

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): August 2, 2011

SPAR Group, Inc.

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(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-27824  
(Commission  
File No.)

33-0684451  
(IRS Employer  
Identification No.)

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

10591  
(Zip Code)

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

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

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

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

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

On August 2, 2011, we, SPAR Group, Inc. ("SGRP" or the "Registrant"), and its subsidiaries (together with SGRP, "we", "our" or the "Company"), issued a press release (the "Earnings Release") reporting our net income and revenue for our fiscal quarter and six month period that ended on June 30, 2011 (our "2011 Second Quarter").

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

**Item 8.01. Other Events.**

In the Earnings Release, we also announced that we expected to file our Quarterly Report on Form 10-Q for our 2011 Second Quarter with the Securities and Exchange Commission (the "SEC") on or before August 5, 2011.

On August 3, 2011 we, issued a press release (the "Call Release") that we would hold on a public conference call for our shareholders and others Tuesday, August 09, 2011, at 2:00 p.m. Eastern Time, during which our management will discuss our financial results for our 2011 Second Quarter (*i.e.*, our fiscal quarter and six month period that ended on June 30, 2011).

**Conference Call Details:**

Date: Tuesday, August 9, 2011

Time: 2:00 p.m. EDT

Dial In-Number: 1-877-941-8418

International Dial-In Number: 1-480-629-9761

It is recommended that participants dial in approximately 5 to 10 minutes prior to the start of the 2:00 p.m. call.

There will also be a simultaneous audio feed webcast and archived recording of the conference call available at <http://www.sparinc.com> under the "Investor Relations" menu section and "News Releases" sub-menu of the website or you may use the link audio feed and archived recording of the conference call available at <http://viaavid.net/dce.aspx?sid=00008AD3>.

A telephonic replay of the conference call also may be accessed approximately two hours after the call through August 16, 2011, by dialing 1-877-870-5176 or 1-858-384-5517 for international callers and entering the replay access code 4462779.

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

**Information Not "Filed"**

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

**Forward Looking Statements**

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

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

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

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

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

(a) Exhibits:

- 99.1 Press Release of the Registrant dated August 2, 2011, as attached hereto.
- 99.2 Press Release of the Registrant dated August 3, 2011, as attached hereto

SIGNATURES

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

**SPAR Group, Inc.**

Date: August 3, 2011

By: /s/ James R. Segreto

James R. Segreto, Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of the Registrant dated August 2, 2011, as attached hereto.
99.2	Press Release of the Registrant dated August 3, 2011, as attached hereto.

## SPAR Group Announces Second Quarter and Year to Date Earnings per Share of \$0.02 and \$0.04, respectively

TARRYTOWN, NY-- SPAR Group, Inc. (NASDAQ: SGRP) (the "Company" or "SPAR Group"), a leading supplier of retail merchandising and other marketing services throughout the United States and internationally, today announced second quarter revenue of \$15.9 million, net income of \$509,000 and earnings of per share of \$0.02. For the six month period ending June 30, 2011, the Company reported revenue of \$32.4 million, net income of \$762,000 and earnings per share of \$0.04.

"Management is pleased with the Company's strong 18% increase in earnings and operational success that we have achieved during our typically slower first half of the calendar year," stated Gary Raymond, Chief Executive Officer of SPAR Group. "Our international division continues to improve its financial performance. We are pleased with our joint venture partnership re-alignments in the high growth markets of India with Krognos Integrated Marketing Services and in China with Shanghai Wedone Marketing Consulting and we are confident in management's ability to close on several targeted profitable acquisition candidates with hopes of integrating them during this calendar year. Due to our traditionally more favorable seasonal performance in the latter half of the year, and encouraging merchandising activity, we believe that the second half of 2011 will bring improved financial results for the Company. We remain focused on increasing sales, expanding margins and improving overall profitability."

