

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

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2004

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware ----- (State or Other Jurisdiction of Incorporation)	0-27824 ----- (Commission File No.)	33-0684451 ----- (IRS Employer Identification No.)
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580 White Plains Road, Tarrytown, New York ----- (Address of Principal Executive Offices)	10591 ----- (Zip Code)
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Registrant's telephone number, including area code: (914) 332-4100

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

Item 10. Amendments to the Registrant's Code of Ethics.

On May 3, 2004, with the approval and recommendation of its Audit Committee, the Board of Directors of SPAR Group, Inc. (i.e., the registrant), approved and adopted the following codes of ethical conduct as required under the rules of the Nasdaq Stock Market, Inc.: (1) the SPAR Group Code of Ethical Conduct for its Directors, Senior Executives and Employees Dated (as of) May 1, 2004, which is attached to this Current Report on Form 8-K (this "Report") as Exhibit 14.1; and (2) and the SPAR Group Statement of Policy Regarding Personal Securities Transaction in SGRP Stock and Non-Public Information Dated, Amended and Restated as of May 1, 2004, which is attached to this Report as Exhibit 14.2, and which amends, restates and completely replaces its existing similar statement of policy.

The information in this Report, including the exhibits, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. It shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURES

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

SPAR Group, INC.

Date: May 3, 2004

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number -----	Description -----
14.1	Code of Ethical Conduct for the Directors, Senior Executives and Employees, of SPAR Group, Inc., dated May 1, 2004.
14.2	Statement of Policy Regarding Personal Securities Transaction in Company Stock and Non-Public Information, as amended and restated on May 1, 2004.

SPAR Group
Code of Ethical Conduct
for its
Directors, Senior Executives and Employees
Dated (as of) May 1, 2004

I. Introduction

1. Purpose. The Board of Directors (the "Board") and the Governance Committee of SPAR Group, Inc. ("SGRP"), have adopted this Code (as defined below) in order to:

- (a) promote and reward honest and ethical conduct by each Covered Person (as defined below) in his or her position with the Company, including (to the extent applicable):
 - (i) the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (ii) full, fair, accurate, timely, and understandable disclosure in accordance with applicable law in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;
 - (iii) compliance with applicable governmental laws, rules and regulations; and
 - (iv) honest and ethical behavior among peers and subordinates, including prompt internal reporting to the appropriate person of any violation by anyone of this Code or any other applicable ethics code or policy of the Company; and
- (b) deter wrongdoing by any Covered Person and provide for accountability for adherence to this Code and any other applicable ethics code or policy of the Company.

2. Penalty for Violation of Code. Any Covered Person violating this Code or any other applicable ethics code or policy of the Company in any material respect (as determined by the Board) will be subject to disciplinary action, and (depending on the circumstances and severity) may be terminated by the Company. Please note that acts or omissions of a Covered Person in violation of this Code also may violate applicable law and subject the Covered Person to possible civil or criminal liability, whether or not the Company may take any such disciplinary action.

3. Certain Definitions:

- (a) "Approved Activity" shall mean any activity (i) for which an express exception, exclusion or statement of inapplicability is contained in this Code, any other policy of the Board or the Company, or any resolution of the shareholders of SGRP, the Board, the Governance Committee or the Audit Committee, or (ii) that may have been approved (specifically or by type) by the shareholders of SGRP, the Board, the Governance Committee, the Audit Committee or (in the case of a more junior Senior Executive or Employee) his or her Superior Officer.
- (b) "Audit Committee" shall mean the Audit Committee of the Board.
- (c) "Articles" shall mean the Certificate of Incorporation of SGRP filed on November 29, 1995, with the Secretary of State of the State of Delaware, as amended and as the same may be amended or restated from time to time in the manner provided therein and under applicable law.
- (d) "By-Laws" shall mean the By-Laws of SGRP, including (without limitation) the charters of the Audit Committee, Compensation Committee and the Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.
- (e) "Code" shall mean this SPAR Group Code of Ethical Conduct for its Directors, Senior Executives and Employees Dated (as of) May 1, 2004, as the same may be supplemented, modified, amended, restated or replaced

from time to time in the manner provided herein.

(f) "Company" shall mean each of SGRP, the SPAR Companies and (to the extent they have agreed to adopt this Code and apply it to their respective Covered Persons) the SPAR Affiliates. SGRP has asked SMS, SMSI and SIT (the three SPAR Affiliates currently providing services to the SPAR Companies) to adopt this Code to apply to their respective Covered Employees as if SMS, SMSI and SIT were SPAR Companies, and each has done so. Accordingly, such SPAR Affiliates shall be included as part of the Company for purposes of this Code.

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(g) "Competitor" shall mean any Person (other than any SPAR Company or SPAR Affiliate) that competes or seeks to compete for or with the products, services or business of any SPAR Company or SPAR Affiliate.

(h) "Covered Person" shall mean any Outside Director, Senior Executive or Employee.

(i) "Customer" shall mean any Person (other than any SPAR Company or SPAR Affiliate) to whom any SPAR Company or SPAR Affiliate provides or seeks to provide any products or services.

(j) "Employee" shall mean any officer or employee of the Company who is not a Senior Executive.

(k) "Family Member" of a Covered Person shall mean any of the following: (i) the Covered Person's spouse, (ii) the parents, brothers, sisters and children of the Covered Person, whether by blood, marriage or adoption (which includes in-laws), and (iii) anyone else residing in the Covered Person's home.

(l) "Governance Committee" shall mean the Governance Committee of the Board.

(m) "Nominal Value" shall mean the fair market value for any product or service that is in an immaterial amount under the circumstances, taking into account the economic circumstances of the giver and receiver, and subject to such guidance as the Board, Governance Committee, Compensation Committee or Audit Committee may provide from time to time.

