT continues to provide programming services to the Company at its request, from time to time, for which the Company has agreed to pay SIT competitive hourly wage rates for time spent on Company matters and to reimburse the related out-of-pocket expenses of SIT and its personnel. No hourly charges or business expenses for the SMS Principals were charged to the Company for the 3-month period ended March 31, 2004. However, since SIT is a "Subchapter S" corporation, the SMS Principals benefit from any income of such company allocated to them.

Through arrangements with the Company, SMS, SMSI and SIT participate in various benefit plans, insurance policies and similar group purchases by the Company, for which the Company charges them their allocable shares of the costs of those group items and the actual costs of all items paid specifically for them.

The following transactions occurred between the SPAR Companies and the above affiliates (in thousands):

	Three Months Ended	
	March 31, 2004	March 31, 2003
Services provided by affiliates:		
SMS: Independent contractor field services	\$6,361 =====	\$7,697 =====
SMSI: Field management services	\$1,354 =====	\$1,759 =====
SIT: Internet and computer programming services	\$ 381 =====	\$ 406 =====
Reimbursed costs from affiliates	\$ 263 =====	\$ 97 =====
Accrued expenses due to affiliates (in thousands):		
	March 31, 2004	March 31, 2003

SMS

\$1,576
=====\$2,030
=====

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SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited) (continued)

6. Stock Options

Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock Based Compensation, requires disclosure of the fair value method of accounting for stock options and other equity instruments. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company has chosen, under the provisions of SFAS No. 123, to continue to account for employee stock-based transactions under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees.

Under the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS 148, no compensation cost has been recognized for the stock option grants to Company employees. Compensation cost for the Company's option grants to Company employees has been determined based on the fair value at the grant date consistent with the provisions of SFAS No. 123, the Company's net (loss) income and pro forma net (loss) income per share from operations would have been reduced to the adjusted amounts indicated below (in thousands, except per share data):

	Three Months Ended	
	March 31, 2004	March 31, 2003
	-----	-----
Net (loss) income, as reported	\$ (790)	\$1,278
Stock based employee compensation expense under the fair market value method	156	315
	-----	-----
Adjusted pro forma net (loss) income	\$ (946)	\$ 963
Basic and diluted net (loss) income per share, as reported	\$ (0.04)	\$ 0.07
Basic and diluted adjusted pro forma net (loss) income per share, after adjustment for stock based employee compensation expense under the fair market value method	\$ (0.05)	\$ 0.05

The pro forma effect on net (loss) income is not representative of the pro forma effect on net (loss) income in future years because the options vest over several years and additional awards may be made in the future.

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SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited) (continued)

For the three months ended March 31, 2004, there was no expense under the provision of SFAS No. 123 dealing with stock options to non-employees for stock option grants that were awarded to the employees of the Company's affiliates resulting from the decrease in the market price from December 31, 2003 to March 31, 2004. The Company determines the fair value of the options granted to non-employees using the Black-Scholes valuation model and expenses that value over the service period. Until an option is vested, the fair value of the option continues to be updated through the vesting date. The options granted have a ten (10) year life and vest over four-year periods at a rate of 25% per year, beginning on the first anniversary of the date of grant.

7. Treasury Stock

As of March 31, 2004, the Company has 48,806 shares of treasury stock at a cost of \$242,504. During the three months ended March 31, 2004, the Company utilized 27,250 shares of treasury stock for the issuance of common stock resulting from the exercise of stock options. During the three months ended March 31, 2003, the Company repurchased 22,899 shares of its common stock for \$78,327. Currently, the Company has no stock repurchase program in place.

8. Line of Credit and Advances due from SPAR Performance Group, Inc. (now called STIMULYS, Inc.); Inability to Consolidate under FIN 46

In connection with the sale of SPAR Performance Group, Inc. ("SPGI"), on June 30, 2002, the Company sold all of the stock of its subsidiary, SPGI. In connection with the sale, SPGI entered into a term loan agreement with the Company under which SPGI borrowed \$6.0 million in term loans, which due to their speculative nature have been fully reserved.

In connection with such sale, the Company also agreed to provide a discretionary revolving line of credit to SPGI not to exceed \$2.0 million through September 30, 2005 (the "SPGI Revolver"). The SPGI Revolver is secured by a pledge of all the assets of SPGI and is guaranteed by its parent, Performance Holdings, Inc. Under the SPGI Revolver terms, SPGI is required to deposit all of its cash into the Company's lock box with Webster. The SPGI Revolver provided for advances in excess of the borrowing base through September 30, 2003. As of October 1, 2003, the SPGI Revolver includes a borrowing base calculation (principally 85% of "eligible" accounts receivable). In September 2003, SPGI requested and the Company agreed to provide advances of up to \$1.0 million in excess of SPGI's borrowing base through September 30, 2004. In December of 2003, SPAR Performance Group, Inc. changed its name to STIMULYS, Inc.

At March 31, 2004, there was approximately \$1.2 million advanced under the SPGI Revolver and \$70,000 in outstanding letters of credit, while the borrowing base was approximately \$0.4 million. Due to the speculative nature of the SPGI Revolver, the Company has a reserve of approximately \$800,000 against the SPGI Revolver at March 31, 2004. The amount due under the SPGI Revolver, net of the reserve, is included in other current assets.

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SPAR Group, Inc.
Notes to Consolidated Financial Statements
(unaudited) (continued)

In accordance with FASB Interpretation No. 46 - Consolidation of Variable Interest Entities (FIN 46), as a result of the term loans and revolving advances, the Company has concluded that it is the primary beneficiary of SPGI and is, therefore, required to consolidate SPGI in its financial statements. However, the Company has been unable to perform certain accounting procedures necessary to include SPGI in the consolidated financial statements, as required by FIN 46, and has been unable to obtain the necessary permission from SPGI to include that organization in the Company's consolidated financial statements. At March 31, 2004, the Company's maximum loss exposure is \$470,000, which represents the amounts outstanding under the revolving line of credit in excess of the \$800,000 reserve. The Company's maximum potential loss exposure resulting from the revolving line of credit agreement with SPGI is limited to \$1.2 million, which is the \$2.0 million revolving line of credit less the \$800,000 reserve.

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SPAR Group, Inc.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Statements contained in this Quarterly Report on Form 10-Q for the three months ended March 31, 2004 (this "Quarterly Report"), of SPAR Group, Inc. ("SGRP", and together with its subsidiaries, the "SPAR Group" or the "Company"), include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including, in particular and without limitation, the statements contained in the discussions under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the Company's actual results,

performance and achievements, whether expressed or implied by such forward-looking statements, to not occur or be realized or to be less than expected. Such forward-looking statements generally are based upon the Company's best estimates of future results, performance or achievement, current conditions and the most recent results of operations. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "anticipate", "continue" or similar terms, variations of those terms or the negative of those terms. You should carefully consider such risks, uncertainties and other information, disclosures and discussions which contain cautionary statements identifying important factors that could cause actual results to differ materially from those provided in the forward-looking statements.

Although the Company believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, it cannot assure that such plans, intentions or expectations will be achieved in whole or in part. You should carefully review the risk factors described and any other cautionary statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, as filed with the Securities and Exchange Commission on March 30, 2004 (the "Company's Annual Report for 2003 on Form 10-K"), and the cautionary statements contained in this Quarterly Report. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the risk factors (see Item 1 - Certain Risk Factors) and other cautionary statements in the Company's Annual Report for 2003 on Form 10-K and in this Quarterly Report. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

The Company's operations are divided into two divisions: the Merchandising Services Division and the International Division. The Merchandising Services Division provides merchandising services, product demonstrations, product sampling, database marketing, teleservices and marketing research to manufacturers and retailers with product distribution primarily in mass merchandisers, drug chains and grocery stores in the United States. The International Division, established in July 2000, currently provides merchandising services in Japan, Canada, Turkey and India.

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SPAR Group, Inc.

Merchandising Services Division

The Company provides nationwide merchandising and other marketing services to general merchandise, health and beauty care, consumer goods, home entertainment, PC software and food products companies in drug chains, mass merchandisers and retail grocery stores in the United States. Merchandising services primarily consist of regularly scheduled dedicated routed services and special projects provided at the store level for a specific retailer or multiple manufacturers primarily under single or multi-year contracts or agreements. Services also include stand-alone, large-scale implementations such as new store openings, new product launches, special seasonal or promotional merchandising, focused product support and product recalls. These services may include sales enhancing activities such as ensuring that client products authorized for distribution are in stock and on the shelf, adding new products that are approved for distribution but not presently on the shelf, setting category shelves in accordance with approved store schematics, ensuring that shelf tags are in place, checking for the overall salability of client products and setting new and promotional items, placing and/or removing point of purchase and other related media advertising. Specific in-store services can be initiated by retailers or manufacturers, and include new store openings, new product launches, special seasonal or promotional merchandising, focused product support and product recalls. In 2003, the Company added in-store product demonstration and in-store product sampling services to its merchandising service offerings. Marketing services consist of database marketing, teleservices and marketing research.

International Division

In July 2000, the Company established its International Division, through a wholly owned subsidiary, SPAR Group International, Inc. ("SGI"), to focus on expanding its merchandising services business worldwide. In May 2001, the Company entered into a 50% owned joint venture with a large Japanese

distributor to provide merchandising services in Japan. In June 2003, the Company expanded its merchandising services into Canada through a wholly owned subsidiary. In July 2003, the Company established a 51% owned joint venture based in Istanbul to provide merchandising services throughout Turkey.

In April 2004, the Company announced the establishment of a joint venture in India. The joint venture is headquartered in New Delhi and is owned 51% by the Company.

Critical Accounting Policies

The Company's critical accounting policies have been consistently applied in all material respects and address such matters as revenue recognition, depreciation methods, asset impairment recognition, business combination accounting, and discontinued business accounting. While the estimates and judgments associated with the application of these policies may be affected by different assumptions or conditions, the Company believes the estimates and judgments associated with the reported amounts are appropriate in the circumstances. Three critical accounting policies are revenue recognition, allowance for doubtful accounts and sales allowance, and internal use software development costs.

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SPAR Group, Inc.

Revenue Recognition

The Company's services are provided under contracts or agreements that consist primarily of service fees and per unit fee arrangements. Revenues under service fee arrangements are recognized when the service is performed. The Company's per unit contracts or agreements provide for fees to be earned based on the retail sales of client's products to consumers. The Company recognizes per unit fees in the period such amounts become determinable and are reported to the Company.

Allowance for Doubtful Accounts and Sales Allowance

The Company continually monitors the collectability of its accounts receivable based upon current customer credit information and other information available. Utilizing this information, the Company has established an allowance for doubtful accounts of \$531,000 and \$515,000 at March 31, 2004 and December 31, 2003, respectively. The Company also recorded a sales allowance of \$788,000 and \$448,000 at March 31, 2004 and December 31, 2003, respectively, to reflect potential customer credits.

Internal Use Software Development Costs

Under the rules of SOP 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, the Company capitalizes certain costs incurred in connection with developing or obtaining internal use software. Capitalized software development costs are amortized over three years.

The Company capitalized \$184,651 and \$212,896 of costs related to software developed for internal use in the three months ended March 31, 2004 and 2003, respectively.

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SPAR Group, Inc.

Results of Operations

Three months ended March 31, 2004 compared to three months ended March 31, 2003

The following table sets forth selected financial data and data as a percentage of net revenues for the periods indicated (in thousands except percent data).

Three Months Ended	

March 31, 2004	March 31, 2003

	Amount	%	Amount	%	(Decrease) Increase %
Net revenues	\$ 12,803	100.0%	\$ 18,739	100.0%	(31.7)%
Cost of revenues	8,694	67.9%	11,251	60.0%	(22.7)%
Selling, general and administrative expense	4,967	38.8%	4,943	26.4%	0.5%
Depreciation and amortization	362	2.8%	378	2.0%	(4.2)%
Interest expense	34	0.3%	68	0.4%	(50.0)%
Other expense	1	0.0%	38	0.2%	(97.3)%
(Loss) income before income taxes	(1,255)	(9.8)%	2,061	11.0%	(160.9)%
(Benefit) provision for income taxes	(465)	(3.6)%	783	4.2%	(159.4)%
Net (loss) income	\$ (790)	(6.2)%	\$ 1,278	6.8%	(161.8)%

Net revenues for the three months ended March 31, 2004, were \$12.8 million, compared to \$18.7 million for the three months ended March 31, 2003, a decrease of 31.7%. The decrease in net revenues resulted primarily from decreased project revenue from a particular client, reduced business from the Company's second largest customer for whom the Company will no longer provide service subsequent to March 31, 2004 and reduced per unit fee revenue primarily resulting from the loss of a certain customer.