### 2011 Company Highlights

- Signed new Joint Venture in India that will expand annual revenue and profitability in this important growth market.
- Revenue for the first six months 2011 increased 13% to \$32.4 million compared to \$28.7 million in 2010.
- Gross profit for the first six months 2011 increased 8% to \$10.2 million compared to \$9.5 million in 2010.
- Operating income for the first six months 2011 increased 17% to \$954,000 compared to \$814,000 in 2010.
- Net income for the first six months 2011 increased 18% to \$762,000 or \$0.04 per share compared to \$648,000 or \$0.03 per share for the same period in 2010.

### Three Month Financial Results for the period ended June 30, 2011

	Three Months Ended June 30, (in thousands)			
	2011	2010	Change	
			\$	%
Net Revenue:				
Domestic	\$ 9,367	\$ 9,915	\$ (548)	(6)%
International	6,577	5,699	878	15%
Total	\$ 15,944	\$ 15,614	\$ 330	2%
Gross Profit:				
Domestic	\$ 2,930	\$ 3,413	\$ (483)	(14)%
International	2,027	1,798	229	13%
Total	\$ 4,957	\$ 5,211	\$ (254)	(5)%
Net Income (loss):				
Domestic	\$ 560	\$ 841	\$ (281)	(33)%
International	(51)	(229)	178	78%
Total	\$ 509	\$ 612	\$ (103)	(17)%

Revenue for the quarter ended June 30, 2011 totaled \$15.9 million, an increase of 2% compared to \$15.6 million for the second quarter ended June 30, 2010. Domestic revenue for the second quarter of 2011 was \$9.4 million compared to \$9.9 million for the same period in 2010. The decrease in domestic revenue was mainly attributable to extraordinary project revenue realized in the second quarter of 2010. International revenue increased 15% to \$6.6 million compared to \$5.7 million during the same period 2010. The increase in international revenue was due to strong performances in the China and Australian markets.

Gross profit at \$5.0 million for the second quarter of 2011, was down slightly when compared to \$5.2 million the same period of 2010. Domestically, our gross profit margin was 31.3% for the second quarter 2011 compared to 34.4% in 2010. The decrease in gross profit margin was directly attributable to an unfavorable mix of syndicated and project work compared to last year. Internationally, our gross profit margin was 30.8% for the second quarter of 2011 compared to 31.6% for the same period in 2010. These changes are primarily due to the mix of business predominately in the China market.

Net income for the second quarter of 2011 was \$509,000 or \$0.02 per share compared to \$612,000 or \$0.03 per share for the same period of 2010.

Mr. Raymond continued, "While domestic sales were impacted during the second quarter of 2011, we are well positioned to capitalize on numerous opportunities within the expanding retail merchandising markets going forward. Therefore, we expect our U.S. operations to have improved financial results for the remainder of 2011, while our international business continues its impressive resurgence. A key to our future growth is the improvements we have made in our working capital position and current ratio. Having availability under our credit facilities allows SPAR to seek out the best growth opportunities to increase earnings without shareholder dilution. With continued guidance and support from our Board of Directors, SPAR Group's Management will continue to opportunistically invest our capital for maximum financial gains."

#### Six Months Financial Results for Period Ended June 30, 2011

	Six Months Ended June 30,			
	(in thousands)			
	2011	2010	Change	
		\$	%	
Net Revenue:				
Domestic	\$ 18,889	\$ 17,461	\$ 1,428	8%
International	13,474	11,281	2,193	19%
Total	\$ 32,363	\$ 28,742	\$ 3,621	13%
Gross Profit:				
Domestic	\$ 6,208	\$ 6,168	\$ 40	1%
International	3,985	3,313	672	20%
Total	\$ 10,193	\$ 9,481	\$ 712	8%
Net Income (loss):				
Domestic	\$ 1,059	\$ 979	\$ 80	8%
International	(297)	(331)	34	10%
Total	\$ 762	\$ 648	\$ 114	18%

Revenue for the first six months 2011 increased 13% to \$32.4 million compared to \$28.7 million in 2010. Domestic revenue for the six month period ended June 30, 2011 was \$18.9 million compared to \$17.5 million during the same period 2010. Domestic net revenues increased by \$1.4 million primarily attributable to continued growth from the Company's syndicated services as well as growth in our assembly services. Internationally, revenue for the six month period ended June 30, 2011 was \$13.5 compared to \$11.3 during the same period 2010. This increase is due to strong performance from China, Australia and Canada.

