

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.

(c) Exhibits:

99.1 Press Release of the Registrant dated August 9, 2005.

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 11, 2005

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1 Press Release of the Registrant dated August 9, 2005.

[LETTERHEAD OF PONDEL WILKINSON INC.]

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SPAR GROUP REPORTS CONTINUED IMPROVEMENT

IN FINANCIAL RESULTS FOR 2005 SECOND QUARTER

TARRYTOWN, NY--AUGUST 9, 2005--SPAR Group, Inc. (NASDAQ:SGRP) today reported continued improvement in net revenues and earnings for the second quarter and six months ended June 30, 2005, posting its fourth consecutive quarter of profitability.

Net revenues for the 2005 second quarter increased 7.3% to \$12.8 million from \$11.9 million last year. SPAR Group reported net income of \$116,000, or \$0.01 per share, for the quarter, compared with a net loss of \$12.2 million, or \$0.65 per share, for the 2004 second quarter. The 2004 second quarter loss included impairment and tax charges totaling \$9.4 million.

The gross margin percentage for the 2005 second quarter improved significantly to 36.2% from 26.1% in the corresponding period last year. Selling, general and administrative expenses were sharply lower, amounting to \$4.2 million, versus \$5.5 million a year ago.

For the first half of 2005, net revenues rose 10.5% to \$27.3 million from \$24.7 million for the corresponding prior year period. The company had net income of \$1.3 million, equal to \$0.07 per share, for the first six months of 2005, compared with a net loss of \$13.0 million, or \$0.69 per share, last year. The loss in the first six months of 2004 included impairment and tax charges totaling \$9.4 million.

"The positive second quarter financial results reflect contributions from our international operations, as well as benefits achieved from restructuring efforts and associated cost reduction measures," said Robert G. Brown, SPAR Group's chairman and chief executive officer. "While the business environment in our domestic sector remains challenging, we believe the company is well positioned for the long term, with a strong business foundation and respected industry name. Moreover, we look forward to continuing growth of our existing international operations, as well as entering additional countries."

Brown said the company's joint venture in Romania, signed during the first quarter, is now in its' start-up phase, and the China joint venture is expected to be operational before the end

of 2005. Similar agreements were signed last year in South Africa and India.

For the second quarter, SPAR Group revenue in the U.S. amounted to \$9.2 million, compared with \$10.6 million last year, with a quarterly net loss of \$33,000 in the 2005 quarter, versus a net loss of \$10.9 million (inclusive of impairment and tax charges of \$8.6 million). International revenue for the 2005 second quarter rose to \$3.6 million from \$1.3 million last year, primarily as result of the consolidation of the joint venture in Japan, commencement of operations in South Africa, Turkey and India, as well as an increase in the Canadian business. International net income amounted to \$149,000, compared with a net loss of \$1.3 million in the 2004 second quarter (inclusive of impairment and tax charges of \$0.8 million).

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, throughout the United States and internationally.

Certain statements in this news release are forward-looking, including, but not limited to, further benefits to be derived from the company's restructuring plan and cost reduction measures, contributions from international operation, expansion into new countries, an improving external economic environment and the ability to sustain positive operating results. 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)

SPAR GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (in thousands,
except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Net Revenues	\$ 12,800	\$ 11,933	\$ 27,321	\$ 24,736
Cost of revenues	8,169	8,816	16,820	17,511
Gross profit	4,631	3,117	10,501	7,225
Selling, general and administrative expenses	4,242	5,477	8,498	10,445
Impairment Charges	--	8,141	--	8,141
Depreciation and amortization	272	369	551	730
Operating income (loss)	117	(10,870)	1,452	(12,091)
Interest expense	33	64	73	98
Other (income) expense	(13)	7	(13)	8
Income (loss) before provision for income taxes and	97	(10,941)	1,392	(12,197)
Provision for income taxes	15	1,236	30	771
Income (loss) before minority interest	82	(12,177)	1,362	(12,968)
Minority interest	(34)	--	77	--
Net Income (loss)	\$ 116	\$ (12,177)	\$ 1,285	\$ (12,968)
Basic/diluted net income (loss) per common share:				
Net Income (loss) - basic/diluted	\$ 0.01	\$ (0.65)	\$ 0.07	\$ (0.69)
Weighted average common shares - basic	18,870	18,859	18,865	18,859
Weighted average common shares - diluted	19,550	18,859	19,202	18,859

SPAR GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

June 30,

December 31,

	2005	2004
	----- (Unaudited)	----- (Note)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,158	\$ 887
Accounts receivable, net	10,526	11,307
Prepaid expenses and other current assets	423	657
	-----	-----
Total current assets	12,107	12,851
Property and equipment, net	1,242	1,536
Goodwill	798	798
Other assets	198	636
	-----	-----
Total assets	\$ 14,345	\$ 15,821
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,533	\$ 2,158
Accrued expenses and other current liabilities	3,039	2,391
Accrued expense due to affiliates	714	987
Restructuring charges	99	250
Customer Deposits	1,316	1,147
Lines of credit	2,449	4,956
	-----	-----
Total current liabilities	9,150	11,889
Other long-term liabilities	56	12
Minority Interest	117	206
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Total liabilities	9,323	12,107
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-		
18,881,397 - June 30, 2005		
18,858,972 - December 31, 2004	189	189
Treasury Stock	(3)	(108)
Additional paid-in capital	11,018	11,011
Accumulated other comprehensive loss	(175)	(86)
Accumulated deficit	(6,007)	(7,292)
	-----	-----
Total stockholders' equity	5,022	3,714
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Total liabilities and stockholders' equity	\$ 14,345	\$ 15,821
	=====	=====

Note: The Balance Sheet at December 31, 2004, is an excerpt from the Company's 10-K as filed with the Securities and Exchange Commission on April 12, 2005.