

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

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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): March 14, 2007

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.)

555 White Plains Road, Suite 250, Tarrytown, New York

10591

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(Address of Principal Executive Offices)

(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))

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Item 2.02. Results of Operations and Financial Condition.

(a) On March 14, 2007, SPAR Group, Inc. (the “Registrant”) issued the press release attached to this Current Report on Form 8-K (the “Report”) as Exhibit 99.1 reporting its financial results for the fiscal year ended December 31, 2006, which is incorporated herein by reference.

The information in this Report, including the exhibit, 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.

(d) Exhibits:

99.1 Press Release of the Registrant dated March 14, 2007.

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SIGNATURES

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

SPAR GROUP, INC.

Date: March 19, 2007

By: /s/ Charles Cimitile  
Charles Cimitile  
Chief Financial Officer

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of the Registrant dated March 14, 2007.

## SPAR GROUP REPORTS 2006 FINANCIAL RESULTS

**TARRYTOWN, NY — March 14, 2007** — SPAR Group, Inc. (NASDAQ:SGRP) today reported financial results for the fourth quarter and year ended December 31, 2006.

For the 2006 fourth quarter, net revenues rose 20% to \$15.8 million from \$13.2 million for the fourth quarter of 2005. The company recorded a net loss of \$105,000, equal to \$0.01 per share, for the 2006 fourth quarter, compared with net income of \$733,000, or \$0.04 per share, a year ago. Operating income for the 2006 fourth quarter was \$11,000, compared with \$1.1 million for the corresponding period last year. Selling, general and administrative expenses for the 2006 fourth quarter amounted to \$6.0 million, compared with \$4.4 million a year ago.

For the full 2006 year, revenues advanced 11% to \$57.3 million from \$51.6 million for the prior year. SPAR Group recorded a net loss of \$621,000, equal to \$0.03 per share, for 2006, compared with net income of \$878,000, or \$0.05 per share, for 2005. The operating loss for all of 2006 was \$724,000, versus operating income of \$1.9 million last year. Selling, general and administrative expenses for 2006 amounted to \$19.8 million, compared with \$16.7 million a year ago.

Robert G. Brown, SPAR Group's chairman and chief executive officer said the revenue increases for the 2006 fourth quarter and full year reflected contributions from the company's international operations. He said SPAR Group's performance was impacted primarily by higher selling, general and administrative expenses, including costs associated with launching the new joint venture operations, along with initial operating losses associated with the international division, and investments in future marketing and technology programs.

For the fourth quarter of 2006, international revenues advanced to \$7.1 million from \$3.9 million a year earlier. The international division had a net loss of \$264,000 for the 2006 fourth quarter versus a loss of \$322,000 for the 2005 fourth quarter. International revenues for the full 2006 year rose to \$23.2 million from \$14.9 million last year. Included in the 2006 revenue was an additional quarter of revenue, totaling approximately \$1.3 million, associated with the change to the reporting year of the company's joint venture in Japan, as well as revenue from the company's new joint venture operations in Australia and Lithuania. The international division sustained a net loss of \$630,000 for 2006, compared with net income of \$162,000 for 2005.

For the fourth quarter of 2006, U.S. revenues amounted to \$8.7 million, compared with \$9.3 million a year earlier. The domestic operations registered net income of \$159,000 for the 2006 fourth quarter versus \$1.1 million for the 2005 fourth quarter. Revenues in the U.S. for the full 2006 year totaled \$34.1 million, including \$770,000 from the termination of a customer service agreement during the first quarter, versus \$36.7 million for 2005. The company's domestic business posted net income of \$9,000 for 2006, compared with \$716,000 the prior year. Included in U.S. net income for 2006 was approximately \$100,000 resulting from a favorable \$1.3 million judgment awarded in a lawsuit offset by the 2006 related legal expenses of approximately \$1.2 million.

(more)

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Spar Group, Inc.