(n) "Outside Director" shall mean any director of the Company who is not a Senior Executive or Employee.

(o) "Person" shall include (without limitation) any manner of association, business, business trust, company, corporation, enterprise, estate, governmental or other authority, group (including one under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended), joint venture, limited or unlimited liability company, limited liability or general partnership, natural person (i.e., human being), syndicate, trust or other entity.

(p) "SEC" shall mean the Securities and Exchange Commission of the United States of America.

(q) "Senior Executive" shall mean any of the following: (i) the Chairman, Vice Chairman, Chief Executive Officer, President, Secretary, Treasurer, Chief Financial Officer, Controller and each other executive officer of SGRP; and (ii) and each other Person performing similar functions for the Company as determined from time to time by the Board, the Governance Committee or the Audit Committee, provided that such Person is given notice of such determination (directly or through any public filing).

(r) "SIT" shall mean SPAR Infotech, Inc., a Nevada Corporation.

(s) "SMS" shall mean SPAR Marketing Services, Inc., a Nevada corporation.

(t) "SMSI" shall mean SPAR Management Services, Inc., a Nevada Corporation.

(u) "SPAR Affiliate" shall mean SMS, SMSI, SIT or any other Person (other than any SPAR Company or any natural Person) controlling, controlled by or under common control with any such corporation.

- (v) "SPAR Company" shall mean any of SGRP and its direct and indirect subsidiaries.
- (w) "SPAR Group" shall mean SGRP and its direct and indirect subsidiaries and each SPAR Affiliate that has adopted this Code (including, without limitation, SMS, SMSI and SIT).
- (x) "SPAR Representative" shall mean any shareholder, partner, equity holder, member, director, officer, manager, employee, consultant, agent, attorney, accountant, financial advisor or other representative of any SPAR Company or SPAR Affiliate.
- (y) "Superior Officer" shall mean (i) a Senior Executive in the case of an Employee, (ii) the Chief Executive Officer or Chief Financial Officer of SGRP in the case of a more junior Senior Executive, (iii) the Chief Executive Officer of SGRP, the Board, the Governance Committee or the Audit Committee in the case of the Chief Financial Officer of SGRP, and (iv) the Board, the Governance Committee or the Audit Committee in the case of the Chief Executive Officer or an Outside Director of SGRP.

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- (z) "Vendor" shall mean any Person (other than any SPAR Company or SPAR Affiliate) that provides or seeks to provide any products or services to any SPAR Company or SPAR Affiliate.

II. Business Practices and Ethics

1. Proper Business Practices and Ethical Behavior. It is the policy of the Company that the Company and each Covered Person conduct his or her activities for the SPAR Group in accordance with generally accepted proper business practices, including (without limitation) generally accepted ethical standards for the conduct of business.

2. Examples of Certain Possible Prohibited Conduct by Covered Persons. As an aid to identify potentially improper or unethical business practices by any Covered Person on behalf of the SPAR Group, each of the following situations in the conduct of his or her activities for the SPAR Group may (depending upon the circumstances) be considered to be a violation of the Company's policy of proper and ethical business practices (as set forth in Section 1 of this Article) by any Covered Person (other than any Approved Activity), and accordingly should not be undertaken by any Covered Person without discussion of the matter with his or her Superior Officer and (in the case of a Senior Executive or Outside Director) counsel to the SPAR Group:

- (a) any financial reporting conduct prohibited (under the circumstances) by Section 2 of Article III of this Code (other than any Approved Activity);
- (b) any violation of applicable law prohibited (under the circumstances) by Section 2 of Article IV of this Code (other than any Approved Activity);
- (c) any conflict of interest prohibited (under the circumstances) by Section 2 or Section 4 of Article V of this Code (other than any Approved Activity);
- (d) any personal or improper use of use any of the funds or other assets or properties of any SPAR Company, any SPAR Affiliate, any SPAR Representative, any Customer or any Vendor;
- (e) any intentional waste or destruction of any asset or property of any SPAR Company, any SPAR Affiliate, any SPAR Representative, any Customer or any Vendor;
- (f) making or offering to a Competitor, Customer or Vendor (or their respective officers, employees or other representatives) any gifts, gratuities, free products or services, payments not for products or services, discounts, travel, excessive entertainment, or loans or other credit, whether personally or by on behalf of any SPAR Company or SPAR Affiliate, other than in a Nominal Amount;

- (g) making or offering any donation, gift, loan or use of any funds, assets or properties of any SPAR Company, directly or indirectly to, for or against the benefit of any political party, campaign, committee, or candidate, other than in a Nominal Amount to the extent permitted by applicable law;
- (h) making or offering any bribe, payoff, kickback or similar quid pro quo payment to any Person for the purpose of maintaining or directing business to or from any such Person, whether personally or by on behalf of any SPAR Company or SPAR Affiliate; and
- (i) paying or granting any rebates or discounts by the SPAR Group in violation of this policy or any other approved policy concerning this subject (i.e., sales policies, etc.) or in violation of applicable law.