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SPAR Group, Inc.

One customer, a division of a major retailer, accounted for 44% and 28% of the Company's net revenues for the three months ended March 31, 2004 and 2003, respectively. This customer also accounted for approximately 47% and 42% of accounts receivable at March 31, 2004 and 2003, respectively. In April of 2004, the customer's parent company announced that they have signed definitive agreements for the sale of this business. There can be no assurances that the purchasers will continue to use the services of the Company. The loss of this business could have a material adverse effect on the Company's business, results of operations and financial condition.

For the three months ended March 31, 2003, a second customer accounted for 14% of net revenue as a result of a particular project. This project did not recur in 2004 and, as a result, this customer's net revenues were less than 10% of total net revenues for the three months ended March 31, 2004. A third customer accounted for 11% of the Company's net revenue for the three months ended March 31, 2003. This customer's net revenues were significantly reduced and fell before 10% of total net revenues for the three months ended March 31, 2004. Subsequent to March 31, 2004, the Company will no longer provide service to this customer.

In addition, approximately 15% and 16% of the Company's net revenues for the three months ended March 31, 2004 and 2003, respectively, resulted from merchandising services performed for manufacturers at Kmart retail stores. Kmart filed for protection under the U.S. Bankruptcy Code in January of 2002 and emerged from bankruptcy in May of 2003. During its time in bankruptcy, Kmart closed a number of stores in the United States. While the Company's customers and the resultant contractual relationships are with various manufacturers and not Kmart, a significant reduction of this retailer's stores or cessation of this retailer's business would negatively impact the Company. As of August 31, 2003, one customer discontinued its merchandising programs with the Company. Some, but not all, of these programs were performed at Kmart stores. This customer accounted for 15% of the business generated from Kmart for the three months ended March 31, 2003.

Failure to attract new large customers could significantly impede the growth of the Company's revenues, which could have a material adverse effect on the Company's future business, results of operations and financial condition.

Cost of revenues from operations consists of in-store labor and field management wages, related benefits, travel and other direct labor-related expenses. Cost of revenues as a percentage of net revenues was 67.9% for the three months ended March 31, 2004, compared to 60.0% for the three months ended March 31, 2003. The increase is primarily a result of certain fixed field costs that did not decrease with the lower volume as well as higher cost programs.

Approximately 89% and 84% of cost of revenues were purchased from the Company's affiliate, SMS, in the three months ended March 31, 2004 and 2003, respectively, and substantially all of the field management services were purchased from the Company's affiliate, SMSI, during those periods (See note 5 to the Financial Statements in this Quarterly Report).

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Operating expenses include selling, general and administrative expenses as well as depreciation and amortization. Selling, general and administrative expenses include corporate overhead, project management, information technology, executive compensation, human resource expenses, legal and accounting expenses. The following table sets forth the operating expenses as a percentage of net revenues for the time periods indicated (in millions except percent data):

	Three Months Ended				Increase (Decrease) %
	March 31, 2004		March 31, 2003		
	Amount	%	Amount	%	
Selling, general and administrative	\$ 4.9	38.8%	\$ 4.9	26.4%	0.5%
Depreciation and amortization	\$ 0.4	2.8%	\$ 0.4	2.0%	(4.2)%

Selling, general and administrative expenses were \$4.9 million for the three months ended March 31, 2004 and 2003, respectively. For the three months ended March 31, 2004, the Company reduced selling, general and administrative costs by \$450,000 versus the same period in 2003. These savings were offset by the selling, general and administrative costs associated with acquisitions during 2003. As a result, selling, general and administrative costs for the three months ending March 31, 2004 were consistent with the prior period.

Other Expense

Other expense represents the Company's share in the Japanese joint venture loss totaling approximately \$1,000 and \$38,000 for the three months ended March 31, 2004 and 2003, respectively.

Income Taxes

The income tax (benefit) provision represents a combined federal and state income tax rate of 37% and 38% for the three months ended March 31, 2004 and 2003, respectively.

Net Income

The Company had a net loss of \$0.8 million for the three months ended March 31, 2004, or \$0.04 per diluted share, compared to net income of \$1.3 million, or \$0.07 per diluted share, for the corresponding period last year.

Liquidity and Capital Resources

In the three months ended March 31, 2004, the Company had a net loss of \$0.8 million. Net cash provided by operating activities for the three months ended March 31, 2004, was \$0.9 million, compared with net cash provided by operations of \$45,000 for the three months ended March 31, 2003. The cash provided by operating activities in 2004 was primarily a result of decreases in accounts

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receivable and increases in accrued expenses due to affiliates significantly offset by net operating losses, increases in prepaid expenses, other assets and deferred taxes and decreases in accounts payable, accrued expenses and other current liabilities.

Net cash used in investing activities for the three months ended March 31, 2004, was \$0.8 million, compared with net cash used in investing activities of \$0.5 million for the three months ended March 31, 2003. The cash used in investing activities in 2004 resulted from the acquisition of businesses and purchases of property and equipment.

Net cash used in financing activities for the three months ended March 31, 2004, was \$0.1 million, compared with net cash provided by financing activities of \$0.4 million for the three months ended March 31, 2003. The cash used in financing activities in 2004 was primarily a result of net payments on the line of credit.

The above activity resulted in no change in cash and cash equivalents for the three months ended March 31, 2004, as the Company utilizes excess cash to pay down its line of credit.

At March 31, 2004, the Company had positive working capital of \$3.3 million, as compared to a positive working capital of \$4.1 million at December 31, 2003. The decrease in working capital is due primarily to decreases in accounts receivable, increases in accounts payable and accrued expenses due to affiliates, partially offset by increases in prepaid expenses and deferred taxes and decreases in accrued expenses. The Company's current ratio was 1.32 at March 31, 2004, and 1.35 at December 31, 2003.

In January 2003, the Company and Webster Business Credit Corporation, then known as Whitehall Business Credit Corporation ("Webster"), entered into the Third Amended and Restated Revolving Credit and Security Agreement (as amended, collectively, the "Credit Facility"). The Credit Facility provides a \$15.0 million revolving credit facility that matures on January 23, 2006. The Credit Facility allows the Company to borrow up to \$15.0 million based upon a borrowing base formula as defined in the agreement (principally 85% of "eligible" accounts receivable). The Credit Facility bears interest at Webster's "Alternative Base Rate" plus one-half percent (a total of 4.5% per annum at March 31, 2004), or LIBOR plus three percent, and is secured by all the assets of the Company and its subsidiaries.

The Credit Facility contains certain financial covenants that must be met by the Company on a consolidated basis, among which are a minimum "Net Worth", a minimum "Fixed Charge Coverage Ratio", a capital expenditure limitation and a minimum EBITDA, as such terms are defined in the Credit Facility. The Company was in compliance with such financial covenants at March 31, 2004, except for the minimum "Fixed Charge Coverage Ratio" and minimum EBITDA. On May 17, 2004, the Company secured a waiver from Webster for these covenant violations. As consideration for the waiver, among other things, the Company has agreed to reduce the revolving credit facility to \$10.0 million from \$15.0 million.

Because of the requirement to maintain a lock box arrangement with Webster and Webster's ability to invoke a subjective acceleration clause at its discretion, borrowings under the Credit Facility are classified as current at March 31, 2004 and December 31, 2003, in accordance with EITF 95-22.

The revolving loan balance outstanding under the Credit Facility were \$3.9 million and \$4.1 million at March 31, 2004 and December 31, 2003, respectively. There were letters of credit outstanding under the Credit Facility of \$0.7 million at March 31, 2004 and December 31, 2003. As of March 31, 2004, the SPAR Group had unused availability under the Credit Facility of

\$1.1 million out of the remaining maximum \$11.1 million unused revolving line of credit after reducing the borrowing base by outstanding loans and letters of credit.

Management believes that based upon the Company's current working capital position and the existing credit facilities, funding will be sufficient to support ongoing operations over the next twelve months. However, delays in collection of receivables due from any of the Company's major clients, or a significant reduction in business from such clients, or the inability to acquire new clients or the Company's inability to return to profitability, could have a material adverse effect on the Company's cash resources and its ongoing ability to fund operations.

In connection with the sale of SPGI on June 30, 2002, the Company agreed to provide a discretionary revolving line of credit to SPGI not to exceed \$2.0 million (the "SPGI Revolver") through September 30, 2005. The SPGI Revolver is secured by a pledge of all the assets of SPGI and is guaranteed by SPGI's parent, Performance Holdings, Inc. The SPGI Revolver provided for advances in excess of the borrowing base through September 30, 2003. As of October 1, 2003, the SPGI Revolver was adjusted, as per the agreement, to include a borrowing base calculation (principally 85% of "eligible" accounts receivable). In September 2003, SPGI requested and the Company agreed to provide advances of up to \$1.0 million in excess of the borrowing base through September 30, 2004. At March 31, 2004, there was approximately \$1.2 million borrowed under the SPGI Revolver and \$70,000 in outstanding letters of credit, while the borrowing base was approximately \$0.4 million. Under the SPGI Revolver terms, SPGI is required to deposit all of its cash to the Company's lock box.

Certain Contractual Obligations

The following table contains a summary of certain of the Company's contractual obligations by category as of March 31, 2004 (in thousands).

Contractual Obligations	Payments due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
New Credit Facility	\$3,889	\$3,889	\$ -	\$ -	\$ -
Operating Lease Obligations	1,955	858	1,009	88	0
Total	\$5,844	\$4,747	\$1,009	\$ 88	\$ 0

In addition to the above table, the Company had agreed to provide a discretionary line of credit to SPGI not to exceed \$2.0 million through September 30, 2005. Outstanding loans to SPGI under the discretionary line of credit totaled \$1.2 million at March 31, 2004. The Company also had \$737,337 in outstanding Letters of Credit at March 31, 2004.

In May 2001, the Company and Paltac, Inc. ("Paltac"), a large Japanese distributor, entered into a joint venture to create a Japanese company, SPAR FM. SPAR FM entered into a 300 million Yen Revolving Credit Agreement with a Japanese bank. The bank required Paltac guarantee the outstanding balance on the revolving credit facility. As part of the joint venture agreement, should Paltac be required

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to make a payment on its guarantee to the bank, then the Company has agreed to remit to Paltac 50% of any such payment up to a maximum of 150 million Yen or approximately \$1.4 million. As of March 31, 2004, SPAR FM has borrowed 100 million Yen under its Revolving Credit Agreement. Therefore, the Company's current exposure to Paltac respecting outstanding loans to SPAR FM at March 31, 2004 would be 50 million Yen or approximately \$0.5 million.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk related to the variable interest rate on the line of credit and the variable yield on its cash and cash equivalents. The Company's accounting policies for financial instruments and disclosures relating to financial instruments require that the Company's consolidated balance sheets include the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable and long term debt. The Company considers carrying amounts of current assets and liabilities in the consolidated financial statements to approximate their fair value because of the relatively short period of time between their origination and their expected realization. The Company monitors the risks associated with interest rates. The Company's investment policy objectives require the preservation and safety of the principal, and the maximization of the return on investment based upon the safety and liquidity objectives.

Currently, the Company's international operations are not material and, therefore, the risk related to foreign currency exchange rates is not material.

The Company has no derivative financial instruments or derivative commodity instruments in its cash and cash equivalents and investments. Excess cash is normally used to pay down its revolving line of credit.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) as of the end of the period covering this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms. There were no material changes in the Company's internal control over financial reporting during the first quarter of 2004.

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CODES OF ETHICS

The Company has adopted codes of ethics that apply to its Directors, Officers and Employees. They are contained in the SPAR Group Code of Ethical Conduct for its Directors, Senior Executives and Employees Dated (as of) May 1, 2004 (the "Ethics Code"), and the SPAR Group Statement of Policy Regarding Personal Securities Transactions in SGRP Stock Amended Non-Public Information Dated, Amended and Restated as of May 1, 2004 (the "Securities Policy"). The Company has filed copies of the Ethics Code and Securities Policy as Exhibits to its Periodic Report on Form 8-K, dated May 1, 2004, filed with the U.S. Securities and Exchange Commission on May 5, 2004.

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PART II: OTHER INFORMATION

Item 1. Legal Proceedings

No change.

Item 2: Changes in Securities and Use of Proceeds

Item 2(a): Not applicable

Item 2(b): Not applicable

Item 2(c): Not applicable

Item 2(d): Not applicable

Item 3: Defaults upon Senior Securities

Item 3(a): Defaults under Indebtedness: None.

Item 3(b): Defaults under Preferred Stock: Not Applicable.