Gross profit for the first six months 2011 increased 8% to \$10.2 million compared to \$9.5 million for the same period in 2010. Domestic margins for the first half of 2011 were 32.9% compared to 35.3% during the same period 2010. The changes in domestic gross profit margins are related to an unfavorable mix of syndicated and project work compared to last year. Internationally, gross profit margins for the six month period ended June 30, 2011 were 29.6% compared to 29.4% in the previous year.

Net income for the first six months of 2011 totaled \$762,000 or \$0.04 per share compared to net income of \$648,000 or \$0.03 per share, for the same period in the prior year. Domestically, net income for the six month period ended June 30, 2011 totaled \$1.1 million compared to net income of \$979,000 for the same period in 2010. Internationally, a net loss for the first half of 2011 totaled \$297,000 compared to a net loss of \$331,000 for the same period in 2010.

## **Balance Sheet as of June 30, 2011**

As of June 30, 2011 working capital improved to \$5.9 million and its current ratio increased to 1.7 to 1. Total current assets and total assets were \$14.2 million and \$17.0 million, respectively and cash and cash equivalents totaled \$1.3 million at June 30, 2011. Total current liabilities and total liabilities were \$8.3 million and \$8.7 million, respectively and total equity was \$7.8 million at June 30, 2011.

The Company intends to file the Form 10-Q with the Securities and Exchange Commission on or before August 5, 2011 and host a shareholder conference call on August 9, 2011 at 2:00 pm eastern daylight time. We will provide conference call detail in a later press release.

## **About SPAR Group**

SPAR Group, Inc. is a diversified international merchandising and marketing services company and provides a broad array of services worldwide to help companies improve their sales, operating efficiency and profits at retail locations. The Company provides merchandising and other marketing services to manufacturers, distributors and retailers worldwide, primarily in mass merchandisers, office supply, grocery and drug store chains, independent, convenience and electronics stores, as well as providing furniture and other product assembly services, in-store events, radio frequency identification ("RFID") and related technology services and marketing research. The Company has supplied these project and product services in the United States since certain of its predecessors were formed in 1979 and internationally since the Company acquired its first international subsidiary in Japan in May of 2001. Product services include product additions; placement, reordering, replenishment, labeling, evaluation and deletions, and project services include seasonal and special product promotions, product recalls and complete setups of departments and stores. The Company operates throughout the United States and internationally in 8 of the most populated countries, including China and India. For more information, visit the SPAR Group's Web site at <http://www.sparinc.com/>.

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

Tables Follow

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**SPAR Group, Inc.**  
Consolidated Statements of Income  
(unaudited)  
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net revenues	\$ 15,944	\$ 15,614	\$ 32,363	\$ 28,742
Cost of revenues	10,987	10,403	22,170	19,261
Gross profit	4,957	5,211	10,193	9,481
Selling, general, and administrative expenses	4,137	4,199	8,711	8,171
Depreciation and amortization	265	237	528	496
Operating income	555	775	954	814
Interest expense	24	67	106	102
Other (income) expense	(2)	88	7	91
Income before provision for income taxes	533	620	841	621
Provision for income taxes	29	17	53	34
Net income	504	603	788	587
Net (income) loss attributable to the non-controlling interest	(5)	(9)	26	(61)
Net income attributable to SPAR Group, Inc.	\$ 509	\$ 612	\$ 762	\$ 648
<b>Basic/diluted net income per common share:</b>				
Net income - basic	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.03
Net income - diluted	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.03
Weighted average common shares - basic	20,012	19,139	19,826	19,139
Weighted average common shares - diluted	21,656	20,411	21,387	20,359