3. Examples of Certain Non-Violations. As an aid to identify situations not likely to be considered improper or unethical business practices by any Covered Person on behalf of the SPAR Group, each of the following situations will not be considered to be a violation of the Company's policy of proper and ethical business practices (as set forth in Section 1 of this Article) by any Covered Person (each of which is an Approved Activity, and without limiting any other applicable Approved Activity):

- (a) rebates, discounts, free samples, make goods and similar accommodations given to Customers so long as made in the normal course of business in accordance with applicable law pursuant to bona fide, arm's-length negotiations with Customers (i) on a bid-and-asked basis, including time or unit pricing, (ii) given in reasonable response to claims and disputes over products and services already delivered (in whole or in part), or (iii) formula based discount or refund programs that have been reviewed and approved (in advance of implementation) by the Company to not violate applicable law;
- (b) making or providing any gifts, gratuities, free products or services, favors, travel, or entertainment, provided that all of the following criteria are met:

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- (i) the item is consistent with normal and accepted business practice and does not violate applicable law;
 - (ii) either (A) the item is reasonable and not excessive if a favor, travel or entertainment, or is otherwise of Nominal Value, or (B) where local or industry custom is so strong that to not provide such a gift or other item would preclude doing the contemplated business and the Board, the Governance Committee, the Audit Committee or a Superior Officer has approved it;
 - (iii) the item cannot be reasonably construed as a bribe, payoff, kickback or similar payment, other than where local or industry custom is so strong that to not provide such a gift or other item would preclude doing the contemplated business and the Board, the Governance Committee, the Audit Committee or a Superior Officer has approved it;
 - (iv) the item is fully and timely reported to the Company on the appropriate expense or other form; (v) public disclosure would not embarrass the Company or be reasonably likely to cause legal action; and (vi) the item is not a gift of cash.
- (c) any action taken by any Covered Person in good faith and in reasonable reliance on the advice of the accountants, counsel or other professional advisors to any SPAR Company or SPAR Affiliate; or
 - (d) any other action taken by any Covered Person in good faith and without any intent to violate or evade any of the provisions of this Code.

4. Cash Gifts. Gifts of cash should never be given or accepted under any circumstance.

5. Excessive Gifts. Gifts received by a Covered Person or his or her

Family Member having a reasonably fair market value in excess of Nominal Value shall on demand be turned over to the applicable Company and become its property.

III. Financial Reporting

1. Proper Financial Reporting. It is the policy of the Company that it provide full, fair, accurate, timely, and understandable disclosure in accordance with applicable law in reports and documents that SGRP files with, or submits to, the SEC and in other public communications made by the Company. Accordingly, it is the policy of the Company that each Covered Person in the conduct of his or her activities for the Company provide to the Company such information as is known to him or her (on a full, fair, accurate, timely, and understandable basis), and take or refrain from such bookkeeping or similar actions appropriate to his or position, as are reasonably required in order that (i) the book entries of the SPAR Group fairly reflect the applicable items and amounts in accordance with generally accepted accounting principles consistently applied, the significant accounting policies of the Company and the requirements of applicable law (which in some instances are more stringent than generally accepted accounting principles), and (ii) the information in reports and documents that SGRP files with, or submits to, the SEC and in other public communications made by the Company provides full, fair, accurate, timely, and understandable disclosure in accordance with applicable law. 2. Examples of Certain Prohibited Conduct by Senior Executives and Employees. As an aid to identify likely improper financial reporting practices by any Senior Executive or Employee in the conduct of his or her activities for the SPAR Group, each of the following situations would (depending upon the circumstances) likely be considered to be a violation of the Company's policy of proper financial reporting (as set forth in Section 1 of this Article) by any Senior Executive or Employee (other than any Approved Activity):

- (a) knowingly making any false or materially misleading entries in any of the books and records of the SPAR Group;
- (b) knowingly using, approving, applying or delivering any funds, asset or property in more than an immaterial amount from the SPAR Group:
 - (i) without supporting documentation reasonably adequate on its face,
 - (ii) in any amount or kind not reasonably described in its supporting documentation,
 - (iii) for any purpose not reasonably described in its supporting documentation, or
 - (iv) without such item being timely and reasonably identified and recorded the books and records of the SPAR Group in accordance with generally accepted accounting principles and the significant accounting policies of the SPAR Group;
- (c) approving any agreement with any consultant, agent or sales representative that provides for any fees of more than an immaterial amount to be paid without reasonably identifying such fees by amount, formula or otherwise;
- (d) using any accounting practice in clear contravention of generally accepted accounting principles to knowingly disguise the source or application of funds, such as (without limitation) the use of inflated or duplicate billings, misclassification of expenditures, unrecorded cash funds, duplicate or fictitious accounts, and misuse of reserve or intercompany transfers; or
- (e) any other knowing or deliberate failure in any material respect to falsify or otherwise properly record, identify or classify any asset, liability, receipt, expenditure or other item of the SPAR Group of more than an immaterial amount in their books and records in clear contravention of generally accepted accounting principles or the significant accounting policies of the SPAR Group.

3. Examples of Certain Non-Violations. As an aid to identify situations not likely to be considered improper financial reporting by any Senior Executive or Employee on behalf of the SPAR Group, each of the following situations in the conduct of his or her activities for the SPAR Group will not be considered to be a violation of the Company's policy of proper financial reporting (as set forth in Section 1 of this Article) by any Senior Executive or Employee (each of which is an Approved Activity, and without limiting any other applicable Approved Activity):

- (a) any estimation, classification or other determination under or application of generally accepted accounting principles or the significant accounting policies of the SPAR Group made by any Senior Executive or Employee in good faith based upon the information available to such executive, whether or not the Company's independent accountants agree;
- (b) any accrual, recordation, identification or classification of any asset, liability, receipt, expenditure or other item of the SPAR Group in their books and records in good faith based on the documentation submitted to him or her, whether or not the Company's independent accountants agree;
- (c) any accrual, recordation, identification or classification of any asset, liability, receipt, expenditure or other item of the SPAR Group in their books and records reasonably consistent with past practice, whether or not the Company's independent accountants agree;
- (d) any accrual, reasonable interpretation of generally accepted accounting principles or the significant accounting policies of the SPAR Group made by any Senior Executive or Employee in good faith, whether or not the Company's independent accountants agree;
- (e) any action taken by any Senior Executive or Employee in good faith and in reasonable reliance on the advice of the accountants, counsel or other professional advisors to any SPAR Company or SPAR Affiliate, whether or not the Company's independent accountants agree; or
- (f) any other action taken by any Senior Executive or Employee in good faith and without any intent to violate or evade any of the provisions of this Code, whether or not the Company's independent accountants agree.