Item 4: Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5: Other Information

In February 2004, the Company's Audit Committee approved the Field Service Agreement, Field Management Agreement and Programming and Support Agreement effective as of January 1, 2004, which amended, restated and completely replaced the predecessor agreements pursuant to which SMS, SMSI and SIT had previously provided their respective services to the Company. The Company has filed copies of the Field Service Agreement, Field Management Agreement and Programming and Support Agreement as

Exhibits 10.1, 10.2 and 10.3, respectively, to this quarterly report on Form 10-Q for the fiscal quarter ending March 31, 2004. These restated agreements extended the previous contract maturities for four years, strengthened various contractual provisions and continued the basic economic terms of the previous agreements, except that the restated Field Management Agreement provides for a temporary reduction in SMSI's fees for 2004 by excluding certain administrative costs as described above. The Company's agreements and other arrangements with SMS, SMSI and SIT are periodically reviewed by the Company's Audit Committee, which review includes an examination of the overall fairness of the arrangements and the resulting income (if any) to the SMS Principals.

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Item 6: Exhibits And Reports On Form 8-K.

Exhibits.

- 10.1 Amended and Restated Field Service Agreement dated and effective as of January 1, 2004, by and between SPAR Marketing Services, Inc., SPAR Marketing Force, Inc., as filed herewith.
- 10.2 Amended and Restated Field Management Agreement dated and effective as of January 1, 2004, by and between SPAR Management Services, Inc., and SPAR Marketing Force, Inc., as filed herewith.
- 10.3 Amended and Restated Programming and Support Agreement dated and effective as of January 1, 2004, by and between SPAR InfoTech, Inc., and SPAR Marketing Force, Inc., as filed herewith.
- 31.1 Certification of the CEO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as filed herewith.
- 31.2 Certification of the CFO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as filed herewith.
- 32.1 Certification of the CEO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as filed herewith.
- 32.2 Certification of the CFO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as filed herewith.

Reports On Form 8-K.

- 1. Periodic Report on Form 8-K, dated March 26, 2004 filed with the U.S. Securities and Exchange Commission on March 26, 2004, respecting the earnings press release for 2003.
- 2. Periodic Report on Form 8-K, dated May 1, 2004, filed with the U.S. Securities and Exchange Commission on May 5, 2004, respecting the adoption and filing of the SPAR Group Code of Ethical Conduct for its Directors, Senior Executives and Employees Dated (as of) May 1, 2004, and the SPAR Group Statement of Policy Regarding Personal Securities Transactions in SGRP Stock and Non-Public Information Dated, Amended and Restated as of May 1, 2004.
- 3. Periodic Report on Form 8-K, dated May 14, 2004, filed with the U.S. Securities and Exchange Commission on May 14, 2004, respecting the earnings press release for the quarter ended March 31, 2004.

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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.

Date: May 18, 2004

SPAR Group, Inc., Registrant

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer and duly
authorized signatory

AMENDED AND RESTATED FIELD SERVICE AGREEMENT

This Amended and Restated Field Service Agreement dated and effective as of January 1, 2004 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), is by and between SPAR Marketing Services, Inc., a Nevada corporation ("SMS"), and SPAR Marketing Force, Inc., a Nevada corporation (the "Company"). SMS and the Company may be referred to individually as a "Party" and collectively as the "Parties".

Recitals

SMS and the Company are parties to a Service Agreement dated as of January 4, 1999 (as the same may have been supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Existing Service Agreement"), pursuant to which SMS has provided and currently provides certain field representative, scheduling and management services to the Company and (through the Company) SPAR Group, Inc., and its subsidiaries (together with the Company, each a "SPAR Company" and collectively the "SPAR Companies"), which scheduling and management services have been delegated to and performed by its affiliate, SPAR Management Services, Inc. ("SMSI"). SMSI will now enter into a direct agreement with the Company respecting such scheduling and management services. The Company and SMS have agreed to update the terms and conditions on which SMS will continue to provide, on a nonexclusive basis, the field representative services described below on behalf of the SPAR Companies with respect to in-store merchandising and related services at the stores and other locations of the customers of the SPAR Companies as a SPAR Company may from time to time request (collectively, "Stores") within the continental United States and Canada and such other places as they may mutually agree (the "Territory"), all upon the terms and provisions and subject to the conditions hereinafter set forth.

Agreement

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto hereby agree as follows:

Section 1. Term. This Agreement shall commence upon the date hereof, and shall continue through December 31, 2007, and shall be automatically renewed and continue for additional one year periods thereafter (the "Term"), unless and until (a) either Party gives the other written notice at least sixty days prior to December 31 of any year (commencing in 2007) of its desire to not renew this Agreement, or (b) this Agreement is sooner terminated pursuant to Section 5 hereof.

Section 2. Merchandising and Related Services. During the Term, SMS shall stock, restock and replenish merchandise and perform other merchandising and related activities and services requested from time to time by the Company (the "Merchandising Services") in Stores within the Territory on behalf of the Company and the Company's affiliates as they may from time to time request for themselves or their customers, and (b) all related services (together with the Merchandising, the "Services"). Any merchandise needed for the Merchandising Services shall be delivered to the Stores (or at such other location as may be mutually agreed upon by the Parties with respect to any particular task) from time to time by or on behalf the Company or the applicable customers, all at no cost and expense to SMS. The Company and SMS shall in good faith establish and implement mutually acceptable procedures for the scheduling and coordination of the performance of the Services.

Section 3. Cost Plus Compensation. Except as otherwise provided in the second and third sentences of this Section 3, the Company shall compensate SMS for the performance of the Services for the SPAR Companies in an amount equal to (a) all costs and expenses reasonably incurred by SMS in performing the Services for the SPAR Companies pursuant hereto, including (without limitation) any and all independent contractor payments, wages and other employment costs of all personnel, travel and other reimbursable field and administrative out of pocket costs and expenses, purchases of equipment and supplies, depreciation and amortization, courier, postage and special mailing charges, rent, utilities, and other overhead (the "Services Costs"), plus (b) four percent of the sum of the items in clause (a), above (collectively with the Services Costs, the "Services Compensation"); provided, however, that the

Services Costs shall include any payroll and employment taxes payable to field employees with respect to Services performed after the date hereof. The Company and SMS acknowledge and agree the stockholders of have entered into a Limited Indemnification Agreement dated as of July 8, 1999 (the "Indemnity Agreement") in connection with the consummation of the transactions contemplated by the Merger Agreement (as such term is defined in the Indemnity Agreement). Notwithstanding the provisions of

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this Section 3 or any other provision of this Agreement, the Company shall not be required to compensate SMS for or otherwise pay or reimburse (and Services Costs shall not include) any amount with respect to which the stockholders of SMS (i) would have been required to indemnify, defend and hold harmless any Merger Party (as such term is defined in the Indemnity Agreement) pursuant to the Indemnity Agreement were it executed and effective as of the date of this Agreement, or (ii) are required to indemnify, defend and hold harmless any Merger Party pursuant to the Indemnity Agreement after it is executed and becomes effective (collectively, "Indemnified Amounts").

Section 4. Payments. The Company shall pay to SMS by wire transfer a monthly retainer of \$250,000 (as adjusted from time to time by the mutual agreement of the Parties) on or before the first of each month on account of the Services Compensation respecting the estimated administrative and overhead costs of performing the Services (i.e., the Services Compensation other than the field personnel costs). SMS shall invoice the Company weekly for all field personnel costs, and such invoices shall be paid by the Company by wire transfer to SMS within two business days after receipt thereof. SMS may from time to time, and at least once per quarter shall, reconcile the retainer and field personnel payments and invoice the Company for any shortfall, or credit the Company's future invoices for any excess, in the Services Compensation received by SMS during the calculation period. The Company shall have the right at its own cost and expense to audit such costs and expenses from time to time upon reasonable notice to SMS, provided that the audit shall be conducted in a manner that is not unreasonably disruptive of SMS's business.

Section 5. Early Termination. Notwithstanding any provision to the contrary contained herein, either Party shall have the right to terminate this Agreement: (a) at any time for any reason or no reason upon six (6) months prior written notice to the other Party; (b) upon ten (10) business days prior written notice to the other Party in the event such other Party material breaches this Agreement and fails to cure such breach within thirty (30) days after notice of such breach from the terminating Party; or (c) upon ten (10) business days prior written notice from the terminating Party to the other Party in the event of (i) any voluntary or involuntary filing or submission of any petition or other document for relief, bankruptcy, insolvency, receivership or other remedy by or with respect to such other Party, or (ii) the existence of any case, action, suit, or proceeding by or with respect to such other Party, whether voluntary or involuntary, under the United States Bankruptcy Code, as amended, or any other present or future federal, state, provincial or foreign applicable law respecting bankruptcy, reorganization, insolvency, readjustment of debts, relief of debtors, dissolution or liquidation.

Section 6. Force Majeure. Notwithstanding any other term or provision of this Agreement, no Party shall be responsible for or be in breach of or default under this Agreement for any performance delay or failure that is the result of any and all acts of God and other acts, events, circumstances, impediments or occurrences beyond the control of the delayed person (each a "Force Majeure"), including (without limitation) any (i) accident or mishap not caused by the delayed person, (ii) assault, attack, battle, blockade, bombing, embargo, police action, siege or other act of defense, offense, terrorism or war (whether or not declared), in each case whether civilian, militia, military or otherwise and whether domestic or foreign, (iii) governmental regulation or decree or other act or failure to act of any governmental authority or other regulatory body, in each case whether civil, military or otherwise and whether domestic or foreign, (iv) earthquake, explosion, fire, flood, hurricane or other natural or man-made calamity or disaster, (v) epidemic, environmental contamination or other natural or man-made pestilence or toxic exposure (whether biological, chemical, radiological or otherwise), or any quarantine or other restriction arising therefrom, (vi) failure of, interruption in or impairment of any delivery, internet, mail, monetary, power, telecommunication, transmission, transportation or utility system or any other service, product or equipment provided or maintained by a third party, (vii) lockout, strike or similar labor interruptions, (viii) insurrection, riot or other civil disturbance, (ix)

hacking or other unauthorized access, spamming, virus, trojan or other unauthorized program, or other computer or technological tampering or attack, or (x) sabotage or other criminal or intentionally disruptive third party act, in each case together with any and all consequential disruptions, delays, effects or other acts, events, circumstances, impediments or occurrences and irrespective of how localized or widespread. Upon prompt notice to the other Party, the Party affected by any Force Majeure shall be excused from performance hereunder to the extent and for so long as its performance hereunder is prevented or restricted by a Force Majeure (and the other Party shall likewise be excused from performance of its obligations hereunder relating to such delayed or failed performance to the same extent and for the same duration); provided that the Party so affected shall use reasonable efforts (without increased cost) to avoid, mitigate or remove such Force Majeure and to minimize the consequences thereof, and both Parties shall resume performance hereunder with the utmost dispatch whenever such non-performance causes are removed.

Section 7. General Representations of the Parties. Each Party represents and warrants to the other Party that, as of the date hereof and as of the date of each extension, modification or

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amendment of this Agreement, and covenants and agrees with the other Party that for so long as products and services are being provided by SMS to the Company or any of its affiliates under this Agreement: (a) such Party is and will continue to be a corporation or other entity duly organized, validly existing and in good standing under the laws of its state of organization and maintains its chief executive office at the address(es) set forth for it either on the signature page to this Agreement or in the introduction thereto, or as otherwise set forth in a written notice to the other Party; (b) such Party has and will maintain the legal capacity, power, authority and unrestricted right to execute and deliver this Agreement and to perform all of its obligations hereunder; (c) the execution and delivery by such Party of this Agreement and the performance by such Party of all of its obligations hereunder will not violate or be in conflict with any term or provision of (i) any applicable law, (ii) any judgment, order, writ, injunction, decree or consent of any court or other judicial authority applicable to such Party or any material part of such Party's assets and properties, (iii) any of the organizational or governing documents of such Party, or (iv) any material agreement, document or obligation to which it is a Party, and such Party will not adopt any such conflicting organizational or governing document or enter into any such conflicting agreement, document or obligation; (d) no consent, approval or authorization of, or registration, declaration or filing with, any governmental authority or other person is required as a condition precedent, concurrent or subsequent to or in connection with the due and valid execution, delivery and performance by such Party of this Agreement or the legality, validity, binding effect or enforceability of any of the terms and provisions of this Agreement; (e) this Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with their respective terms and provisions; (f) the Services will not be requested, provided or used for any illicit or illegal business or scheme; (g) the financial information (if any) respecting the Customer furnished to SPAR is complete, accurate and fairly presents the financial condition of the Customer; (h) the information furnished or to be furnished by or on behalf of a Party to the other Party does not and will not contain a misstatement of a material fact or omit to state a material fact required to be stated therein in order to make it, in the light of the circumstances under which made, not misleading; and (i) each Party has independently and fully reviewed and evaluated this Agreement and all related documents, the contemplated obligations and transactions and the potential effects of such obligations and transactions on the assets, business, cash flow, expenses, income, liabilities, operations, properties, prospects, reputation, taxation or condition (financial or otherwise) of such Party and its affiliates, which review and evaluation was made together with the officers, directors and other representatives of such Party, its legal counsel and (to the extent deemed prudent by such Party) other legal counsel and financial and other advisors to such Party, and such Party hereby absolutely, unconditionally, irrevocably, expressly and forever assumes any and all attendant risks and waives any and all rights, claims, defenses or objections with respect thereto.

