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

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**FORM 10-QSB**

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(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2005

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-22405

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**INFORMATION ANALYSIS INCORPORATED**

(Exact name of small business issuer as specified in its charter)

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**Virginia**  
(State or other jurisdiction of  
incorporation or organization)

**54-1167364**  
(IRS Employer  
Identification No.)

**11240 Waples Mill Road, Suite 201, Fairfax, VA 22030**  
(Address of principal executive offices)

**(703) 383-3000**  
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

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Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, par value \$0.01, 10,298,015 shares as of May 12, 2005

Transitional Small Business Disclosure Format (Check one): Yes  No

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INFORMATION ANALYSIS INCORPORATED  
FORM 10-QSB

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**INFORMATION ANALYSIS INCORPORATED  
CONSOLIDATED BALANCE SHEETS**

	March 31, 2005 Unaudited	December 31, 2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ —	\$ 115,917
Accounts receivable, net	2,112,148	2,169,790
Notes receivable	85,000	85,000
Prepaid expenses	76,001	47,579
Other receivables	2,864	6,910
<b>Total current assets</b>	<b>2,276,013</b>	<b>2,425,196</b>
Fixed assets, net	46,545	34,551
Investments	3,000	3,000
Other assets	6,781	7,447
<b>Total assets</b>	<b>\$ 2,332,339</b>	<b>\$ 2,470,194</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving line of credit	\$ 220,371	\$ 219,650
Accounts payable	1,250,244	1,566,788
Accrued payroll and related liabilities	277,290	277,172
Notes payable	125,000	125,000
Other accrued liabilities	106,141	64,748
Deferred revenue	101,394	83,844
Bank overdraft	32,106	—
<b>Total current liabilities</b>	<b>2,112,546</b>	<b>2,337,202</b>
<b>Total liabilities</b>	<b>2,112,546</b>	<b>2,337,202</b>
Stockholders' equity:		
Common stock, par value \$0.01, 30,000,000 shares authorized; 11,788,126 shares issued, 10,283,515 outstanding at March 31, 2005 and December 31, 2004	117,881	117,881
Additional paid in capital	14,136,519	14,122,019
Accumulated deficit	(13,171,294)	(13,243,595)
Accumulated other comprehensive income	(9,000)	(9,000)
Treasury stock, 1,504,611 shares at cost	(854,313)	(854,313)
<b>Total stockholders' equity</b>	<b>219,793</b>	<b>132,992</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,332,339</b>	<b>\$ 2,470,194</b>

*The accompanying notes are an integral part of the consolidated financial statements*

**INFORMATION ANALYSIS INCORPORATED  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE INCOME**

	For the three months ended March 31,	
	2005 Unaudited	2004 Unaudited
Sales		
Professional fees	\$ 2,115,095	\$ 1,990,539
Software sales	72,148	125,862
Total sales	<u>2,187,243</u>	<u>2,116,401</u>
Cost of sales		
Cost of professional fees	1,681,890	1,660,813
Cost of software sales	41,073	66,605
Total cost of sales	<u>1,722,963</u>	<u>1,727,418</u>
Gross profit	464,280	388,983
Selling, general and administrative expenses	388,387	328,109
Income from operations	75,893	60,874
Other income (expenses), net	(3,592)	(7,533)
Income before provision for income taxes	72,301	53,341
Provision for income taxes	—	—
Net income	<u>\$ 72,301</u>	<u>\$ 53,341</u>
Comprehensive income	<u>\$ 72,301</u>	<u>\$ 53,341</u>
Earnings per common share:		
Basic:		
Net income	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Diluted:		
Net income	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding:		
Basic	10,283,515	10,283,515
Diluted	11,078,563	10,944,470

*The accompanying notes are an integral part of the consolidated financial statements*

**INFORMATION ANALYSIS INCORPORATED  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the three months ended March 31,	
	2005 Unaudited	2004 Unaudited
<b>Cash flows from operating activities:</b>		
Net income	\$ 72,301	\$ 53,341
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Depreciation and amortization	5,317	5,030
Reduction of accounts payable through issuance of equity	4,500	—
Payment of contractor incentive through issuance of equity	10,000	—
Amortization of capitalized software	—	20,862
Gain on sale of fixed assets	—	(415)
Changes in operating assets and liabilities		
Accounts receivable	57,642	134,198
Other receivables and prepaid expenses	(23,710)	(13,012)
Accounts payable, accrued expenses and bank overdraft	(242,919)	37,628
Deferred revenue	17,550	(19,913)
Net cash (used) provided by operating activities	(99,319)	217,719
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	(17,319)	(3,504)
Proceeds from sale of fixed assets	—	1,465
Net cash used by investing activities	(17,319)	(2,039)
<b>Cash flows from financing activities:</b>		
Net borrowing (payments) under revolving line of credit	721	(530,676)
Net cash provided (used) by financing activities	721	(530,676)
Net decrease in cash and cash equivalents	(115,917)	(314,996)
Cash and cash equivalents at beginning of the period	115,917	317,921
Cash and cash equivalents at end of the period	\$ —	\$ 2,925
<b>Supplemental cash flow information</b>		
Interest paid	\$ 8,761	\$ 7,027

*The accompanying notes are an integral part of the consolidated financial statements*

**PART I**

**Item 1. Financial Statements.**

**INFORMATION ANALYSIS INCORPORATED  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

The accompanying consolidated financial statements have been prepared by Information Analysis Incorporated (“IAI” or the “Company”) pursuant to the rules and regulations of the Securities and Exchange Commission. Financial information included herein is unaudited; however, in the opinion of management, all adjustments (which include normal recurring adjustments) considered necessary for a fair presentation have been made. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations, but the Company believes that the disclosures made are adequate to make the information presented not misleading. For more complete financial information, these financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2004 included in the Company’s annual report on Form 10-KSB. Results for interim periods are not necessarily indicative of the results for any other interim period or for the full fiscal year.