IV. Compliance with Applicable Law

1. Compliance with Applicable Law. It is the policy of the Company that the Company and each Covered Person comply in all material respects with all applicable governmental laws, rules and regulations in the conduct of his or her activities for the SPAR Group that if violated would under the circumstances constitute a crime (for the purposes of this Article IV, "applicable law").

2. Examples of Certain Prohibited Conduct by Covered Persons. As an aid to identify likely violations of law by any Covered Person in the conduct of his or her activities for the SPAR Group, each of the following situations would (depending upon the circumstances) likely be considered to be a violation of the Company's policy of compliance with applicable law (as set forth in Section 1 of this Article) by any Covered Person (other than any Approved Activity):

- (a) commission of any theft or misappropriation of any funds, asset or property of any SPAR Company, any SPAR Affiliate, any SPAR Representative, any Customer or any Vendor;
- (b) commission of fraud against any SPAR Company, any SPAR Affiliate, any SPAR Representative, any Customer or any Vendor;
- (c) any unlawful use or application of any of the funds or other assets or properties of any SPAR Company, any SPAR Affiliate, any SPAR Representative, any Customer or any Vendor, including (without limitation) any use or application of any of the funds or other assets or properties of any SPAR Company, directly or indirectly, for

- (i) any illegal bribe, payoff, kickback or similar payment,

- (ii) any illegal loan, gift, donation or contribution to, for or against the benefit of any political party, campaign, committee, or candidate, including (without limitation) (i) any use or application of any such funds, assets or properties to indemnify or reimburse any other Person for any such loan, gift, donation or contribution, (ii) uncompensated use of any such funds, assets or properties, and (iii) any loan, loan guaranty or support, or other extension of credit, or
- (iii) any violation of the Foreign Corrupt Practices Act of 1977, as amended;
- (d) knowingly and deliberately taking any action that violates any applicable law pertaining to equal employment opportunities, including (without limitation) laws pertaining to
 - (i) discrimination on the basis of race, color, sex, age, religion, national origin, ethnicity, veteran status, disability or handicapped status, or
 - (ii) sexual, racial, religious or other harassment;
- (e) knowingly and deliberately taking any action that violates any applicable law pertaining to anti-trust or related matters, including (without limitation)
 - (i) discussion of prices, terms and conditions of sale, discounts, credit terms or similar subjects with any Competitor;
 - (ii) "signaling" any Competitor regarding pricing strategies, directly or through any Customer or other Person; or
 - (iii) agreeing with any Competitor to stay out of each other's markets or to stay away from each other's customers; or
- (f) knowingly or deliberately violating in any material respect any applicable criminal law.

3. Examples of Certain Possible Prohibited Conduct by Covered Persons. As an aid to identify problem areas and possible violations of law by any Covered Person on behalf of the SPAR Group, each of the following situations in the conduct of his or her activities for the SPAR Group might (depending upon the circumstances) be considered to be a violation of the Company's policy of compliance with any applicable law pertaining to anti-trust or related matters, and accordingly should not be undertaken by any Covered Person without discussion of the matter with his or her Superior Officers and counsel to the SPAR Group, in each case other than any Approved Activity:

- (a) participation in benchmarking or statistical reporting of competitive information with any Competitor;
- (b) discussion of current or future output, costs, marketing strategies or other competitively-sensitive information with any Competitor;
- (c) agreeing with any Customer or Vendor to take or not take any action vis-a-vis another Customer or Vendor, respectively; or
- (d) agreeing with any Competitor not to deal with, buy from or sell to another Customer or any Vendor.

4. Examples of Certain Non-Violations. As an aid to identify situations not likely to be considered violations of applicable law by any Covered Person on behalf of the SPAR Group, each of the following situations in the conduct of his or her activities for the SPAR Group will not be considered to be a violation of the Company's policy of compliance with applicable law (as set forth in Section 1 of this Article) by any Covered Person (each of which is an Approved Activity, and without limiting any other applicable Approved Activity):

- (a) any disclosure or other communication made pursuant to a confidentiality agreement or arrangement entered into with a Competitor or other Person to permit consideration of a potential acquisition, disposition, merger or other transaction where the recipient agrees to not use the disclosed confidential information for any other purpose for a reasonable period of time;

- (b) any action taken by any Covered Person in good faith and in reasonable reliance on the advice of the accountants, counsel or other professional advisors to any SPAR Company or SPAR Affiliate; or
- (c) any other action taken by any Covered Person in good faith and without any intent to violate or evade any of the provisions of this Code.

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V. Conflicts of Interest

1. Conflicts Prohibited. Each Covered Person of the Company is prohibited from engaging in any business activity that conflicts with his or her duties to the Company, and each Covered Person should avoid any activity or interest that is inconsistent with the best interests of the SPAR Group, in each case except for any Approved Activity. The activities that may create a potential conflict of interest are often impossible to identify in advance for all situations. If a Covered Person is in doubt as to whether such a situation exists, the Covered Person should discuss the matter with his or her Superior Officer or counsel the SPAR Group.

