

**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): March 14, 2006

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

0-27824

33-0684451

(State or Other Jurisdiction
of Incorporation)

(Commission
File No.)

(IRS Employer
Identification No.)

580 White Plains Road, Tarrytown, New York

10591

(Address of Principal Executive Offices)

(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.

(a) On March 14, 2006, 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, 2005, 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, 2006.

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 31, 2006

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer

Exhibit
Number

Description

99.1 Press Release of the Registrant dated March 14, 2006.

SPAR Group Reports 2005 Financial Results

TARRYTOWN, N.Y., Mar 14, 2006 – SPAR Group, Inc. (SGRP) today reported financial results for the year and fourth quarter ended December 31, 2005.

For the full 2005 year, the company recorded net income of \$878,000, equal to \$0.05 per share, versus a net loss of \$12.3 million, or \$0.65 per share, for 2004, including approximately \$9.4 million of impairment and tax charges for 2004. Net revenues for 2005 amounted to \$51.6 million, compared with \$51.4 million for the prior year.

Operating income for the twelve months of 2005 increased to \$1.1 million, versus an operating loss of \$12.0 million in the corresponding period last year. Selling, general and administrative expenses for the year were reduced to \$17.6 million from \$20.2 million a year ago.

Net income for the final quarter of 2005 increased 50 percent to \$733,000, equal to \$0.04 per share, from \$489,000, or \$0.03 per share, a year ago. Net revenues for the 2005 fourth quarter were \$13.2 million, compared with \$16.0 million in the fourth quarter of 2004.

Operating income for the 2005 fourth quarter was \$611,000, compared to \$639,000 in the corresponding period last year. Selling, general and administrative expenses for the 2005 fourth quarter were reduced to \$4.9 million from \$5.7 million for the same period a year ago.

Robert G. Brown, SPAR Group's chairman and chief executive officer, said results for 2005 reflected an increase in international operations as well as the continued impact of cost reduction programs put into place during the second half of 2004 to restructure the company's domestic business. He said net revenues on a comparative basis were impacted by the loss of certain domestic clients, including a major customer that experienced a change in ownership in 2004, and the consolidation of a full year's sales from the company's Japan operation in the 2004 fourth quarter. Brown said that most of the international joint venture companies contributed positively to sales. Brown also said that the company will continue its investment in technology striving to maximize efficiency and achieve further cost reductions.

International revenues for the full 2005 year were \$14.9 million compared with \$8.2 million for 2004. The international division achieved net profits of \$167,000 for 2005, compared with a net loss of \$1.3 million for 2004, including approximately \$712,000 of impairment and tax charges for 2004. For the fourth quarter of 2005, international revenues totaled \$3.9 million versus \$3.5 million on a comparative basis, excluding \$1.8 million of Japanese revenue related to the first three quarters of 2004. The international division had a net loss of \$322,000 for the 2005 fourth quarter versus a net income of \$323,000 for the 2004 fourth quarter. Revenues in the U.S. for the full year and the fourth quarter of 2005 amounted to \$36.7 million and \$9.3 million, respectively, compared with \$43.2 million and \$10.7 million in the corresponding periods a year ago. The company's domestic business registered a net profit for the full year of 2005 totaling \$711,000 versus a net loss of \$11.0 million for 2004, including approximately \$8.7 million of impairment and tax charges in 2004. For the fourth quarter of 2005, the domestic business posted a sharply higher profit of \$1.1 million versus \$166,000 for the same period a year earlier.

"The year 2005 was characterized by continued progress in expanding our international operations, with joint ventures established in Lithuania, Romania and China," Brown said.

"Domestically, we successfully implemented and executed strategies to reduce costs throughout the company. As 2006 unfolds, we look forward to increasing our domestic market share and entering new international markets."

With joint venture partners in Japan, Turkey, South Africa, India, Romania, Lithuania and China, as well as operations in Canada and the United States, 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 and research services throughout the United States and internationally to manufacturers and retailers covering all product classifications and all classes of trade, including mass market, drug store, electronic store, convenience store and grocery chains. For more information, visit the company's Web site, www.sparinc.com.

Certain statements in this news release are forward-looking, including, but not limited to, entering new international markets and enhancing the company's domestic business. 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.

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Net Revenues	\$ 13,205	\$ 15,952	\$ 51,586	\$ 51,370
Cost of revenues	7,525	9,170	31,939	33,644
Gross profit	5,680	6,782	19,647	17,726
Selling, general and administrative expenses	4,850	5,748	17,561	20,222
Impairment charges	--	--	--	8,141
Depreciation and amortization	219	395	1,031	1,399
Operating income (loss)	611	639	1,055	(12,036)
Interest expense	89	91	191	220
Other (income) expense	(410)	13	(424)	(754)
Income (loss) before provision for income taxes and minority interests	932	535	1,288	(11,502)
Provision for income taxes	198	69	242	853
Income (loss) before minority interest	734	466	1,046	(12,355)
Minority interest	1	(23)	168	(87)
Net income (loss)	\$ 733	\$ 489	\$ 878	\$ (12,268)
Basic/diluted net income (loss) per common share:				
Net income (loss) - basic/diluted	\$ 0.04	\$ 0.03	\$ 0.05	\$ (0.65)
Weighted average common shares -- basic	18,917	18,859	18,904	18,859
Weighted average common shares - diluted	19,147	18,998	19,360	18,859

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

	December 31, 2005	December 31, 2004
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,914	\$ 887
Accounts receivable, net	10,656	11,307
Prepaid expenses and other current assets	702	657
Total current assets	13,272	12,851
Property and equipment, net	1,131	1,536
Goodwill	798	798
Other assets	216	636
Total assets	\$ 15,417	\$ 15,821

Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$ 1,597	\$ 2,158
Accrued expenses and other current liabilities	2,639	2,391
Accrued expense due to affiliates	1,190	987
Restructuring charges	99	250
Customer Deposits	1,658	1,147
Lines of credit	2,969	4,956

Total current liabilities 10,152 11,889

Other long-term liabilities 10 12

Minority Interest 405 206

Total liabilities 10,567 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-		
18,916,847 - December 31, 2005		
18,858,972 - December 31, 2004	189	189
Treasury Stock	(1)	(108)
Additional paid-in capital	11,059	11,011
Accumulated other comprehensive gain (loss)	17	(86)
Accumulated deficit	(6,414)	(7,292)

Total stockholders' equity 4,850 3,714

Total liabilities and stockholders' equity \$ 15,417 \$ 15,821

Contacts: SPAR Group, Inc.
 Charles Cimitile
 (914) 332-4100
 or
 PondelWilkinson Inc.
 Roger S. Pondel
 (310) 279-5980