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“We continued to expand our international division in 2006, establishing a joint venture operation in Australia that today is beginning to provide tangible contributions to the company,” Brown said. “While the U.S. markets continued to be challenging throughout most of 2006, we successfully launched a significant new customer relationship during the year that we anticipate will provide solid returns in 2007.”

“We strengthened our management team as well and launched important technology-based programs utilizing RFID that we believe will provide tangible benefits to the company in the years ahead. We also were pleased to have augmented our board of directors during the year with the addition of C. Manly Molpus, formerly president and chief executive officer of the Grocery Manufacturers Association and one of our industry’s leading executives,” Brown added.

**About SPAR Group**

SPAR Group, Inc., a diversified international marketing services company, provides a broad array of services to help manufacturers and retailers improve their sales, operating efficiency and profits at retail worldwide. Services include in-store merchandising and event staffing, RFID and other technology and research, covering all product classifications and all classes of trade, including mass market, drug store, electronic 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, Australia, Latvia and New Zealand. For more information, visit SPAR Group’s Web site, [www.sparinc.com](http://www.sparinc.com).

*Certain statements in this news release are forward-looking, including, but not limited to, currently anticipated tangible contributions from the company’s Australian joint venture operation and benefits from a new U.S. customer relationship. 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 Inc.’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)

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2006	December 31, 2005*	December 31, 2006	December 31, 2005*
Net Revenues	\$ 15,839	\$ 13,205	\$ 57,316	\$ 51,586
Cost of revenues	9,610	7,525	37,463	31,939
Gross profit	6,229	5,680	19,853	19,647
Selling, general and administrative expenses	6,037	4,401	19,831	16,691
Depreciation and amortization	181	219	746	1,031
Operating income (loss)	11	1,060	(724)	1,925
Interest expense	75	89	237	191
Other expense (income)	204	38	(338)	446
(Loss) income before provision for income taxes and minority interests	(268)	933	(623)	1,288
Provision for income taxes	(73)	198	99	242
(Loss) income before minority interest	(195)	735	(722)	1,046
Minority interest	(90)	2	(101)	168
Net (loss) income	\$ (105)	\$ 733	\$ (621)	\$ 878
Basic/diluted net (loss) income per common share:				
Net (loss) income - basic/diluted	\$ (0.01)	\$ 0.04	\$ (0.03)	\$ 0.05
Weighted average common shares -- basic	18,934	18,917	18,934	18,904
Weighted average common shares - diluted	18,934	19,147	18,934	19,360

\* Certain reclassifications have been made to the 2005 financial statements to conform to the 2006 presentation.

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

	December 31, 2006	December 31, 2005*
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,148	\$ 1,914
Accounts receivable, net	12,982	10,656
Prepaid expenses and other current assets	553	702
Total current assets	14,683	13,272
Property and equipment, net	901	1,131
Goodwill	798	798

Other assets	1,695	216
Total assets	\$ 18,077	\$ 15,417
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,551	\$ 1,597
Accrued expenses and other current liabilities	2,864	2,639
Accrued expense due to affiliates	1,752	1,190
Restructuring charges	-	99
Customer Deposits	560	1,658
Lines of credit	5,318	2,969
Total current liabilities	13,045	10,152
Minority Interest and other long-term liabilities	504	415
Total liabilities	13,549	10,567
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value:		
Authorized shares-3,000,000		
Issued and outstanding shares-none	-	-
Common stock, \$.01 par value:		
Authorized shares-47,000,000		
Issued and outstanding shares-		
18,934,182 - December 31, 2006		
18,916,847 - December 31, 2005	189	189
Treasury Stock	(1)	(1)
Additional paid-in capital	11,484	11,059
Accumulated other comprehensive (loss) gain	(109)	17
Accumulated deficit	(7,035)	(6,414)
Total stockholders' equity	4,528	4,850
Total liabilities and stockholders' equity	\$ 18,077	\$ 15,417

\* Certain reclassifications have been made to the 2005 financial statements to conform to the 2006 presentation.