Section 8. Independent Contractor, Non-exclusive Status, Etc. The Parties each acknowledge and agree that SMS's sole relationship with the Company is that of independent contractor, and that no term or provision of this Agreement or any related document is intended to create, nor shall any such term or provision be deemed or construed to have created, any joint venture,

partnership, trust, agency or other fiduciary relationship between the Parties or any of their respective affiliates. No term or provision of this Agreement or any related document is intended, or shall be deemed or construed, to in any way (a) limit the power, authority or discretion of SMS to conduct its business in such manner as it may choose, or (b) confer upon the Company any right, power or privilege to control, direct, approve or otherwise affect any manner chosen by SMS or any of its affiliates to conduct its business, irrespective of whether any of the Services may be involved in or affected by any such conduct. Without limiting the generality of the foregoing, SMS shall have full and exclusive power, authority and discretion at any time and from time to time (i) to hire, direct and discharge from time to time any and all officers, employees, agents, brokers and other representatives of SMS (including, without limitation, the stockholders), (ii) to engage such independent contractors, affiliates and other subcontractors as it may deem necessary or appropriate in the performance of the Services, (iii) to exercise or otherwise enforce any of its rights, powers, privileges, remedies or interests in whole or in part, (iv) to delay, refrain from or discontinue any such exercise or other enforcement, (v) to perform the same or similar services for others and pursue any and all other continuing, new or other business opportunities of any nature or description, which may include (without limitation,) one or more of the business activities engaged in by the Company or its affiliates or aspects thereof, whether independently or for or with other persons, and irrespective of location, and (vi) to allocate the time and attention and the other resources of SMS among the Services and its various other activities, provided that such allocation does not adversely affect the performance of SMS hereunder in any material respect, in each case without notice to the Company (except as otherwise expressly required hereunder), for any reason or no reason whatsoever and whether intentionally or otherwise. The Company shall not be required to use SMS exclusively for the provision of Services in any Stores or otherwise at any time and may purchase Services from any affiliate or other person without limitation or restriction of any kind.

Section 9. No Other Warranties, Waiver of Set-Off, Special Damages, Etc. Except as otherwise expressly provided in this Agreement, the Company (on behalf of itself and each other SPAR

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Company) acknowledges and agrees that: (a) SMS makes no representation or warranty of any kind or nature whatsoever with respect to any product or service provided under this Agreement, whether express or implied (either in fact, by operation of law or otherwise), including (without limitation) no warranty as to merchantability, fitness or usefulness for a particular purpose, title, interference, infringement or conformance to any specifications; (b) SMS shall not be liable or responsible for any claim, liability, loss or expense of any SPAR Company or any other person on account of or directly or indirectly arising from the use of any product or service furnished by or through SMS; all of which are hereby expressly disclaimed by SMS and all of which are hereby irrevocably, unconditionally, expressly and forever waived and released by the Company (on behalf of itself, each other SPAR Company and all those using or receiving such products and services through any SPAR Company); (c) none of the SPAR Companies will seek, recover or retain any, and the Company (on behalf of itself and each other SPAR Company) hereby irrevocably, unconditionally, expressly and forever waives any and all, special, exemplary, punitive, statutory and/or consequential damages (whether through action, suit, counterclaim or otherwise and whether in contract, tort, strict liability or otherwise) to the extent waiver is not limited under applicable law; and (d) the Company will not exercise or enforce, and the Company (on behalf of itself and each other SPAR Company) hereby irrevocably, unconditionally, expressly and forever waives, any right of setoff, recoupment, abatement or reduction that may now or hereafter be accorded to it (whether under this Agreement, applicable law or otherwise) against or in respect of any payment due (whether as scheduled or required, upon demand or as sought in any action, suit or proceeding) to or for the benefit of SMS or any SMS Affiliate under this Agreement or applicable law, except to the extent required as a compulsory counterclaim in any related ongoing proceeding, and the Company will pursue separate exercise and enforcement thereof.

Section 10. Indemnification. (a) The Company, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "MF Indemnified Person") shall not incur any liability for any acts or omissions (and the other Party hereby absolutely, unconditionally, irrevocably and expressly waives and releases forever any and all related claims and actions against each MF Indemnified Person), and each shall be indemnified, reimbursed and held harmless by SMS upon demand, and defended at the expense of SMS with counsel selected by SMS (and reasonably

acceptable to the Company), from and against, any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any MF Indemnified Person resulting from, arising out of or directly or indirectly related to (i) any Service or other activity performed by SMS or any of its representatives or (ii) any misrepresentation, omission, breach, default or wrongdoing by SMS or any of its representatives; in each case (A) other than to the extent occasioned by the acts or omissions of any MF Indemnified Person materially breaching this Agreement or any duty owed to the other Party hereunder and amounting to gross negligence, willful misconduct or material breach of this Agreement as finally determined pursuant to applicable law by a governmental authority having jurisdiction, and (B) subject to the limitations, waivers and other terms and provisions of Sections 9 and 12 hereof (which are intended to limit this subsection).

(b) SMS, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "SMS Indemnified Person") shall not incur any liability for any acts or omissions (and the other Party hereby absolutely, unconditionally, irrevocably and expressly waives and releases forever any and all related claims and actions against each SMS Indemnified Person), and each shall be indemnified, reimbursed and held harmless by the Company upon demand, and defended at the expense of the Company with counsel selected by the Company (and reasonably acceptable to SMS), from and against, any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any SMS Indemnified Person resulting from, arising out of or directly or indirectly related to (i) any Service or other activity performed substantially in accordance with the directions of the Company or any of its representatives, (ii) any product defect in or other condition of any merchandise or equipment provided the Company, its affiliate, its customer, any Store or any of their respective representatives or (iii) any misrepresentation, omission, breach, default or wrongdoing by the Company or any of its representatives, but excluding any Indemnified Amounts; in each case (A) other than to the extent occasioned by the acts or omissions of any SMS Indemnified Person materially breaching this Agreement or any duty owed to the other Party hereunder and amounting to gross negligence, willful misconduct or material breach of this Agreement as finally determined pursuant to applicable law by a governmental authority having jurisdiction, and (B) subject to the limitations, waivers and other terms and provisions of Sections 9 and 12 hereof (which are intended to limit this subsection).

(c) The preceding general exculpations and indemnifications are not intended (and shall not be deemed or construed) to in any way qualify, condition, diminish, restrict, limit or otherwise affect any

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(and is in addition to each) other release, waiver, consent, acknowledgment, agreement or other term or provision of this Agreement or any related document.

Section 11. Notice. Any notice, request, demand or other communication permitted or required to be given to a Party under this Agreement shall be in writing and shall be sent to the addressee at the address set forth above (or at such other address as shall be designated by notice to the other Party and Persons receiving copies), effective upon actual receipt (or refusal to accept delivery) by the addressee on any business day or the first business day following receipt after the close of normal business hours or on any non-business day, by (a) FedEx (or other equivalent national or international overnight courier) or United States Express Mail, (b) certified, registered, priority or express United States mail, return receipt requested, (c) telecopy or (d) messenger, by hand or any other means of actual delivery.

Section 12. Use of Electronic Systems, Responsibilities and Waiver of Liability. The Parties desire to send and receive applications, calls, data, emails, invoices, orders and other documents and information ("eData") among themselves and their respective representatives by any one or more of the following means (each an "eSystem"): (a) email or other internet communication; (b) any internet site, whether maintained by or on behalf of a Party or otherwise (each a "Web Site"); (c) telecopy; (d) cellular or other wireless communication; or (e) other electronic communication; in each case whether or not open, guarded, scrambled or encrypted. Each Party hereby authorizes and directs the other Party to send and receive eData through any eSystem and to act

upon any request or other content of any eData received or obtained through any eSystem by the receiving Party, any of its affiliates or any of their respective representatives purporting to be from or on behalf of the sending Party or its representatives, and the sending Party acknowledges and agrees that the receiving Party or person may in good faith rely upon as accurate, authentic and duly authorized. Each Party acknowledges and agrees that the other Party, its affiliates and their respective representatives shall not under any circumstance be or become responsible or liable in any way for, and each Party hereby irrevocably, unconditionally, expressly and forever waives and releases any and all related claims and actions against each of the other Party, its affiliates and their respective representatives respecting, any claim, cost, expense, loss, or liability whatsoever directly or indirectly arising from: (A) any transmission, receipt or use of or reliance upon any eData or use of any eSystem; (B) any unauthorized Person's use of or access to any eData, any Web Site or any other eSystem; (C) any access, misuse or appropriation a Party's eData or any failed, forged, altered, deciphered, intercepted, incomplete or inaccurate transmission of any eData; (D) any eSystems, anti-virus firewalls and security measures, their use or operation or their compatibility with any Web Site or other eSystem of the other Party or any of its affiliates; (E) any virus, macro or similar program or script; (F) the viability, integrity, robustness, fitness or adequacy of any encryption, firewall or other security measures used by a Party or any of its affiliates; (G) any eData of a Party sent or received through or stored on the Web Site or other eSystem of the other Party or any of its affiliates or the security or retention thereof; (H) any failure to act on any request or other eData (1) not actually received by the appropriate the representative, (2) that appears to be unauthorized, incomplete or inaccurate in any respect; or (3) pending receipt from the sender of any resubmission, clarification, confirmation or verification of any eData requested by a Party; or (I) without limiting any applicable force majeure, (1) any error, poor transmission or other casualty to, loss of or delay or failure in sending or receiving any eData, or (2) any failure of any ISP or other eSystem provider.

Section 13. No Waiver by Action, Etc. Any waiver or consent from either Party respecting any provision of this Agreement or any related document shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect such Party's right at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other notice or demand in similar or other circumstances. Any acceptance by or on behalf of a Party of (A) any partial or late payment, reimbursement or performance shall not constitute a satisfaction or waiver of the obligation then due or the resulting default, or (B) any payment, reimbursement or performance of any obligation during the continuance of any default shall not constitute a waiver or cure thereof, and the Party or its designee may accept or reject any such payment, reimbursement or performance without affecting any obligation or any of the Party's rights, powers, privileges, remedies and other interests under this Agreement, any related document or applicable law. All rights, powers, privileges, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, power, privilege, remedy or other interest of such Party under this Agreement, any related document or applicable law.

Section 14. Successors and Assigns; Assignment; Intended Beneficiaries. This Agreement and each related document shall be binding upon and inure to the benefit of the successors, permitted assigns and legal representatives of each Party (including, without limitation, any assignee of

substantially all of the business or assets of any Party or any successor by merger). Neither Party may assign any of its rights or obligations under this Agreement or any related document to any other person without the consent of the other Party; provided, however, that (i) either Party may assign its rights and obligations hereunder in whole or in part to any of its affiliates (without, however, relieving the assignor of any of its obligations hereunder) by giving the other Party a copy of such assignment, (ii) SMS acknowledges and agrees that the Company may request (for its account hereunder) that SMS provide services for affiliates of the Company without the need to formally assign any rights or obligations of the Company to such affiliates to the extent the Company remains liable for any and all payments hereunder with respect thereto, and (iii) nothing in this Section is intended, or shall be deemed or construed, to in any

way limit the use of independent contractors as field representatives or managers by SMS. Without limiting the generality of the foregoing, SMS acknowledges and agrees that the Company may pledge this Agreement and all accounts, payment intangibles, general intangibles and other rights and interest arising hereunder to one or more lender(s), such lender(s) shall be entitled upon default to enforce any and all of the rights, powers, privileges, remedies and interests of the Company as so assigned in accordance with this Agreement, the applicable loan documents and applicable law, and such lender(s) shall not be responsible or liable for any of the acts, omissions, duties, liabilities or obligations of the Company or any of its affiliates under this Agreement or otherwise. Except as otherwise provided in this Agreement, the representations, agreements and other provisions of this Agreement are for the exclusive benefit of the Parties hereto, and no other person (including, without limitation, any creditor of a Party) shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party.