2. Examples of Certain Possible Conflicts. As an aid to identify possible conflicts of interest with the SPAR Group, each of the following situations may (depending upon the circumstances) be considered to be a conflict of interest between a Covered Person and the SPAR Group if such Covered Person or his or her Family Member (other than in any Approved Activity):

- (a) benefits personally (other than as a shareholder, director, officer or employee of any member of the SPAR Group) from (i) any transaction by the Company with any Vendor or Customer, or (ii) from actions taken or associations made in the course of the Senior Executive's performance of his or her duties with the Company;
- (b) seeks or accepts from a Competitor, Customer or Vendor (or their respective officers, employees or other representatives) in the conduct of his or her activities for the Company any gift, gratuity, free product or service, payment, discounts, travel, entertainment, or loans or other credit of more than Nominal Value;
- (c) in the case of a Senior Executive or Employee, serves as a director, officer or employee of or consultant to any Competitor, Customer or Vendor;
- (d) in the case of a Senior Executive or Employee, has any financial or other interest in any Competitor, Customer or Vendor; or
- (e) uses (other than for the benefit of any SPAR Company or SPAR Affiliate) or reveals (without proper authorization other than to a SPAR Representative) any confidential product, financial or other proprietary information concerning the plans, decisions, or activities of any SPAR Company or SPAR Affiliate that is not available to the general public, including (without limitation) confidential financial information that could be of some importance in deciding whether to buy or sell common stock of SGRP.

3. Examples of Certain Non-Conflicts. As an aid to identify situations not likely to be potential conflicts of interest with the SPAR Group, each of the following situations will not be considered to be a conflict of interest between a Covered Person and the SPAR Group (each of which is an Approved Activity, and without limiting any other applicable Approved Activity):

- (a) loans or other credit extended to any Covered Person or his or her Family Member from any Vendor or Customer that is a regulated financial institution;
- (b) gifts (other than cash), gratuities, free products or services, discounts, travel and related accommodations, or entertainment to any Covered Person or his or her Family Member from any Customer or Vendor (i) having a Nominal Value, (ii) if such travel and related accommodations are in the best interest of the Company, and the Board, the Governance Committee, the Audit Committee or a Superior Officer has

approved it, or (iii) where local custom is so strong that to refuse a gift or not to reciprocate with a gift would be considered a damaging insult, and the Board, the Governance Committee, the Audit Committee or a Superior Officer has approved it;

- (c) participation in benefit programs sponsored by or for the SPAR Group by any Covered Person or his or her Family Member, including purchases pursuant to publicized discount purchasing programs maintained by the SPAR Group or for the SPAR Group by its Vendors or Customers;
- (d) accrual of airline mileage for future personal use, provided that the Covered Person utilizes reasonably cost effective and efficient flights (taking into account comparable travel times);
- (e) ownership interests by any Covered Person or his or her Family Member in Competitors, Customers and Vendors where (i) such interest has been disclosed in writing to and approved by the Board, the Governance Committee, the Audit Committee or a Superior Officer, and (ii) such interest is (1) comprised of securities in widely held corporations whose securities are regularly and publicly traded in nationally recognized United States securities markets and (2) not in excess of 5 percent of the outstanding stock or other securities of any such corporation;

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- (f) serving as a director, officer or employee of or consultant to any other SPAR Company or SPAR Affiliate or having any Family Member do so;
- (g) in the case of an Outside Director, serving as a director, officer or employee of or consultant to any Competitor, Customer, Vendor or other Person or having any Family Member do so; or
- (h) any other activity disclosed in writing to and approved by the Board, the Governance Committee or the Audit Committee.

4. Non-SPAR Business Activities. It also may (depending upon the circumstances) be considered to be a conflict of interest between a Senior Executive or Employee and the SPAR Group if the Senior Executive or Employee spends time during working hours (other than during customary breaks or non-working hours in the case of a part-time Employee) on any business activity other than for or on behalf of any SPAR Company or SPAR Affiliate, unless the Senior Executive or Employee has received prior written authorization from the Board, the Governance Committee, the Audit Committee or a Superior Officer. Authorization will normally be granted to a Senior Executive or Employee to devote working time to charitable activities and community affairs where the time involved is not unreasonable. Business activities by a Senior Executive or Employee that are not for or on behalf any SPAR Company or SPAR Affiliate will nevertheless not be considered to be conflicts of interest (and hence are Approved Activities) if such activities (i) are not for or on behalf of any Competitor, Customer or Vendor, (ii) do not occupy the employee's time during his or her normal working hours, (iii) do not violate any of the other provisions of this Code, (iv) are not otherwise inconsistent with the interests of the SPAR Group, and (v) do not interfere with the performance of his or her duties.

5. Certain Approved SPAR Affiliate Transactions.

- (a) Mr. Robert G. Brown, a Director of each SPAR Company, the Chairman, President and Chief Executive Officer of each SPAR Company (and accordingly also a Senior Executive and a Covered Person), and a major stockholder of SGRP, and Mr. William H. Bartels, a Director of each SPAR Company, the Vice Chairman of each SPAR Company (and accordingly also a Senior Executive and a Covered Person), and a major stockholder of SGRP, are currently executive officers and the sole stockholders and directors of the SPAR Affiliates, including (without limitation) SMS, SMSI and SIT. Mr. Brown and Mr. Bartels also own an indirect minority equity interest in Affinity Insurance Ltd., which provides certain insurance to the SPAR Group.
- (b) SMS and SPAR Marketing Force, Inc, a subsidiary of SGRP ("SMF"), are parties to an Amended and Restated Field Service Agreement dated as of

January 1, 2004 (as executed, and as the same may have been or hereafter may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Restated Merchandiser Agreement"), pursuant to which SMS will continue provide all or substantially all of the Company's field representatives through SMS's independent contractor field force. The Restated Merchandiser Agreement amends, restates and completely replaces the field representative functions dealt with in the corresponding agreement executed in July 1999 (as the same may have been supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Original Merchandiser Agreement"), which also dealt with field management functions.

