

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): May 14, 2004

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.)
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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

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

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.  
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(c) Exhibits:

99.1 Press Release of the Registrant dated May 14, 2004.

Item 12. Results of Operations and Financial Condition.  
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On May 14, 2004, 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 first quarter ended March 31, 2004, 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.

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 14, 2004

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

EXHIBIT INDEX

Exhibit Number	Description
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99.1	Press Release of the Registrant dated May 14, 2004.

## NEWS RELEASE

CONTACTS: Charles Cimitile  
Chief Financial Officer  
SPAR Group, Inc.  
(914) 332-4100

Roger S. Pondel  
PondelWilkinson Inc.  
(323) 866-6006

## SPAR GROUP REPORTS FINANCIAL RESULTS FOR 2004 FIRST QUARTER

TARRYTOWN, NY -- May 14, 2004 -- SPAR Group, Inc. (NASDAQ:SGRP) today reported financial results for the first quarter ended March 31, 2004.

For the 2004 period, SPAR incurred a net loss of \$790,000, equal to \$0.04 per share, on net revenues of \$12.8 million, compared with net income of \$1.3 million, or \$0.07 per diluted share, on net revenues of \$18.7 million in the first quarter of 2003.

"First quarter financial results showed improvement over the preceding quarter," said Robert G. Brown, SPAR Group's chairman and chief executive officer. "However, the company's performance as compared with the prior year's first quarter was impacted by the completion of a major project last year that did not recur this year and the loss of two key clients.

"We continue to build for the future and believe that our acquisitions of product demonstration companies earlier this year and last year, our recruitment of former executives of National MegaForce, our recently announced joint venture in India and other international efforts will pay handsome dividends over time," Brown said. "In addition, we continue to make excellent progress enhancing efficiencies and implementing our cost reduction program, which we anticipate will continue for the balance of this year."

"Our entire company is fully committed to returning SPAR to sustained profitability," Brown said. "Although the investments we are making today in product demos, local merchandising, international expansion and technology, including RFID, are currently contributing to our short-term losses, we believe these investments will help move the company forward and have a long-term positive impact on our results."

SPAR Group, Inc. is a diversified international marketing services company, providing a broad array of productivity enhancing products and services to help Fortune 1000 companies improve their sales, operating efficiency and profits. The company provides in-store merchandising, in-store

demonstrations, technology and research to manufacturers and retailers covering all product classifications and all classes of trade, including mass market, drug store, and grocery chains, throughout the United States and internationally.

Certain statements in this news release are forward-looking, including, but not limited to, benefits to be derived from the company's acquisition of in-store demonstration companies, recruitment, India joint venture, other international efforts, and programs to enhance efficiencies, reduce costs and stimulate revenue growth. 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's selling and marketing functions, continued customer satisfaction and contract renewal, new product development, continued technological superiority over its competitors, continued availability of capable dedicated personnel, continued cost management, the success of its international efforts, success and availability of acquisitions, and other factors, as well as by factors applicable to most companies such as general economic, competitive and other business and civil conditions. Information respecting certain of these and other factors that could effect 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)

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

	Three Months Ended	
	March 31, 2004	March 31, 2003
Net revenues	\$ 12,803	\$ 18,739
Cost of revenues	8,694	11,251
Gross profit	4,109	7,488
Selling, general and administrative expenses	4,967	4,943
Depreciation and amortization	362	378
Operating (loss) income	(1,220)	2,167
Interest expense	34	68
Other expense	1	38
(Loss) income before provision for income taxes	(1,255)	2,061
(Benefit) provision for income taxes	(465)	783
Net (loss) income	\$ (790)	\$ 1,278
Basic/diluted net (loss) income per common share:		
Net (loss) income	\$ (0.04)	\$ 0.07
Weighted average common shares - basic	18,859	18,841
Weighted average common shares - diluted	18,859	19,443

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

	March 31, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net	11,401	13,942
Prepaid expenses and other current assets	964	415

Deferred income taxes	1,873	1,305
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Total current assets	14,238	15,662
Property and equipment, net	2,038	2,099
Goodwill	9,201	8,749
Deferred income taxes	434	434
Other assets	630	926
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Total assets	\$ 26,541	\$ 27,870
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,596	\$ 1,445
Accrued expenses and other current liabilities	2,220	4,367
Accrued expense due to affiliates	1,576	996
Restructuring charges, current	685	685
Line of credit, short-term	3,889	4,084
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Total current liabilities	\$ 10,966	\$ 11,577
Other long-term liabilities	275	270
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value:		
Authorized shares - 3,000,000		
Issued and outstanding shares - none	-	-
Common stock, \$.01 par value:		
Authorized shares - 47,000,000		
Issued and outstanding shares -		
18,858,972 - March 31, 2004 and		
December 31, 2003	189	189
Additional paid-in capital	11,175	11,249
Accumulated other comprehensive loss	(8)	(7)
Retained earnings	4,186	4,976
Treasury stock	(242)	(384)
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Total stockholders' equity	15,300	16,023
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Total liabilities and stockholders' equity	\$ 26,541	\$ 27,870
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