Section 15. Counterparts, Governing Law, Amendments, Etc. This Agreement shall be effective on the date as of which this Agreement shall be executed and delivered by the Parties hereto. This Agreement or any related document may be executed in two or more counterpart copies of the entire document or of signature pages to the document, each of which may be executed by one or more of the Parties hereto and may be sent by fax, but all of which, when taken together, shall constitute a single agreement binding upon all of the Parties hereto. This Agreement and all related documents shall be governed by and construed in accordance with the applicable laws pertaining, in the State of New York (other than those conflict of law rules that would defer to the substantive laws of another jurisdiction). The headings contained in this Agreement or any related document are for reference purposes only and shall not affect the meaning or interpretation of this Agreement or any related document. Each and every supplement or modification to or amendment or restatement of this Agreement or any related document shall be in writing and signed by all of the Parties hereto, and each and every waiver of, or consent to any departure from, any term or provision of this Agreement or any related document shall be in writing and signed by each affected Party hereto.

Section 16. Waiver of Jury Trial; All Waivers Intentional, Etc. In any action, suit or proceeding in any jurisdiction brought against SMS by the Company, or vice versa, each Party hereby absolutely, unconditionally, irrevocably and expressly waives forever trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) made by a Party in this Agreement, has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

Section 17. Entire Agreement. No Party or any of its representatives has made, accepted or acknowledged any representation, warranty, promise, assurance, agreement, obligation or understanding (oral or otherwise) to, with or for the benefit of the other Party or any of its representatives other than as expressly set forth in this Agreement. This Agreement contains the entire agreement of the Parties, amends, restates and completely replaces the Existing Service Agreement, and supersedes and completely replaces all prior and other communications, discussions and other representations, warranties, promises, assurances, agreements and understandings (oral, implied or otherwise) between the Parties, with respect to the matters contained in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the day and year first written above.

SPAR Marketing Services, Inc.,
a Nevada corporation

SPAR Marketing Force, Inc.,
a Nevada corporation

By:

By:

AMENDED AND RESTATED FIELD MANAGEMENT AGREEMENT

This Amended and Restated Field Management Agreement dated and effective as of January 1, 2004 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), is by and between SPAR Management Services, Inc., a Nevada corporation ("SMSI"), and SPAR Marketing Force, Inc., a Nevada corporation (the "Company"). SMSI and the Company may be referred to individually as a "Party" and collectively as the "Parties".

Recitals

SMSI's affiliate, SPAR Marketing Services, Inc., a Nevada corporation ("SMS"), and the Company are parties to a Service Agreement dated as of January 4, 1999 (as the same may have been supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Existing Service Agreement"), pursuant to which SMS has provided and currently provides certain field representative, scheduling and management services to the Company and (through the Company) SPAR Group, Inc., and its subsidiaries (together with the Company, each a "SPAR Company" and collectively the "SPAR Companies"), which scheduling and management services have been delegated to and performed by SMSI. SMS will now enter into a restated agreement with the Company respecting the field representative services that will continue to be provided by SMSI. The Company and SMSI desire to memorialize the terms and conditions on which SMSI will continue to provide, on a nonexclusive basis, the field representative scheduling and management services described below on behalf of the SPAR Companies with respect to in-store merchandising and related services at the stores and other locations of the customers of the SPAR Companies as any SPAR Company may from time to time request (collectively, "Stores") within the continental United States and Canada and such other places as they may mutually agree (the "Territory"), all upon the terms and provisions and subject to the conditions hereinafter set forth.

Agreement

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto hereby agree as follows:

Section 1. Term. This Agreement shall commence upon the date hereof, and shall continue through December 31, 2007, and shall be automatically renewed and continue for additional one year periods thereafter (the "Term"), unless and until (a) either Party gives the other written notice at least sixty days prior to December 31 of any year (commencing in 2007) of its desire to not renew this Agreement, or (b) this Agreement is sooner terminated pursuant to Section 5 hereof.

Section 2. Scheduling, Management and Related Services. During the Term, SMSI shall (a) operate and maintain the Internet job scheduling and other software utilized by the field managers and personnel of SMSI and the field personnel of the SPAR Companies as any SPAR Company may request from time to time (the "Scheduling Services"), (b) manage and direct the field personnel of SMSI performing the Merchandising Services and the field personnel of the SPAR Companies as any SPAR Company may request from time to time (the "Personnel Services"), and (c) all related services (together with the Scheduling Services and Personnel Services, the "Services. The Company and SMSI shall in good faith establish and implement mutually acceptable procedures for the scheduling and coordination of the performance of the Services.

Section 3. Cost Plus Compensation. Except as otherwise provided in the second and third sentences of this Section 3, the Company shall compensate SMSI for the performance of the Services for the SPAR Companies in an amount equal to: (a) all costs and expenses reasonably incurred by SMSI in performing the Services for the SPAR Companies pursuant hereto, including (without limitation) any and all independent contractor payments, wages and other employment costs of all personnel, travel and other reimbursable field and administrative out of pocket costs and expenses, purchases of equipment and supplies, depreciation and amortization, courier, postage and special mailing charges, rent, utilities, and other overhead (the "Services Costs"), provided that Service Costs shall not include expenses charged during calendar year 2004 to SMS office and Accounting Department Business Insurance Account #66000, InfoTech Fees Account #61300, IT Allocation Account #61020, or Audix usage,

lease and maintenance costs Accounts #62100/ 25-5-50-04 and 62101/ 25-5-50-04; plus (b) four percent of the sum of the Service Costs (collectively with the Services Costs, the "Services Compensation"); provided, however, that the Services

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Costs shall include any payroll and employment taxes payable to management employees with respect to Services performed.

Section 4. Payments. The Company shall pay to SMSI by wire transfer a monthly retainer of \$484,000 (as adjusted from time to time by the mutual agreement of the Parties) on or before the first of each month on account of the Services Compensation respecting the estimated administrative and overhead costs of performing the Services (i.e., the Services Compensation other than the field personnel costs). SMSI shall invoice the Company weekly for all field management and personnel costs, and such invoices shall be paid by the Company by wire transfer to SMSI within two business days after receipt thereof. SMSI may from time to time, and at least once per quarter shall, reconcile the retainer and field personnel payments and invoice the Company for any shortfall, or credit the Company's future invoices for any excess, in the Services Compensation received by SMSI during the calculation period. The Company shall have the right at its own cost and expense to audit such costs and expenses from time to time upon reasonable notice to SMSI, provided that the audit shall be conducted in a manner that is not unreasonably disruptive of SMSI's business.

Section 5. Early Termination. Notwithstanding any provision to the contrary contained herein, either Party shall have the right to terminate this Agreement: (a) at any time for any reason or no reason upon six (6) months prior written notice to the other Party; (b) upon ten (10) business days prior written notice to the other Party in the event such other Party material breaches this Agreement and fails to cure such breach within thirty (30) days after notice of such breach from the terminating Party; or (c) upon ten (10) business days prior written notice from the terminating Party to the other Party in the event of (i) any voluntary or involuntary filing or submission of any petition or other document for relief, bankruptcy, insolvency, receivership or other remedy by or with respect to such other Party, or (ii) the existence of any case, action, suit, or proceeding by or with respect to such other Party, whether voluntary or involuntary, under the United States Bankruptcy Code, as amended, or any other present or future federal, state, provincial or foreign applicable law respecting bankruptcy, reorganization, insolvency, readjustment of debts, relief of debtors, dissolution or liquidation.

Section 6. Force Majeure. Notwithstanding any other term or provision of this Agreement, no Party shall be responsible for or be in breach of or default under this Agreement for any performance delay or failure that is the result of any and all acts of God and other acts, events, circumstances, impediments or occurrences beyond the control of the delayed person (each a "Force Majeure"), including (without limitation) any (i) accident or mishap not caused by the delayed person, (ii) assault, attack, battle, blockade, bombing, embargo, police action, siege or other act of defense, offense, terrorism or war (whether or not declared), in each case whether civilian, militia, military or otherwise and whether domestic or foreign, (iii) governmental regulation or decree or other act or failure to act of any governmental authority or other regulatory body, in each case whether civil, military or otherwise and whether domestic or foreign, (iv) earthquake, explosion, fire, flood, hurricane or other natural or man-made calamity or disaster, (v) epidemic, environmental contamination or other natural or man-made pestilence or toxic exposure (whether biological, chemical, radiological or otherwise), or any quarantine or other restriction arising therefrom, (vi) failure of, interruption in or impairment of any delivery, internet, mail, monetary, power, telecommunication, transmission, transportation or utility system or any other service, product or equipment provided or maintained by a third party, (vii) lockout, strike or similar labor interruptions, (viii) insurrection, riot or other civil disturbance, (ix) hacking or other unauthorized access, spamming, virus, trojan or other unauthorized program, or other computer or technological tampering or attack, or (x) sabotage or other criminal or intentionally disruptive third party act, in each case together with any and all consequential disruptions, delays, effects or other acts, events, circumstances, impediments or occurrences and irrespective of how localized or widespread. Upon prompt notice to the other Party, the Party affected by any Force Majeure shall be excused from performance hereunder to the extent and for so long as its performance hereunder is prevented or restricted by a Force Majeure (and the other Party shall likewise be excused from performance of its obligations hereunder relating to such

delayed or failed performance to the same extent and for the same duration); provided that the Party so affected shall use reasonable efforts (without increased cost) to avoid, mitigate or remove such Force Majeure and to minimize the consequences thereof, and both Parties shall resume performance hereunder with the utmost dispatch whenever such non-performance causes are removed.

Section 7. General Representations of the Parties. Each Party represents and warrants to the other Party that, as of the date hereof and as of the date of each extension, modification or amendment of this Agreement, and covenants and agrees with the other Party that for so long as products and services are being provided by SMSI to the Company or any of its affiliates under this Agreement: (a) such Party is and will continue to be a corporation or other entity duly organized, validly existing and in good standing under the laws of its state of organization and maintains its chief executive office at the address(es)

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set forth for it either on the signature page to this Agreement or in the introduction thereto, or as otherwise set forth in a written notice to the other Party; (b) such Party has and will maintain the legal capacity, power, authority and unrestricted right to execute and deliver this Agreement and to perform all of its obligations hereunder; (c) the execution and delivery by such Party of this Agreement and the performance by such Party of all of its obligations hereunder will not violate or be in conflict with any term or provision of (i) any applicable law, (ii) any judgment, order, writ, injunction, decree or consent of any court or other judicial authority applicable to such Party or any material part of such Party's assets and properties, (iii) any of the organizational or governing documents of such Party, or (iv) any material agreement, document or obligation to which it is a Party, and such Party will not adopt any such conflicting organizational or governing document or enter into any such conflicting agreement, document or obligation; (d) no consent, approval or authorization of, or registration, declaration or filing with, any governmental authority or other person is required as a condition precedent, concurrent or subsequent to or in connection with the due and valid execution, delivery and performance by such Party of this Agreement or the legality, validity, binding effect or enforceability of any of the terms and provisions of this Agreement; (e) this Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with their respective terms and provisions; (f) the Services will not be requested, provided or used for any illicit or illegal business or scheme; (g) the financial information (if any) respecting the Customer furnished to SPAR is complete, accurate and fairly presents the financial condition of the Customer; (h) the information furnished or to be furnished by or on behalf of a Party to the other Party does not and will not contain a misstatement of a material fact or omit to state a material fact required to be stated therein in order to make it, in the light of the circumstances under which made, not misleading; and (i) each Party has independently and fully reviewed and evaluated this Agreement and all related documents, the contemplated obligations and transactions and the potential effects of such obligations and transactions on the assets, business, cash flow, expenses, income, liabilities, operations, properties, prospects, reputation, taxation or condition (financial or otherwise) of such Party and its affiliates, which review and evaluation was made together with the officers, directors and other representatives of such Party, its legal counsel and (to the extent deemed prudent by such Party) other legal counsel and financial and other advisors to such Party, and such Party hereby absolutely, unconditionally, irrevocably, expressly and forever assumes any and all attendant risks and waives any and all rights, claims, defenses or objections with respect thereto.

