

SPAR GROUP INC

FORM 8-K

(Current report filing)

Filed 08/05/09 for the Period Ending 07/31/09

| | |
|-------------|---|
| Address | 560 WHITE PLAINS ROAD SUITE 210 TARRYTOWN, NY 10591 |
| Telephone | 914-332-4100 |
| CIK | 0001004989 |
| Symbol | SGRP |
| SIC Code | 7389 - Business Services, Not Elsewhere Classified |
| Industry | Business Services |
| Sector | Services |
| Fiscal Year | 12/31 |

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): July 31, 2009

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-27824
(Commission
File No.)

33-0684451
(IRS Employer
Identification No.)

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

10591
(Zip Code)

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

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

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

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

Item 2.02. Results of Operations and Financial Condition.

On July 31, 2009, SPAR Group, Inc. (the "Registrant"), issued a press release reporting its financial results for the second quarter ended June 30, 2009, a copy of which is attached to this Current Report on Form 8-K (the "Report") as Exhibit 99.1, and which is hereby incorporated herein by reference.

The information in Item 2.02 of this Report, including Exhibit 99.1, 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.

Item 9.01. Financial Statements and Exhibits.

(a) Exhibits:

99.1 [Press Release of the Registrant dated July 31, 2009, 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 4, 2009

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

EXHIBIT INDEX

Exhibit
Number

Description

99.1 Press Release of the Registrant dated July 31, 2009, as attached hereto.



PondelWilkinson

Investor Relations
Corporate/Financial Communications

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NEWS RELEASE

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SPAR GROUP REPORTS IMPROVED FINANCIAL RESULTS

FOR 2009 SECOND QUARTER, SIX MONTHS

TARRYTOWN, NY—July 31, 2009— SPAR Group, Inc. (NASDAQ:SGRP) today reported financial results for the second quarter and six months ended June 30, 2009.

Net revenues for the 2009 second quarter were \$13.5 million, compared with \$18.9 million a year ago. The company reported net income for the 2009 second quarter of \$236,000, or \$0.01 per diluted share, compared with net income of \$3,000, or \$0.00 per share, for the 2008 second quarter. Included in the 2009 second quarter results was other income of \$285,000, resulting from a credit for prior legal expenses. Results for the 2008 second quarter included \$458,000 in non-recurring litigation costs and a \$170,000 tax benefit. Selling, general and administrative expenses for the 2009 second quarter decreased 13% to \$3.9 million from \$4.5 million a year ago.

“Second quarter revenues continued to be affected by weak global economic conditions, with our overseas operations experiencing the greater impact,” said Gary Raymond, SPAR Group’s president and chief executive officer. “We remain steadfastly focused on serving our clients, helping them to improve their performance, while at the same time increasing our marketing efforts to attract new business worldwide.

“In 2008, our management team had taken swift action to reduce expenses and control costs throughout the company. We are confident that SPAR Group’s solid foundation will allow us to weather the current economic storm and emerge even stronger as business conditions improve,” Raymond added.

Revenue in the U.S. for the 2009 second quarter was \$6.8 million, compared with \$8.9 million a year ago. SPAR Group's U.S. operations for the 2009 second quarter reported that net income significantly improved to \$564,000, compared to a net loss of \$185,000 for the 2008 second quarter.

International revenue for the 2009 second quarter was \$6.7 million, compared with \$10.0 million last year. The division posted a net loss of \$328,000, versus net income of \$188,000 for the 2008 second quarter.

(more)

SPAR Group, Inc.

For the 2009 six-month period, SPAR Group had revenues of \$28.6 million, compared with \$36.4 million last year. The company reported net income of \$41,000 for the first half of 2009, equal to breakeven per share, which included other income of \$265,000 resulting from a favorable judgment in a legal action and \$285,000 from a credit for prior legal expenses, versus a net loss of \$247,000, or \$0.01 per share, for the 2008 comparable period. Results for the 2008 six-month period included \$458,000 in non-recurring litigation costs and a \$170,000 tax benefit. Selling, general and administrative expenses for the 2009 year-to-date period decreased 14% to \$7.8 million from \$9.2 million a year ago.

Revenue in the U.S. for the first half of 2009 was \$12.4 million, compared with \$16.4 million in the same period a year ago. The U.S. operation reported sharply increased net income of \$444,000 for the 2009 six-month period versus a net loss of \$504,000 for the first six months of 2008.