- (c) SMSI and SMF are parties to an Amended and Restated Field Management Agreement dated as of January 1, 2004 (as executed, and as the same may have been or hereafter may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Restated Management Agreement"), pursuant to which SMSI will continue to provide all or substantially all of the Company's field management of the SMS field representatives. The Restated Management Agreement amends, restates and completely replaces the management functions dealt with in the Original Merchandiser Agreement
- (d) SMF and SIT are parties to an Amended and Restated Programming and Support Agreement (as executed, and as the same may have been or hereafter may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Restated Programming Agreement"), pursuant to which SIT will likely continue to provide all or substantially all of the Internet and other computer programming, management, support and other technology services to the Company. The Restated Management Agreement amends, restates and completely replaces the existing programming agreement between SMF and SIT executed in July 1999 (as the same may have been may have been supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Original Programming Agreement"), pursuant to which SIT provided all or substantially all of the Internet and other computer programming services to the SPAR Group.

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- (e) SMF, SMS and SIT are parties to a Software Ownership Agreement (as executed in July 1999, and as the same may have been or hereafter may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Scheduling Agreement") with respect to the joint ownership of Internet job scheduling software jointly developed by such parties.
- (f) SPAR Trademarks, Inc., a subsidiary of the Company ("STM"), is a party to separate trademark licensing agreements with each of SMS and SIT (as executed in July 1999, and as the same may have been or hereafter may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, each a "Trademark Agreement"), pursuant to which STM has granted non-exclusive royalty-free licenses to SIT, SMS and (through SMS) SMSI for their continued use of the name "SPAR" and certain other trademarks and related rights transferred of the SPAR Group.
- (g) Approved Activities shall include (without limitation) each of (i) the agreements, transactions, positions and activities described in subsections (a) through (f) of this Section, (ii) any other position that any Senior Executive, any Employee or any of his or her Family Members from time to time may have with any SPAR Company or SPAR Affiliate, and (iii) any financial or other benefit to any Senior Executive, any Employee or his or her Family Members from any such agreements, transactions, positions and activities.
- (h) The Original Merchandiser Agreement, Original Programming Agreement, Scheduling Agreement and Trademark Agreement were originally approved by the Board (including its independent and disinterested directors) in 1999, and the Restated Merchandiser Agreement, Restated Management Agreement and Restated Programming Agreement were approved by the Board and Audit Committee at their respective meetings on February 25, 2004,

effective as of January 1, 2004. The Restated Merchandiser Agreement, Restated Management Agreement, Restated Programming Agreement, Scheduling Agreement and Trademark Agreement are subject to periodic review and approval by the Board and Audit Committee (in the case of the Audit Committee as provided in its charter). Those agreements and the material benefits to Mr. Brown and Mr. Bartels under them are and will continue to be described (as and to the extent required) in SGRP's annual report on form 10-K as filed with the SEC and other filings.

VI. Covered Person's Responsibilities

1. Knowledge and Promotion of Code. Each Covered Person is responsible to be aware of this policies contained in this Code and for its enforcement and compliance.

2. Acknowledgment of Code. Each new Covered Person will be asked to acknowledge in writing that he or she has read and understood and will comply with this Code.

3. Confirming Applicability. There may be situations not listed in this Code that would be reasonably likely to conflict with or violate the policies of the Company enumerated in this Code or the Company's other policies. It is the responsibility of each Covered Person to determine whether a such a conflict or violation would be reasonably likely to exist or ask for clarification of the situation from a Superior Officer or counsel to the Company (and if applicable from the other party) if any uncertainty reasonably exists.

4. Reporting Code Violations. Each Covered Person shall promptly report to his or her immediate Superior Officer any actual, proposed or contemplated conduct of any person (including such executive) that the employee reasonably believes may constitute a violation of this Code or any other ethics code or policy of the Company in any material respect. If not resolved within a reasonable period of time, the persons making and receiving such report shall promptly forward such report to the Chairman of the Board and the Chairmen of the Governance Committee.

5. No Retaliation. No Covered Person will be subject to any discipline, penalty or other retaliation for any good faith satisfaction of his or her reporting obligations under this Code. 6. Questions and Assistance. Any Covered Person having any questions about or needing any assistance respecting any of the policies and other matters covered by this Code shall contact a Superior Officer or counsel to the Company.

VII. Miscellaneous

1. Waiver. Any waiver of any provision of this Code: (a) shall be effective only if approved by the Board; (b) shall be filed with the SEC and publicized to the extent required by applicable law; and (c) shall be effective only in the specific instance and for the specific purpose for which given.

2. Approval. Any approval contemplated under any provision of this Code: (a) shall be effective only if (i) in writing and signed by the Company or (ii) approved by the Governance Committee, the Audit Committee, the Board or the shareholders of the Company; (b) shall be filed with the SEC and

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publicized to the extent required by applicable law and deemed a "waiver" under the circumstances; and (c) shall be effective only in the specific instance and for the specific purpose for which given.

3. No Waiver by Action. No waiver or approval shall be deemed, regardless of frequency given, to be a further or continuing waiver or consent except as otherwise expressly provided in such waiver. The failure or delay of the Company at any time or times to require compliance with any provision of this Code in no way shall affect the Company's right at a later time to enforce any such provision.

4. Amendment. This Code may be amended, restated, replaced or repealed, and a new or restated Code may be adopted, at any time and from time to time by action of the Board.

5. Pronouns. Each use in this Code of a neuter pronoun shall be deemed to include references to the masculine and feminine variations thereof, and vice versa, and a singular pronoun shall be deemed to include a reference to the plural variation thereof, and vice versa, in each case as the context may permit or require.