Section 8. Independent Contractor, Non-exclusive Status, Etc. The Parties each acknowledge and agree that SMSI's sole relationship with the Company is that of independent contractor, and that no term or provision of this Agreement or any related document is intended to create, nor shall any such term or provision be deemed or construed to have created, any joint venture, partnership, trust, agency or other fiduciary relationship between the Parties or any of their respective affiliates. No term or provision of this Agreement or any related document is intended, or shall be deemed or construed, to in any way (a) limit the power, authority or discretion of SMSI to conduct its business in such manner as it may choose, or (b) confer upon the Company any right, power or privilege to control, direct, approve or otherwise affect any manner chosen by SMSI or any of its affiliates to conduct its business, irrespective of whether any of the Services may be involved in or affected by any such conduct. Without limiting the generality of the foregoing, SMSI shall have full and exclusive power, authority and discretion at any time and from time to time (i) to hire,

direct and discharge from time to time any and all officers, employees, agents, brokers and other representatives of SMSI (including, without limitation, its stockholders), (ii) to engage such independent contractors, affiliates and other subcontractors as it may deem necessary or appropriate in the performance of the Services, (iii) to exercise or otherwise enforce any of its rights, powers, privileges, remedies or interests in whole or in part, (iv) to delay, refrain from or discontinue any such exercise or other enforcement, (v) to perform the same or similar services for others and pursue any and all other continuing, new or other business opportunities of any nature or description, which may include (without limitation,) one or more of the business activities engaged in by the Company or its affiliates or aspects thereof, whether independently or for or with other persons, and irrespective of location, and (vi) to allocate the time and attention and the other resources of SMSI among the Services and its various other activities, provided that such allocation does not adversely affect the performance of SMSI hereunder in any material respect, in each case without notice to the Company (except as otherwise expressly required hereunder), for any reason or no reason whatsoever and whether intentionally or otherwise. The Company shall not be required to use SMSI exclusively for the provision of Services in any Stores or otherwise at any time and may purchase Services from any affiliate or other person without limitation or restriction of any kind.

Section 9. No Other Warranties, Waiver of Set-Off, Special Damages, Etc. Except as otherwise expressly provided in this Agreement, the Company (on behalf of itself and each other SPAR Company) acknowledges and agrees that: (a) SMSI makes no representation or warranty of any kind or nature whatsoever with respect to any product or service provided under this Agreement, whether express or implied (either in fact, by operation of law or otherwise), including (without limitation) no warranty as to merchantability, fitness or usefulness for a particular purpose, title, interference, infringement or

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conformance to any specifications; (b) SMSI shall not be liable or responsible for any claim, liability, loss or expense of any SPAR Company or any other person on account of or directly or indirectly arising from the use of any product or service furnished by or through SMSI; all of which are hereby expressly disclaimed by SMSI and all of which are hereby irrevocably, unconditionally, expressly and forever waived and released by the Company (on behalf of itself, each other SPAR Company and all those using or receiving such products and services through any SPAR Company); (c) none of the SPAR Companies will seek, recover or retain any, and the Company (on behalf of itself and each other SPAR Company) hereby irrevocably, unconditionally, expressly and forever waives any and all, special, exemplary, punitive, statutory and/or consequential damages (whether through action, suit, counterclaim or otherwise and whether in contract, tort, strict liability or otherwise) to the extent waiver is not limited under applicable law; and (d) the Company will not exercise or enforce, and the Company (on behalf of itself and each other SPAR Company) hereby irrevocably, unconditionally, expressly and forever waives, any right of setoff, recoupment, abatement or reduction that may now or hereafter be accorded to it (whether under this Agreement, applicable law or otherwise) against or in respect of any payment due (whether as scheduled or required, upon demand or as sought in any action, suit or proceeding) to or for the benefit of SMSI or any SMSI Affiliate under this Agreement or applicable law, except to the extent required as a compulsory counterclaim in any related ongoing proceeding, and the Company will pursue separate exercise and enforcement thereof.

Section 10. Indemnification. (a) The Company, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "MF Indemnified Person") shall not incur any liability for any acts or omissions (and the other Party hereby absolutely, unconditionally, irrevocably and expressly waives and releases forever any and all related claims and actions against each MF Indemnified Person), and each shall be indemnified, reimbursed and held harmless by SMSI upon demand, and defended at the expense of SMSI with counsel selected by SMSI (and reasonably acceptable to the Company), from and against, any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any MF Indemnified Person resulting from, arising out of or directly or indirectly related to (i) any Service or other activity performed by SMSI or any of its representatives or (ii) any misrepresentation, omission, breach, default or wrongdoing by SMSI or any of its representatives; in each case (A) other than to the extent occasioned by the acts or omissions of any MF Indemnified Person materially breaching this Agreement or any duty owed to the other Party hereunder and amounting to gross

negligence, willful misconduct or material breach of this Agreement as finally determined pursuant to applicable law by a governmental authority having jurisdiction, and (B) subject to the limitations, waivers and other terms and provisions of Sections 9 and 12 hereof (which are intended to limit this subsection).

(b) SMSI, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "SMSI Indemnified Person") shall not incur any liability for any acts or omissions (and the other Party hereby absolutely, unconditionally, irrevocably and expressly waives and releases forever any and all related claims and actions against each SMSI Indemnified Person), and each shall be indemnified, reimbursed and held harmless by the Company upon demand, and defended at the expense of the Company with counsel selected by the Company (and reasonably acceptable to SMSI), from and against, any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any SMSI Indemnified Person resulting from, arising out of or directly or indirectly related to (i) any Service or other activity performed substantially in accordance with the directions of the Company or any of its representatives, (ii) any product defect in or other condition of any merchandise or equipment provided the Company, its affiliate, its customer, any Store or any of their respective representatives or (iii) any misrepresentation, omission, breach, default or wrongdoing by the Company or any of its representatives, but excluding any Indemnified Amounts; in each case (A) other than to the extent occasioned by the acts or omissions of any SMSI Indemnified Person materially breaching this Agreement or any duty owed to the other Party hereunder and amounting to gross negligence, willful misconduct or material breach of this Agreement as finally determined pursuant to applicable law by a governmental authority having jurisdiction, and (B) subject to the limitations, waivers and other terms and provisions of Sections 9 and 12 hereof (which are intended to limit this subsection).

(c) The preceding general exculpations and indemnifications are not intended (and shall not be deemed or construed) to in any way qualify, condition, diminish, restrict, limit or otherwise affect any (and is in addition to each) other release, waiver, consent, acknowledgment, agreement or other term or provision of this Agreement or any related document.

Section 11. Notice. Any notice, request, demand or other communication permitted or required to be given to a Party under this Agreement shall be in writing and shall be sent to the addressee at

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the address set forth above (or at such other address as shall be designated by notice to the other Party and Persons receiving copies), effective upon actual receipt (or refusal to accept delivery) by the addressee on any business day or the first business day following receipt after the close of normal business hours or on any non-business day, by (a) FedEx (or other equivalent national or international overnight courier) or United States Express Mail, (b) certified, registered, priority or express United States mail, return receipt requested, (c) telecopy or (d) messenger, by hand or any other means of actual delivery.

Section 12. Use of Electronic Systems, Responsibilities and Waiver of Liability. The Parties desire to send and receive applications, calls, data, emails, invoices, orders and other documents and information ("eData") among themselves and their respective representatives by any one or more of the following means (each an "eSystem"): (a) email or other internet communication; (b) any internet site, whether maintained by or on behalf of a Party or otherwise (each a "Web Site"); (c) telecopy; (d) cellular or other wireless communication; or (e) other electronic communication; in each case whether or not open, guarded, scrambled or encrypted. Each Party hereby authorizes and directs the other Party to send and receive eData through any eSystem and to act upon any request or other content of any eData received or obtained through any eSystem by the receiving Party, any of its affiliates or any of their respective representatives purporting to be from or on behalf of the sending Party or its representatives, and the sending Party acknowledges and agrees that the receiving Party or person may in good faith rely upon as accurate, authentic and duly authorized. Each Party acknowledges and agrees that the other Party, its affiliates and their respective representatives shall not under any circumstance be or become responsible or liable in any way for, and each Party hereby irrevocably, unconditionally, expressly and forever waives and releases any and all related claims and actions against each of the other Party, its affiliates

and their respective representatives respecting, any claim, cost, expense, loss, or liability whatsoever directly or indirectly arising from: (A) any transmission, receipt or use of or reliance upon any eData or use of any eSystem; (B) any unauthorized Person's use of or access to any eData, any Web Site or any other eSystem; (C) any access, misuse or appropriation a Party's eData or any failed, forged, altered, deciphered, intercepted, incomplete or inaccurate transmission of any eData; (D) any eSystems, anti-virus firewalls and security measures, their use or operation or their compatibility with any Web Site or other eSystem of the other Party or any of its affiliates; (E) any virus, macro or similar program or script; (F) the viability, integrity, robustness, fitness or adequacy of any encryption, firewall or other security measures used by a Party or any of its affiliates; (G) any eData of a Party sent or received through or stored on the Web Site or other eSystem of the other Party or any of its affiliates or the security or retention thereof; (H) any failure to act on any request or other eData (1) not actually received by the appropriate the representative, (2) that appears to be unauthorized, incomplete or inaccurate in any respect; or (3) pending receipt from the sender of any resubmission, clarification, confirmation or verification of any eData requested by a Party; or (I) without limiting any applicable force majeure, (1) any error, poor transmission or other casualty to, loss of or delay or failure in sending or receiving any eData, or (2) any failure of any ISP or other eSystem provider.

Section 13. No Waiver by Action, Etc. Any waiver or consent from either Party respecting any provision of this Agreement or any related document shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect such Party's right at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other notice or demand in similar or other circumstances. Any acceptance by or on behalf of a Party of (A) any partial or late payment, reimbursement or performance shall not constitute a satisfaction or waiver of the obligation then due or the resulting default, or (B) any payment, reimbursement or performance of any obligation during the continuance of any default shall not constitute a waiver or cure thereof, and the Party or its designee may accept or reject any such payment, reimbursement or performance without affecting any obligation or any of the Party's rights, powers, privileges, remedies and other interests under this Agreement, any related document or applicable law. All rights, powers, privileges, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, power, privilege, remedy or other interest of such Party under this Agreement, any related document or applicable law.

Section 14. Successors and Assigns; Assignment; Intended Beneficiaries. This Agreement and each related document shall be binding upon and inure to the benefit of the successors, permitted assigns and legal representatives of each Party (including, without limitation, any assignee of substantially all of the business or assets of any Party or any successor by merger). Neither Party may assign any of its rights or obligations under this Agreement or any related document to any other person without the consent of the other Party; provided, however, that (i) either Party may assign its rights and obligations hereunder in whole or in part to any of its affiliates (without, however, relieving the assignor of any of its obligations hereunder) by giving the other Party a copy of such assignment, (ii) SMSI acknowledges and

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agrees that the Company may request (for its account hereunder) that SMSI provide services for affiliates of the Company without the need to formally assign any rights or obligations of the Company to such affiliates to the extent the Company remains liable for any and all payments hereunder with respect thereto, and (iii) nothing in this Section is intended, or shall be deemed or construed, to in any way limit the use of independent contractors as field representatives or managers by SMSI. Without limiting the generality of the foregoing, SMSI acknowledges and agrees that the Company may pledge this Agreement and all accounts, payment intangibles, general intangibles and other rights and interest arising hereunder to one or more lender(s), such lender(s) shall be entitled upon default to enforce any and all of the rights, powers, privileges, remedies and interests of the Company as so assigned in accordance with this Agreement, the applicable loan documents and applicable law, and such lender(s) shall not be responsible or liable for any of the acts, omissions, duties, liabilities or obligations of the Company or any of its affiliates under

this Agreement or otherwise. Except as otherwise provided in this Agreement, the representations, agreements and other provisions of this Agreement are for the exclusive benefit of the Parties hereto, and no other person (including, without limitation, any creditor of a Party) shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party.

Section 15. Counterparts, Governing Law, Amendments, Etc. This Agreement shall be effective on the date as of which this Agreement shall be executed and delivered by the Parties hereto. This Agreement or any related document may be executed in two or more counterpart copies of the entire document or of signature pages to the document, each of which may be executed by one or more of the Parties hereto and may be sent by fax, but all of which, when taken together, shall constitute a single agreement binding upon all of the Parties hereto. This Agreement and all related documents shall be governed by and construed in accordance with the applicable laws pertaining, in the State of New York (other than those conflict of law rules that would defer to the substantive laws of another jurisdiction). The headings contained in this Agreement or any related document are for reference purposes only and shall not affect the meaning or interpretation of this Agreement or any related document. Each and every supplement or modification to or amendment or restatement of this Agreement or any related document shall be in writing and signed by all of the Parties hereto, and each and every waiver of, or consent to any departure from, any term or provision of this Agreement or any related document shall be in writing and signed by each affected Party hereto.