International revenue for the six months ended June 30, 2009 was \$16.2 million, compared with \$20.0 million for the same period last year. Net loss for the international operations was \$403,000 for the first half of 2009, compared with net income of \$257,000 in the first half of 2008.

About SPAR Group

SPAR Group, Inc. is a diversified international marketing services company, providing a broad array of services to help companies improve their sales, operating efficiency and profits at retail worldwide. The company provides in-store merchandising, in-store event staffing, RFID and other technology, as well as research, to manufacturers and retailers covering all product classifications and all classes of trade, including mass market, drug store, convenience store and grocery chains. The company operates throughout the United States and internationally in Japan, Canada, Turkey, South Africa, India, Romania, China, Lithuania, Latvia, Estonia, Australia and New Zealand. For more information, visit SPAR Group's Web site, www.sparinc.com.

Certain statements in this news release are forward-looking, including, but not limited to, attracting new business that will increase SPAR Group's revenues and continuing to maintain costs. 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 these and other factors that could affect future results, performance or trends are discussed in SPAR Group's 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.

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(Tables follow)

(more)

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

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 |
| Net revenues | \$ 13,478 | \$ 18,910 | \$ 28,649 | \$ 36,364 |
| Cost of revenues | 9,310 | 13,719 | 20,383 | 26,203 |
| Gross profit | 4,168 | 5,191 | 8,266 | 10,161 |
| Selling, general and administrative expenses | 3,888 | 4,510 | 7,856 | 9,168 |
| Depreciation and amortization | 267 | 221 | 529 | 429 |
| Operating income (loss) | 13 | 460 | (119) | 564 |
| Interest expense | 45 | 81 | 106 | 162 |
| Other (income) expense | (255) | 521 | (442) | 564 |
| Income (loss) before provision for income taxes | 223 | (142) | 217 | (162) |
| Provision for income taxes (benefit) | 73 | (185) | 222 | (21) |
| Net income (loss) | 150 | 43 | (5) | (141) |
| Net (income) loss attributable to the non-controlling interest | (86) | 40 | (46) | 106 |
| Net income (loss) attributable to SPAR Group, Inc. | 236 | 3 | 41 | (247) |
| Basic/diluted net income (loss) per common share: | | | | |
| Net income (loss) – basic/diluted | \$ 0.01 | \$ – | \$ – | \$ (0.01) |
| Weighted average common shares – basic | 19,139 | 19,133 | 19,139 | 19,123 |
| Weighted average common shares – diluted | 19,183 | 19,133 | 19,183 | 19,123 |

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

| | June 30, 2009 | December 31, 2008 |
|--|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1466 | \$ 1,685 |
| Accounts receivable, net | 10,751 | 13,110 |
| Prepaid expenses and other current assets | 1,048 | 1,446 |
| Total current assets | 13,265 | 16,241 |
| Property and equipment, net | 1,641 | 1,803 |
| Goodwill | 798 | 798 |
| Other assets | 1,908 | 1,806 |
| Total assets | \$ 17,612 | \$ 20,648 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,454 | \$ 4,491 |
| Accrued expenses and other current liabilities | 3,350 | 4,911 |
| Accrued expenses due to affiliates | 1,533 | 1,398 |
| Customer deposits | 538 | 582 |
| Lines of credit | 3,825 | 5,494 |
| Total current liabilities | 13,700 | 16,876 |
| Long-term liabilities | 24 | 105 |
| Total liabilities | 13,724 | 16,981 |
| Stockholders' equity: | | |
| Preferred stock, \$.01 par value: | | |
| Authorized shares-3,000,000 | | |
| Issued and outstanding shares- | | |
| 554,402 – June 30, 2009 and December 31, 2008 | 6 | 6 |
| Common stock, \$.01 par value: | | |
| Authorized shares- 47,000,000 | | |
| Issued and outstanding shares- | | |
| 19,139,365 - June 30, 2009 | | |
| 19,139,365 - December 31, 2008 | 191 | 191 |
| Treasury stock | (1) | (1) |
| Additional paid-in capital | 12,918 | 12,821 |
| Accumulated other comprehensive (loss) | (236) | (361) |
| Accumulated deficit | (9,436) | (9,477) |
| Total SPAR Group, Inc. equity | 3,442 | 3,179 |
| Non-controlling interest | 446 | 488 |
| Total liabilities and stockholders' equity | \$ 17,612 | \$ 20,648 |