6. Headings. The section and other headings contained in this Code are for reference purposes only and shall not affect the meaning or interpretation of this Code.

7. Including. The terms "including", "including, but not limited to", "including (without limitation)" and similar phrases (i) mean that the items specifically listed after such term are examples of the provision preceding such term and are not intended to be all inclusive, (ii) shall not in any way limit (or be deemed or construed to limit) the generality of the provision preceding such term, and (iii) shall not in any way preclude (or be deemed or construed to preclude) any other applicable item encompassed by the provision preceding such term.

8. Severability. In case any one or more of the provisions contained in this Code should be held invalid, illegal or unenforceable in any respect pursuant to applicable law by a governmental authority having jurisdiction and venue, that termination shall not impair or otherwise affect the validity, legality or enforceability of any of the remaining terms and provisions of this Code, which shall be enforced as if the unenforceable term or provision were deleted.

9. Articles and Applicable Law. The terms and provisions of this Code are each subject to the relevant terms and provisions of the Articles and applicable law, and in the event that any term or provision of this Code conflicts or is inconsistent with any term or provision of the Articles or applicable law, the term or provision of the Articles or applicable law shall control and be given effect.

10. No Implied Amendments or Employment Agreement, Cumulative Provisions, Etc. This Code is not intended, and shall not be deemed or construed, to: (a) limit, restrict or otherwise modify or amend any term or provision of any Confidentiality and Non-Competition Agreement with any Senior Executive or Employee; (b) limit, restrict or otherwise modify or amend any term or provision of any employment agreement that exists from time to time with any Senior Executive or Employee, except that any violation of this Code may be an additional reason for termination "For Cause" under such any such agreement; and (c) create (absent an employment agreement to the contrary) any employment agreement or employment period or other terms, as such employment (absent an employment agreement to the contrary) is "at will" and modifiable from time to time and terminable at any time, for any reason or no reason, and without notice or benefit of any kind. Likewise, nothing in any such agreement is intended, or shall be deemed or construed, to limit, modify, define or replace any term or provision of this Code. Each obligation of a Covered Person and each right, power, privilege, remedy or other interest of the SPAR Group under this Code, any other policy of the Company, any such agreement applicable under the circumstances and applicable law are separate, cumulative and not alternatives, and they are in addition to and shall not limit (except as otherwise expressly provided herein) each and every other right, power, privilege, remedy or other interest of the SPAR Group under this Code, any such agreement applicable under the circumstances or applicable law.

11. No Additional Personal Liability. This Code is not intended, and shall not be deemed or construed, to create or impose any personal liability on any Covered Person in addition to that (if any) imposed by applicable law.

12. No Third Party Rights. The terms and provisions of this Code are for the exclusive benefit of the Company, and no other Person (including, without limitation, any Competitor, Customer or Vendor or any shareholder or creditor of any SPAR Company or SPAR Affiliate) shall have any right or claim against the Company, any other SPAR Company, any SPAR Affiliate, any Covered Person or any SPAR Representative by reason of any of those terms or provisions or be entitled to enforce any of those terms and provisions against any party (whether or not purportedly on behalf of the Company).

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

The Board of Directors and Governance Committee of SPAR Group, Inc. ("SGRP"), have adopted this 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 (as the same may be modified, amended, restated or replaced from time to time in the manner provided herein, this "Policy"). "Company" shall mean each of SGRP, each of its subsidiaries and (to the extent they have agreed to adopt this Policy and apply it to their Covered Persons) each of SGRP's other affiliates. SGRP has asked SPAR Marketing Services, Inc., SPAR Management Services, Inc., and SPAR Infotech, Inc. (the three SGRP affiliates currently providing services to SGRP and its subsidiaries) to adopt this Policy to apply to their respective Covered Employees as if they were SGRP subsidiaries, and each has done so. Accordingly, such SPAR affiliates shall be included as part of the Company for purposes of this Policy.

1. Non-Public Information - Introduction

Each officer, director or employee of the Company may from time to time receive or become aware of material, non-public information regarding the Company that may be of significance to the securities markets. Material information is any information that an investor would consider important in a decision to buy, hold or sell a security. While it is impossible to provide a detailed list of all generic types of material information, the following list illustrates events that are often considered material: internal non-public financial reports and forecasts; mergers or acquisitions, increases or decreases in revenues or profits, important new contracts or projects and important financing developments. Non-public information is information that has not been generally known or available to the investing community for at least two full trading days.

Under the Insider Trading and Securities Fraud Enforcement Act of 1988, it is illegal for any person to trade securities based on material, non-public information ("insider trading") or to give such information to someone else who then makes a trade ("tipping"). Under federal law, penalties for insider violations include disgorgement of profits, civil penalties of three times the amount of profit gained or loss avoided, criminal fines of up to \$1,000,000 and jail terms of up to ten years.

In addition, the Securities and Exchange Commission ("SEC") may seek penalties of up to \$1,000,000 or three times the amount of profit gained or loss avoided (whichever is greater) against "controlling persons" for failing to take proper steps to prevent insider trading or tipping violations by those under their supervision. Under current law, controlling persons may include the Company, its directors and its officers.

2. Policy and Procedures - No Trading on or Disclosure of Non-Public Information, Etc.

The Company is committed to the maintenance of its reputation for ethical conduct as well as to full compliance with applicable laws. In order to help ensure that trading in securities of SGRP does not result in violations of law, the Company has implemented the following policies and procedures applicable to each director, officer and employee of the Company, each of its subsidiaries and each of its affiliates providing services to the Company (each a "Covered Person"), except as otherwise noted in item 3, below.

It is the Company's policy that a Covered Person shall not under any circumstances use any non-public information with respect to the Company for his or her benefit or trade in any securities related to such information.