Section 16. Waiver of Jury Trial; All Waivers Intentional, Etc. In any action, suit or proceeding in any jurisdiction brought against SMSI by the Company, or vice versa, each Party hereby absolutely, unconditionally, irrevocably and expressly waives forever trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) made by a Party in this Agreement, has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

Section 17. Entire Agreement. No Party or any of its representatives has made, accepted or acknowledged any representation, warranty, promise, assurance, agreement, obligation or understanding (oral or otherwise) to, with or for the benefit of the other Party or any of its representatives other than as expressly set forth in this Agreement. This Agreement contains the entire agreement of the Parties, amends, restates and completely replaces the Existing Service Agreement (as and to the extent SMSI provided services thereunder or was otherwise an assignee or beneficiary thereof), and supersedes and completely replaces all prior and other communications, discussions and other representations, warranties, promises, assurances, agreements and understandings (oral, implied or otherwise) between the Parties, with respect to the matters contained in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the day and year first written above.

SPAR Management Services, Inc.,
a Nevada corporation

SPAR Marketing Force, Inc.,
a Nevada corporation

By:

By:

AMENDED AND RESTATED PROGRAMMING AND SUPPORT AGREEMENT

This Amended and Restated Programming and Support Agreement dated and effective as of January 1, 2004 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), is by and between SPAR InfoTech, Inc., a Nevada corporation ("SIT"), and SPAR Marketing Force, Inc., a Nevada corporation (the "Company"). SIT and the Company may be referred to individually as a "Party" and collectively as the "Parties".

Recitals

SIT and the Company are parties to a Contract for Hourly System and Managerial Support dated as of October 1, 1998 (as the same may have been supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Existing Support Agreement"), pursuant to which SIT has provided and currently provides certain programming, management and other technology services on an hourly basis to the Company and (through the Company) SPAR Group, Inc., and its subsidiaries (together with the Company, each a "SPAR Company" and collectively the "SPAR Companies"). The Company and SIT desire to update the terms and conditions on which SIT will continue to provide, on a nonexclusive basis, such programming, management and other technology services to the SPAR Companies as from time to time may be requested by any SPAR Company, all upon the terms and provisions and subject to the conditions hereinafter set forth.

Agreement

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto hereby agree as follows:

Section 1. Term. This Agreement shall commence upon the date hereof, and shall continue through December 31, 2007, and shall be automatically renewed and continue for additional one year periods thereafter (the "Term"), unless and until (a) either Party gives the other written notice at least sixty days prior to December 31 of any year (commencing in 2007) of its desire to not renew this Agreement, or (b) this Agreement is sooner terminated pursuant to Section 5 hereof.

Section 2. Programming, Management, Support and other Technology Services. During the Term, SIT shall provide (a) such programming, management, support and other technology services as the Company and the Company's affiliates may from time to time request, and (b) all related services (collectively, the "Services"). The Company and SIT shall in good faith establish and implement mutually acceptable procedures for the scheduling and coordination of the performance of the Services.

Section 3. Hourly Compensation and Expenses. (a) The Company shall compensate SIT for the performance of the Services to the Company and its affiliates on an hourly basis at the rates for the classes of personnel set forth in the "Rate Schedule" annexed hereto (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Rate Schedule"). SIT may amend and restate the Rate Schedule at any time and from time to time by providing notice and a copy thereof to the Company, which restated Rate Schedule shall automatically take effect the later of (i) thirty (30) days after receipt thereof by the Company or (ii) such effective date as may be specified therein; provided that the Company may terminate this Agreement by written notice to SIT at any time within ten (10) days after its receipt of such restated Rate Schedule if the Company does not accept such restated Rate Schedule.

(b) The Company shall reimburse SIT for (or, at the Company's option, directly pay) all business travel and other similar out-of-pocket business expenses reasonably incurred by SIT's personnel in the performance of the Services hereunder in accordance with the policies of the SPAR Companies. All reimbursable expenses shall be appropriately documented in reasonable detail by SIT's personnel upon submission of any request for reimbursement, and in a format and manner consistent with the SPAR Companies' expense reporting policy, as well as applicable federal and state tax record keeping requirements.

Section 4. Payments. The Company shall pay to SIT the full amount invoiced within ten (10) days after receiving such invoice from SIT; provided that the Company shall have the right to contest and withhold from such payment any hourly charge or any out of pocket expense that the Company

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has determined in good faith to be excessive or not authorized by the Company or any of its public-company affiliates. The Company shall have the right at its own cost and expense to audit such hourly charges from time to time upon reasonable notice to SIT, provided that the audit shall be conducted in a manner that is not unreasonably disruptive of SIT's business.

Section 5. Early Termination. Notwithstanding any provision to the contrary contained herein, either Party shall have the right to terminate this Agreement: (a) at any time for any reason or no reason upon thirty (30) days months prior written notice to the other Party; (b) upon ten (10) business days prior written notice to the other Party in the event such other Party material breaches this Agreement and fails to cure such breach within thirty (30) days after notice of such breach from the terminating Party; or (c) upon ten (10) business days prior written notice from the terminating Party to the other Party in the event of (i) any voluntary or involuntary filing or submission of any petition or other document for relief, bankruptcy, insolvency, receivership or other remedy by or with respect to such other Party, or (ii) the existence of any case, action, suit, or proceeding by or with respect to such other Party, whether voluntary or involuntary, under the United States Bankruptcy Code, as amended, or any other present or future federal, state, provincial or foreign applicable law respecting bankruptcy, reorganization, insolvency, readjustment of debts, relief of debtors, dissolution or liquidation.

Section 6. Force Majeure. Notwithstanding any other term or provision of this Agreement, no Party shall be responsible for or be in breach of or default under this Agreement for any performance delay or failure that is the result of any and all acts of God and other acts, events, circumstances, impediments or occurrences beyond the control of the delayed person (each a "Force Majeure"), including (without limitation) any (i) accident or mishap not caused by the delayed person, (ii) assault, attack, battle, blockade, bombing, embargo, police action, siege or other act of defense, offense, terrorism or war (whether or not declared), in each case whether civilian, militia, military or otherwise and whether domestic or foreign, (iii) governmental regulation or decree or other act or failure to act of any governmental authority or other regulatory body, in each case whether civil, military or otherwise and whether domestic or foreign, (iv) earthquake, explosion, fire, flood, hurricane or other natural or man-made calamity or disaster, (v) epidemic, environmental contamination or other natural or man-made pestilence or toxic exposure (whether biological, chemical, radiological or otherwise), or any quarantine or other restriction arising therefrom, (vi) failure of, interruption in or impairment of any delivery, internet, mail, monetary, power, telecommunication, transmission, transportation or utility system or any other service, product or equipment provided or maintained by a third party, (vii) lockout, strike or similar labor interruptions, (viii) insurrection, riot or other civil disturbance, (ix) hacking or other unauthorized access, spamming, virus, trojan or other unauthorized program, or other computer or technological tampering or attack, or (x) sabotage or other criminal or intentionally disruptive third party act, in each case together with any and all consequential disruptions, delays, effects or other acts, events, circumstances, impediments or occurrences and irrespective of how localized or widespread. Upon prompt notice to the other Party, the Party affected by any Force Majeure shall be excused from performance hereunder to the extent and for so long as its performance hereunder is prevented or restricted by a Force Majeure (and the other Party shall likewise be excused from performance of its obligations hereunder relating to such delayed or failed performance to the same extent and for the same duration); provided that the Party so affected shall use reasonable efforts (without increased cost) to avoid, mitigate or remove such Force Majeure and to minimize the consequences thereof, and both Parties shall resume performance hereunder with the utmost dispatch whenever such non-performance causes are removed.

Section 7. General Representations of the Parties. Each Party represents and warrants to the other Party that, as of the date hereof and as of the date of each extension, modification or amendment of this Agreement, and covenants and agrees with the other Party that for so long as products and services are being provided by SIT to the Company or any of its affiliates under this Agreement: (a) such Party is and will continue to be a corporation or other

entity duly organized, validly existing and in good standing under the laws of its state of organization and maintains its chief executive office at the address(es) set forth for it either on the signature page to this Agreement or in the introduction thereto, or as otherwise set forth in a written notice to the other Party; (b) such Party has and will maintain the legal capacity, power, authority and unrestricted right to execute and deliver this Agreement and to perform all of its obligations hereunder; (c) the execution and delivery by such Party of this Agreement and the performance by such Party of all of its obligations hereunder will not violate or be in conflict with any term or provision of (i) any applicable law, (ii) any judgment, order, writ, injunction, decree or consent of any court or other judicial authority applicable to such Party or any material part of such Party's assets and properties, (iii) any of the organizational or governing documents of such Party, or (iv) any material agreement, document or obligation to which it is a Party, and such Party will not adopt any such conflicting organizational or governing document or enter into any such conflicting agreement, document or obligation; (d) no consent, approval or authorization of, or registration, declaration or filing with, any governmental authority or other person is

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required as a condition precedent, concurrent or subsequent to or in connection with the due and valid execution, delivery and performance by such Party of this Agreement or the legality, validity, binding effect or enforceability of any of the terms and provisions of this Agreement; (e) this Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with their respective terms and provisions; (f) the Services will not be requested, provided or used for any illicit or illegal business or scheme; (g) the financial information (if any) respecting the Customer furnished to SPAR is complete, accurate and fairly presents the financial condition of the Customer; (h) the information furnished or to be furnished by or on behalf of a Party to the other Party does not and will not contain a misstatement of a material fact or omit to state a material fact required to be stated therein in order to make it, in the light of the circumstances under which made, not misleading; and (i) each Party has independently and fully reviewed and evaluated this Agreement and all related documents, the contemplated obligations and transactions and the potential effects of such obligations and transactions on the assets, business, cash flow, expenses, income, liabilities, operations, properties, prospects, reputation, taxation or condition (financial or otherwise) of such Party and its affiliates, which review and evaluation was made together with the officers, directors and other representatives of such Party, its legal counsel and (to the extent deemed prudent by such Party) other legal counsel and financial and other advisors to such Party, and such Party hereby absolutely, unconditionally, irrevocably, expressly and forever assumes any and all attendant risks and waives any and all rights, claims, defenses or objections with respect thereto.

Section 8. Independent Contractor, Non-exclusive Status, Etc. The Parties each acknowledge and agree that SIT's sole relationship with the Company is that of independent contractor, and that no term or provision of this Agreement or any related document is intended to create, nor shall any such term or provision be deemed or construed to have created, any joint venture, partnership, trust, agency or other fiduciary relationship between the Parties or any of their respective affiliates. No term or provision of this Agreement or any related document is intended, or shall be deemed or construed, to in any way (a) limit the power, authority or discretion of SIT to conduct its business in such manner as it may choose, or (b) confer upon the Company any right, power or privilege to control, direct, approve or otherwise affect any manner chosen by SIT or any of its affiliates to conduct its business, irrespective of whether any of the Services may be involved in or affected by any such conduct. Without limiting the generality of the foregoing, SIT shall have full and exclusive power, authority and discretion at any time and from time to time (i) to hire, direct and discharge from time to time any and all officers, employees, agents, brokers and other representatives of SIT (including, without limitation, the its stockholders), (ii) to engage such independent contractors, affiliates and other subcontractors as it may deem necessary or appropriate in the performance of the Services, (iii) to exercise or otherwise enforce any of its rights, powers, privileges, remedies or interests in whole or in part, (iv) to delay, refrain from or discontinue any such exercise or other enforcement, (v) to perform the same or similar services for others and pursue any and all other continuing, new or other business opportunities of any nature or description, which may include (without limitation,) one or more of the business activities engaged in by the Company or its affiliates or aspects thereof, whether independently or for or with other persons, and irrespective of location, and (vi) to allocate the time

and attention and the other resources of SIT among the Services and its various other activities, provided that such allocation does not adversely affect the performance of SIT hereunder in any material respect, in each case without notice to the Company (except as otherwise expressly required hereunder), for any reason or no reason whatsoever and whether intentionally or otherwise. The Company shall not be required to use SIT exclusively for the provision of Services in any Stores or otherwise at any time and may purchase Services from any affiliate or other person without limitation or restriction of any kind.