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

	June 30, 2011 (unaudited)	December 31, 2010 (note)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,264	\$ 923
Accounts receivable, net	11,985	13,999
Prepaid expenses and other current assets	928	1,283
<b>Total current assets</b>	<b>14,177</b>	<b>16,205</b>
Property and equipment, net	1,489	1,452
Goodwill	848	848
Intangibles	333	362
Other assets	164	226
<b>Total assets</b>	<b>\$ 17,011</b>	<b>\$ 19,093</b>
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	\$ 1,779	\$ 1,804
Accrued expenses and other current liabilities	1,713	2,733
Accrued expense due to affiliates	1,306	1,575
Customer deposits	294	471
Lines of credit and other debt	3,196	5,263
<b>Total current liabilities</b>	<b>8,288</b>	<b>11,846</b>
Other long-term liabilities	413	-
<b>Total liabilities</b>	<b>8,701</b>	<b>11,846</b>
<b>Equity:</b>		
SPAR Group, Inc. equity		
Preferred stock, \$.01 par value: Authorized and available shares – 2,445,598 Issued and outstanding shares – None - June 30, 2011 554,402 - December 31, 2010	-	6
Common stock, \$.01 par value: Authorized shares - 47,000,000 Issued and outstanding shares – 20,062,033 – June 30, 2011 and 19,314,306 - December 31, 2010	201	193
Treasury stock	-	(1)
Additional paid-in capital	13,796	13,549
Accumulated other comprehensive loss	(117)	(142)
Accumulated deficit	(6,046)	(6,808)
<b>Total SPAR Group, Inc. equity</b>	<b>7,834</b>	<b>6,797</b>
Non-controlling interest	476	450
<b>Total liabilities and equity</b>	<b>\$ 17,011</b>	<b>\$ 19,093</b>

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

**Contact:**

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

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

Or

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

## SPAR Group Announces Second Quarter 2011 Shareholder Conference Call

TARRYTOWN, NY -- 08/03/11 -- SPAR Group, Inc. (NASDAQ: SGRP) (the "Company" or "SPAR Group"), a leading supplier of retail merchandising and other marketing services throughout the United States and internationally, today announced that Gary Raymond, President and Chief Executive Officer, and Jim Segreto, Chief Financial Officer, will host a conference call on Tuesday, August 09, 2011, at 2:00 p.m. Eastern Time. During the call management will discuss the company's Second Quarter 2011 financial results.

### **Conference Call Details:**

Date: Tuesday, August 9, 2011

Time: 2:00 p.m. EDT

Dial In-Number: 1-877-941-8418

International Dial-In Number: 1-480-629-9761

It is recommended that participants dial in approximately 5 to 10 minutes prior to the start of the 2:00 p.m. call. A telephonic replay of the conference call may be accessed approximately two hours after the call through August 16, 2011, by dialing 1-877-870-5176 or 1-858-384-5517 for international callers and entering the replay access code 4462779.

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### **About SPAR Group**

SPAR Group, Inc. is a diversified international merchandising and marketing services company that provides a broad array of services worldwide to help companies improve their sales, operating efficiency and profits at retail locations. SPAR Group provides product services, project services, in-store events, radio frequency identification ("RFID"), technology services and marketing research covering all product and trade classifications, including mass market, drug store, convenience store and grocery chains. Product services include product additions; placement, reordering, replenishment, labeling, evaluation and deletions, and project services include seasonal and special product promotions, product recalls and complete setups of departments and stores. The company operates throughout the United States and internationally in 9 of the most populated countries, including China and India. For more information, visit the SPAR Group's Web site at [www.sparinc.com](http://www.sparinc.com).

### **Contact:**

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

### **Investors:**

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