
**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): 08/08/2006

INFORMATION ANALYSIS INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Commission File Number: 0-22405

VA
(State or Other Jurisdiction Of
Incorporation or Organization)

54-1167364
(I.R.S. Employer
Identification No.)

11240 Waples Mill Rd Ste 201
Fairfax, VA 22030
(Address of Principal Executive Offices, Including Zip Code)

703-383-3000
(Registrant's Telephone Number, Including Area Code)

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 (see General Instruction A.2. below):

- 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(17CFR240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act(17CFR240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act(17CFR240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition

On August 8, 2006, Information Analysis Incorporated issued a press release reporting earnings and other financial results for its second quarter. A copy of this press release, captioned "Information Analysis Inc. Reports Second Quarter Results", is attached as Exhibit 99.1 to this Current Report on Form 8-K. The information in this Current Report on Form 8-K, including the exhibit, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, 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 dated August 8, 2006, captioned:
"Information Analysis Inc. Reports Second Quarter Results"

Signature(s)

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 hereunto duly authorized.

INFORMATION ANALYSIS INCORPORATED

Date: August 8, 2006.

By: /s/ Matthew T. Sands
Matthew T. Sands
Controller

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
EX-99.1	IAI Press Release dated August 8, 2006, captioned: "Information Analysis Inc. Reports Second Quarter Results"

For additional information contact:
Richard S. DeRose (703) 293-7901
For release: August 8, 2006 at 9:00 a.m.

Information Analysis Inc. Reports Second Quarter Results

FAIRFAX, VIRGINIA – Information Analysis Inc. (OTCBB: IAIC) reported results for the second quarter ended June 30, 2006. Revenues were \$2,569,000 compared to \$3,006,000 reported in 2005's second quarter. The Company reported net income of \$154,000, or \$0.01 per share, compared to net income of \$148,000, or \$0.01 per share in 2005's second quarter. IAI had revenue of \$4,883,000, compared to \$5,193,000 reported for six months ending June 30, 2005. Net income for the first six months of fiscal 2006 was \$239,000, or \$0.02 per share, versus net income of \$220,000, or \$0.02 per share, in the comparable 2005 period.

"Our second quarter profit continued to improve over last year's results," said Sandor Rosenberg, Chairman and Chief Executive Officer of IAI. "The Company is continuing the active pursuit of the conversion and system modernization business in addition to developing business opportunities in the area of Web applications. We now are working on a number of bid opportunities for new business and additional add-on business to existing contracts, which are expected to be awarded during the later part of the year.

"As our financial strength continues to grow, we expect more opportunities to expand our business through M&A activities."

About Information Analysis Incorporated

Information Analysis Incorporated (www.infoa.com), headquartered in Fairfax, Virginia, is an information technology services company. The Company is a web solution provider and software conversion specialist, modernizing legacy systems and extending their reach to the Internet world.

Additional information for investors

This release may contain forward-looking statements regarding the Company's business, customer prospects, or other factors that may affect future earnings or financial results. Such statements involve risks and uncertainties which could cause actual results to vary materially from those expressed in the forward-looking statements. These include the failure to obtain sufficient contracts, and to profitably complete those contracts. Investors should read and understand the risk factors detailed in the Company's 10-KSB for the fiscal year ended December 31, 2005 and in other filings with the Securities and Exchange Commission.

— more —

Information Analysis Reports Second Quarter Results

August 8, 2006

Page 2 of 4

**Information Analysis Incorporated
Condensed Income Statements**

	Three months ended June 30,	
	2006	2005
<i>(in thousands, except per share data; unaudited)</i>		
Sales:		
Professional fees	\$ 2,299	\$ 2,372
Software sales	270	634
Total sales	<u>2,569</u>	<u>3,006</u>
Cost of goods sold and services provided:		
Cost of professional fees	1,703	1,837
Cost of software sales	225	564
Total cost of sales	<u>1,928</u>	<u>2,401</u>
Gross margin	641	605
Operating expenses:		
Selling, general and administrative	489	452
Operating income	152	153
Other income (expense)	2	(5)
Income before income taxes	154	148
Provision for income taxes	—	—
Net income	<u>\$ 154</u>	<u>\$ 148</u>
Comprehensive Income	<u>\$ 154</u>	<u>\$ 148</u>
Net income per share:		
Basic and diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Shares used in calculating earnings per share:		
Basic	11,035,507	10,296,527
Diluted	11,504,714	11,292,107

— more —

Information Analysis Incorporated
Condensed Income Statements

	Six months ended June 30,	
	2006	2005
<i>(in thousands, except per share data; unaudited)</i>		
Sales:		
Professional fees	\$ 4,495	\$ 4,486
Software sales	388	707
Total sales	4,883	5,193
Cost of goods sold and services provided:		
Cost of professional fees	3,454	3,519
Cost of software sales	295	605
Total cost of sales	3,749	4,124
Gross margin	1,134	1,069
Operating expenses:		
Selling, general and administrative	898	840
Operating income	236	229
Other income (expense)	3	(9)
Income before income taxes	239	220
Provision for income taxes	—	—
Net income	\$ 239	\$ 220
Comprehensive Income	\$ 239	\$ 220
Net income per share:		
Basic and diluted	\$ 0.02	\$ 0.02
Shares used in calculating earnings per share:		
Basic	10,890,164	10,290,057
Diluted	11,399,119	11,151,036

— more —

Information Analysis Reports Second Quarter Results

August 8, 2006

Page 4 of 4

**Information Analysis Incorporated
Condensed Balance Sheets**

	As of <u>June 30, 2006</u> <i>(unaudited)</i>	As of <u>December 31, 2005</u> <i>(audited)</i>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 668	\$ 452
Accounts receivable, net	2,233	1,994
Prepaid expenses	324	183
Note receivable	105	85
Other assets	12	—
Other receivables	4	15
Total current assets	<u>3,346</u>	<u>2,729</u>
Fixed assets, net	58	57
Other assets	2	9
Total assets	<u>\$ 3,406</u>	<u>\$ 2,795</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,137	\$ 1,175
Deferred revenues	440	214
Accrued payroll and related liabilities	328	321
Other accrued liabilities	129	125
Income taxes payable	—	4
Total liabilities	<u>2,034</u>	<u>1,839</u>
Common stock, par value \$0.01, 30,000,000 shares authorized; 12,779,987 shares issued, 11,137,371 outstanding at June 30, 2006, and 12,127,626 shares issued, 10,623,015 outstanding at December 31, 2005	128	121
Additional paid in capital	14,458	14,212
Accumulated deficit	(12,272)	(12,511)
Accumulated other comprehensive loss	(12)	(12)
Less treasury stock; 1,642,616 shares at cost at June 30, 2006, and 1,504,611 shares at cost At December 31, 2005	<u>(930)</u>	<u>(854)</u>
Total stockholders' equity	<u>1,372</u>	<u>956</u>
Total liabilities and stockholders' equity	<u>\$ 3,406</u>	<u>\$ 2,795</u>