Section 9. No Other Warranties, Waiver of Set-Off, Special Damages, Etc. Except as otherwise expressly provided in this Agreement, the Company (on behalf of itself and each other SPAR Company) acknowledges and agrees that: (a) SIT makes no representation or warranty of any kind or nature whatsoever with respect to any product or service provided under this Agreement, whether express or implied (either in fact, by operation of law or otherwise), including (without limitation) no warranty as to merchantability, fitness or usefulness for a particular purpose, title, interference, infringement or conformance to any specifications; (b) SIT shall not be liable or responsible for any claim, liability, loss or expense of any SPAR Company or any other person on account of or directly or indirectly arising from the use of any product or service furnished by or through SIT; all of which are hereby expressly disclaimed by SIT and all of which are hereby irrevocably, unconditionally, expressly and forever waived and released by the Company (on behalf of itself, each other SPAR Company and all those using or receiving such products and services through any SPAR Company); (c) none of the SPAR Companies will seek, recover or retain any, and the Company (on behalf of itself and each other SPAR Company) hereby irrevocably, unconditionally, expressly and forever waives any and all, special, exemplary, punitive, statutory and/or consequential damages (whether through action, suit, counterclaim or otherwise and whether in contract, tort, strict liability or otherwise) to the extent waiver is not limited under applicable law; and (d) the Company will not exercise or enforce, and the Company (on behalf of itself and each other SPAR Company) hereby

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irrevocably, unconditionally, expressly and forever waives, any right of setoff, recoupment, abatement or reduction that may now or hereafter be accorded to it (whether under this Agreement, applicable law or otherwise) against or in respect of any payment due (whether as scheduled or required, upon demand or as sought in any action, suit or proceeding) to or for the benefit of SIT or any SIT Affiliate under this Agreement or applicable law, except to the extent required as a compulsory counterclaim in any related ongoing proceeding, and the Company will pursue separate exercise and enforcement thereof.

Section 10. Indemnification. (a) The Company, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "MF Indemnified Person") shall not incur any liability for any acts or omissions (and the other Party hereby absolutely, unconditionally, irrevocably and expressly waives and releases forever any and all related claims and actions against each MF Indemnified Person), and each shall be indemnified, reimbursed and held harmless by SIT upon demand, and defended at the expense of SIT with counsel selected by SIT (and reasonably acceptable to the Company), from and against, any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any MF Indemnified Person resulting from, arising out of or directly or indirectly related to (i) any Service or other activity performed by SIT or any of its representatives or (ii) any misrepresentation, omission, breach, default or wrongdoing by SIT or any of its representatives; in each case (A) other than to the extent occasioned by the acts or omissions of any MF Indemnified Person materially breaching this Agreement or any duty owed to the other Party hereunder and amounting to gross negligence, willful misconduct or material breach of this Agreement as finally determined pursuant to applicable law by a governmental authority having jurisdiction, and (B) subject to the limitations, waivers and other terms and provisions of Sections 9 and 12 hereof (which are intended to limit this subsection).

(b) SIT, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "SIT Indemnified Person") shall not incur any liability for any acts or omissions (and the other Party hereby absolutely, unconditionally, irrevocably and expressly waives and releases forever any and all related claims and actions against each SIT Indemnified Person), and each shall be indemnified, reimbursed

and held harmless by the Company upon demand, and defended at the expense of the Company with counsel selected by the Company (and reasonably acceptable to SIT), from and against, any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any SIT Indemnified Person resulting from, arising out of or directly or indirectly related to (i) any Service or other activity performed substantially in accordance with the directions of the Company or any of its representatives, (ii) any product defect in or other condition of any merchandise or equipment provided the Company, its affiliate, its customer, any Store or any of their respective representatives or (iii) any misrepresentation, omission, breach, default or wrongdoing by the Company or any of its representatives, but excluding any Indemnified Amounts; in each case (A) other than to the extent occasioned by the acts or omissions of any SIT Indemnified Person materially breaching this Agreement or any duty owed to the other Party hereunder and amounting to gross negligence, willful misconduct or material breach of this Agreement as finally determined pursuant to applicable law by a governmental authority having jurisdiction, and (B) subject to the limitations, waivers and other terms and provisions of Sections 9 and 12 hereof (which are intended to limit this subsection).

(c) The preceding general exculpations and indemnifications are not intended (and shall not be deemed or construed) to in any way qualify, condition, diminish, restrict, limit or otherwise affect any (and is in addition to each) other release, waiver, consent, acknowledgment, agreement or other term or provision of this Agreement or any related document.

Section 11. Notice. Any notice, request, demand or other communication permitted or required to be given to a Party under this Agreement shall be in writing and shall be sent to the addressee at the address set forth above (or at such other address as shall be designated by notice to the other Party and Persons receiving copies), effective upon actual receipt (or refusal to accept delivery) by the addressee on any business day or the first business day following receipt after the close of normal business hours or on any non-business day, by (a) FedEx (or other equivalent national or international overnight courier) or United States Express Mail, (b) certified, registered, priority or express United States mail, return receipt requested, (c) telecopy or (d) messenger, by hand or any other means of actual delivery.

Section 12. Use of Electronic Systems, Responsibilities and Waiver of Liability. The Parties desire to send and receive applications, calls, data, emails, invoices, orders and other documents and information ("eData") among themselves and their respective representatives by any one or more of the following means (each an "eSystem"): (a) email or other internet communication; (b) any internet site, whether maintained by or on behalf of a Party or otherwise (each a "Web Site"); (c) telecopy; (d) cellular or

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other wireless communication; or (e) other electronic communication; in each case whether or not open, guarded, scrambled or encrypted. Each Party hereby authorizes and directs the other Party to send and receive eData through any eSystem and to act upon any request or other content of any eData received or obtained through any eSystem by the receiving Party, any of its affiliates or any of their respective representatives purporting to be from or on behalf of the sending Party or its representatives, and the sending Party acknowledges and agrees that the receiving Party or person may in good faith rely upon as accurate, authentic and duly authorized. Each Party acknowledges and agrees that the other Party, its affiliates and their respective representatives shall not under any circumstance be or become responsible or liable in any way for, and each Party hereby irrevocably, unconditionally, expressly and forever waives and releases any and all related claims and actions against each of the other Party, its affiliates and their respective representatives respecting, any claim, cost, expense, loss, or liability whatsoever directly or indirectly arising from: (A) any transmission, receipt or use of or reliance upon any eData or use of any eSystem; (B) any unauthorized Person's use of or access to any eData, any Web Site or any other eSystem; (C) any access, misuse or appropriation a Party's eData or any failed, forged, altered, deciphered, intercepted, incomplete or inaccurate transmission of any eData; (D) any eSystems, anti-virus firewalls and security measures, their use or operation or their compatibility with any Web Site or other eSystem of the other Party or any of its affiliates; (E) any virus, macro or similar program or script; (F) the viability, integrity, robustness, fitness or adequacy of any encryption, firewall or other security measures used by a Party or any of its affiliates; (G) any eData of a Party sent

or received through or stored on the Web Site or other eSystem of the other Party or any of its affiliates or the security or retention thereof; (H) any failure to act on any request or other eData (1) not actually received by the appropriate the representative, (2) that appears to be unauthorized, incomplete or inaccurate in any respect; or (3) pending receipt from the sender of any resubmission, clarification, confirmation or verification of any eData requested by a Party; or (I) without limiting any applicable force majeure, (1) any error, poor transmission or other casualty to, loss of or delay or failure in sending or receiving any eData, or (2) any failure of any ISP or other eSystem provider.

Section 13. No Waiver by Action, Etc. Any waiver or consent from either Party respecting any provision of this Agreement or any related document shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect such Party's right at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other notice or demand in similar or other circumstances. Any acceptance by or on behalf of a Party of (A) any partial or late payment, reimbursement or performance shall not constitute a satisfaction or waiver of the obligation then due or the resulting default, or (B) any payment, reimbursement or performance of any obligation during the continuance of any default shall not constitute a waiver or cure thereof, and the Party or its designee may accept or reject any such payment, reimbursement or performance without affecting any obligation or any of the Party's rights, powers, privileges, remedies and other interests under this Agreement, any related document or applicable law. All rights, powers, privileges, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, power, privilege, remedy or other interest of such Party under this Agreement, any related document or applicable law.

Section 14. Successors and Assigns; Assignment; Intended Beneficiaries. This Agreement and each related document shall be binding upon and inure to the benefit of the successors, permitted assigns and legal representatives of each Party (including, without limitation, any assignee of substantially all of the business or assets of any Party or any successor by merger). Neither Party may assign any of its rights or obligations under this Agreement or any related document to any other person without the consent of the other Party; provided, however, that (i) either Party may assign its rights and obligations hereunder in whole or in part to any of its affiliates (without, however, relieving the assignor of any of its obligations hereunder) by giving the other Party a copy of such assignment, (ii) SIT acknowledges and agrees that the Company may request (for its account hereunder) that SIT provide services for affiliates of the Company without the need to formally assign any rights or obligations of the Company to such affiliates to the extent the Company remains liable for any and all payments hereunder with respect thereto, and (iii) nothing in this Section is intended, or shall be deemed or construed, to in any way limit the use of independent contractors as field representatives or managers by SIT. Without limiting the generality of the foregoing, SIT acknowledges and agrees that the Company may pledge this Agreement and all accounts, payment intangibles, general intangibles and other rights and interest arising hereunder to one or more lender(s), such lender(s) shall be entitled upon default to enforce any and all of the rights, powers, privileges, remedies and interests of the Company as so assigned in accordance with this Agreement, the applicable loan documents and applicable law, and such lender(s) shall not be responsible or liable for any of the acts, omissions, duties, liabilities or obligations of the Company or any of its affiliates under this Agreement or otherwise. Except as otherwise provided in this Agreement, the representations, agreements and other

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provisions of this Agreement are for the exclusive benefit of the Parties hereto, and no other person (including, without limitation, any creditor of a Party) shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party.

Section 15. Counterparts, Governing Law, Amendments, Etc. This Agreement shall be effective on the date as of which this Agreement shall be executed and delivered by the Parties hereto. This Agreement or any related document may be executed in two or more counterpart copies of the entire document or of signature pages to the document, each of which may be executed by

one or more of the Parties hereto and may be sent by fax, but all of which, when taken together, shall constitute a single agreement binding upon all of the Parties hereto. This Agreement and all related documents shall be governed by and construed in accordance with the applicable laws pertaining, in the State of New York (other than those conflict of law rules that would defer to the substantive laws of another jurisdiction). The headings contained in this Agreement or any related document are for reference purposes only and shall not affect the meaning or interpretation of this Agreement or any related document. Each and every supplement or modification to or amendment or restatement of this Agreement or any related document shall be in writing and signed by all of the Parties hereto, and each and every waiver of, or consent to any departure from, any term or provision of this Agreement or any related document shall be in writing and signed by each affected Party hereto.

Section 16. Waiver of Jury Trial; All Waivers Intentional, Etc. In any action, suit or proceeding in any jurisdiction brought against SIT by the Company, or vice versa, each Party hereby absolutely, unconditionally, irrevocably and expressly waives forever trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) made by a Party in this Agreement, has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

Section 17. Entire Agreement. No Party or any of its representatives has made, accepted or acknowledged any representation, warranty, promise, assurance, agreement, obligation or understanding (oral or otherwise) to, with or for the benefit of the other Party or any of its representatives other than as expressly set forth in this Agreement. This Agreement contains the entire agreement of the Parties, amends, restates and completely replaces the Existing Support Agreement, and supersedes and completely replaces all prior and other communications, discussions and other representations, warranties, promises, assurances, agreements and understandings (oral, implied or otherwise) between the Parties, with respect to the matters contained in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the day and year first written above.

SPAR InfoTech, Inc.,
a Nevada corporation

SPAR Marketing Force, Inc.,
a Nevada corporation

By:

By:

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RATE SCHEDULE

to

Amended and Restated Programming And Support Agreement

Dated as of January 1, 2004

Hourly Rates Effective as of January 1, 2004

Person or Group	Hourly Rate
Patricia Franco	\$80
Panos Mastrogiannis	\$60
Administrative Support	\$20

Programming and Other - Domestic	\$40
Programming and Other - India	\$15

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three-month period ended March 31, 2004 (this "report"), of SPAR Group, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 18, 2004

/s/ Robert G. Brown

Robert G. Brown, Chairman, President and
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles Cimitile, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three-month period ended March 31, 2004 (this "report"), of SPAR Group, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 18, 2004

/s/ Charles Cimitile

Charles Cimitile, Chief Financial Officer,
Treasurer and Secretary

Certification of Chief Executive Officer Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report on Form 10-Q for the three month period ended March 31, 2004 (this "report"), of SPAR Group, Inc. (the "registrant"), the undersigned hereby certifies that, to his knowledge:

1. The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ Robert G. Brown

Robert G. Brown
Chairman, President and Chief Executive Officer

May 18, 2004

A signed original of this written statement required by Section 906 has been provided to SPAR Group, Inc. and will be retained by SPAR Group, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report on Form 10-Q for the three month period ended March 31, 2004 (this "report"), of SPAR Group, Inc. (the "registrant"), the undersigned hereby certifies that, to his knowledge:

1. The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer, Treasurer and Secretary

May 18, 2004

A signed original of this written statement required by Section 906 has been provided to SPAR Group, Inc. and will be retained by SPAR Group, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.