Company personnel should not discuss or disclose non-public information to anyone else within the Company unless such person has a clear right and need to

know such information in order to fulfill his or her job responsibilities. Company personnel should not discuss or disclose such information under any circumstance with anyone outside the Company, including (without limitation) any family member, relative or business or social acquaintance. If you are unsure whether certain information should be considered

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inside information, you should resolve any doubt by assuming that it is such inside information. Questions concerning what is or is not inside information should be directed to the Chief Financial Officer of the Company.

3. Blackout Period on SGRP Securities for Specified Restricted Persons

The Company has determined that the individuals holding any of the following positions (each a "Restricted Person") may not under any circumstance trade in securities of SGRP in which they have a beneficial interest (except as otherwise provided below) during a period that (i) begins on the tenth day of the third month of any fiscal quarter (i.e., March 10, June 10, September 10 and December 10), and (ii) ends on that date which is two full trading days after the announcement of financial results for the applicable period (i.e., the first, second or third fiscal quarter or the fiscal year, respectively).

The Restricted Persons are:

- o Each member of the Board of Directors;
- o The Chairman, Vice-Chairman, President, Treasurer, Secretary, Controller and each other executive manager of the Company;
- o Any assistant controller, director of accounting services or other similar financial staff member of the Company;
- o Any other person receiving copies (whether hard copy, electronic or otherwise) of internal non-public financial reports, forecasts or similar materials; and
- o Any Related Person (as defined below).

The prohibition against trading by a Restricted Person during such a blackout period in securities issued by the Company shall not apply to: (a) any private purchase or sale by a Restricted Person from or to an accredited investor not involving a market transaction so long as such accredited investor acknowledges such status and releases the Company and the Restricted Person from any potential liability relating to insider trading or knowledge; (b) any cash or cashless exercise by such individual of any employee, director or affiliate stock option; (c) any purchase in the market through any 401k, employee or consultant stock purchase plan or other employee benefit plan for the benefit of such individual in accordance with any directions given by such individual outside of any blackout period; (d) any sale to (and purchase by), any gift to or any other transfer to or from (1) such individual's spouse, children, or grandchildren, (2) any trust, rollover account or other plan for the benefit of such individual and/or such other persons, or (3) any partnership, limited liability company or other entity in which such individual and/or such other persons are the only equity holders, in each case so long as such sale, purchase or other transfer is not made in a market transaction; (e) any purchase permitted under Rule 10b-18 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any other similar statutory, regulatory or interpretive safe harbor or exception; or (f) any trade permitted at the time under any applicable emergency order issued by the SEC and its related extensions and interpretations, including (without limitation) those issued pursuant to Section 12(k)(2) of the Exchange Act.

However, no Restricted Person (or other Covered Person) shall at any time or under any circumstance trade in any securities issued by SGRP using material non-public information, even if such a prohibition period is not then in effect.

4. Beneficial Interests and Responsibility for Related Persons

A Covered Person will generally be deemed to have a beneficial interest in the securities issued by SGRP when (among other things): (a) the Covered Person has the power to vote or direct the vote of such securities; (b) the Covered Person

has to power to sell or direct the sale of such securities; (c) the Covered Person has the right to profit or share in any profit from such securities; (d) the Covered Person owns options, warrants, convertible securities or other rights to acquire securities issued by SGRP; or (e) any Related Person (to the Covered Person) owns any securities issued by SGRP or any options, warrants, convertible securities or other rights to acquire them.

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A "Related Person" includes (i) any 401k, benefit plan, stock purchase plan or other plan for the benefit of a Covered Person, (ii) any trust where a Covered Person is a trustee, (iii) any corporation, limited liability company, partnership or other entity owned or controlled by a Covered Person, (iv) the spouse of any Covered Person, and (v) any family member of a Covered Person or his or her spouse who lives with either of them. A Covered Person also may under certain circumstances be deemed to have a beneficial interest in the securities issued by SGRP that are held by other family members, trusts and affiliates. Covered Persons include (without limitation) all Restricted Persons.

A Covered Person may be liable for any violation of this Policy by his or her Related Person(s).

5. Recommended Notice Before Each Purchase or Sale of SGRP Securities

For their own protection, the Company recommends that each Restricted Person notify the Chief Financial Officer before or contemporaneously with any purchase or sale by such Restricted Person or his or her Related Person of any securities issued by SGRP.

6. Penalty for Violation of Policy

Any Covered Person violating this Policy in any material respect (as determined by the Board) will be subject to disciplinary action, and (depending on the circumstances and severity) may be terminated by the Company.

Please note that acts or omissions of a Covered Person in violation of this Policy also may violate applicable law and subject the Covered Person to possible civil or criminal liability, whether or not the Company may take any such disciplinary action.

7. Questions Regarding this Policy

Questions concerning this Policy should be referred to the Chief Financial Officer. If any person believes that they inadvertently violated the law or this policy in connection with purchase or sale of securities, such person should consult with their own counsel before discussing the details thereof with the Chief Financial Officer.

8. Code of Ethical Conduct Provisions Incorporated by Reference

This Policy is part of the Company's codes of ethical conduct, including (without limitation) the SPAR Group, Inc., Code of Ethical Conduct for its Directors, Senior Executives and Employees Dated (as of) May 1, 2004 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein, the "Code"). This Policy shall be governed by and construed in accordance with the provisions contained in Article VI (entitled "Covered Person's Responsibilities") and Article VII (entitled "Miscellaneous") of the Code (and any successor provisions, however numbered), which provisions are incorporated by reference into this Policy as if such provisions were fully set forth in this Policy and this Policy were the "Code" referred to in such incorporated provisions.

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