**2. Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Although the Company has an accumulated deficit of \$13,171,000, it achieved net income of approximately \$72,000 for the three months ended March 31, 2005. The Company’s financial position, however, remains challenged.

The Company’s credit facility expires June 16, 2005, and is payable on demand. Should the lender demand payment, or fail to renew the credit facility upon expiration, the Company may not be able to repay the credit facility or borrow sufficient funds from another financial institution to refinance it. Management expects that the credit facility will continue to be extended under its existing terms.

Management is seeking alternative financing and capital sources to replace the existing credit facility. The Company’s ability to continue operations, however, is contingent upon obtaining new financing and capital, sustaining its return to profitable operations, improving its gross margins, and reducing overhead and general and administrative costs. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**3. Stock-based Compensation**

The Company has an incentive stock option plan, which became effective June 25, 1996. The plan provides for the granting of stock options to certain employees and directors. The maximum number of shares for which options may be granted under the plan is 3,075,000. Options expire no later than ten years from the date of grant or when employment ceases, whichever comes first, and vest over periods determined by the Board of Directors. The average vesting period for options granted in 2005 was eighteen months. The exercise

**3. Stock-based Compensation (cont.)**

price of each option equals the quoted market price of the Company's stock on the date of grant. The stock option plan is accounted for under Accounting Principles Board (APB) Opinion No. 25. Accordingly, no compensation has been recognized for the plan. Had compensation cost for the plan been determined based on the estimated fair value of the options at the grant date consistent with the method of Statement of Financial Accounting Standards (SFAS) No. 123, the Company's net income and earnings per share would have been:

	Three months ending March 31,	
	2005	2004
Net income		
As reported	\$72,301	\$53,341
Pro forma	\$69,010	\$46,485
Net income		
per share basic		
As reported	\$ 0.01	\$ 0.01
Pro forma	\$ 0.01	\$ 0.00
Net income		
per share diluted		
As reported	\$ 0.01	\$ 0.01
Pro forma	\$ 0.01	\$ 0.00

**4. Net Income Per Share**

Earnings per share are presented in accordance with SFAS No. 128, "Earnings Per Share." This statement requires dual presentation of basic and diluted earnings per share on the face of the income statement. Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, except for periods when the Company reports a net loss because the inclusion of such items would be antidilutive.

The following is a reconciliation of the amounts used in calculating basic and diluted net income per common share.

	Net Income	Shares	Per Share Amount
Basic net income per common share for the three months ended March 31, 2005:			
Income available to common stockholders	\$72,301	10,283,515	\$ 0.01
Effect of dilutive stock options	—	185,474	—
Effect of dilutive warrants	—	109,574	—
Effect of dilutive convertible notes	3,750	500,000	—
Diluted net income per common share for the three months ended March 31, 2005:	\$76,051	11,078,563	\$ 0.01
Basic net income per common share for the three months ended March 31, 2004:			
Income available to common stockholders	\$53,341	10,283,515	\$ 0.01
Effect of dilutive stock options	—	94,479	—
Effect of dilutive warrants	—	66,476	—
Effect of dilutive convertible notes	3,750	500,000	—
Diluted net income per common share for the three months ended March 31, 2004:	\$57,091	10,944,470	\$ 0.01

**Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation**

**Cautionary Statement Regarding Forward-Looking Statements**

This Form 10-QSB contains forward-looking statements regarding the Company's business, customer prospects, or other factors that may affect future earnings or financial results that are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which could cause actual results to vary materially from those expressed in the forward-looking statements. Investors should read and understand the risk factors detailed in the Company's 10-KSB for the fiscal year ended December 31, 2004 and in other filings with the Securities and Exchange Commission.

**Three Months Ended March 31, 2005 Versus Three Months Ended March 31, 2004**

*Revenue*

IAI's revenues in the first quarter of 2005 were \$2,187,243, compared to \$2,116,401 in the first quarter of 2004, an increase of 3.3%. Professional services revenue was \$2,115,095 versus \$1,990,539, an increase of 6.3%, and product revenue was \$72,148 versus \$125,862, a decrease of 42.7%. The increase in professional services revenue is due primarily to new contracts on which work began after the first quarter of 2004, and on expansion of existing contracts. The decrease in product revenue is primarily due to a lack of sales of the ICONS suite of software conversion tools in the first quarter of 2005. ICONS is generally sold in conjunction with professional services over a specified contract term. The Company continues to have a steady pipeline of bidding opportunities for new and follow-on business. Revenues are expected to maintain their current levels or to increase in the remainder of 2005.

*Gross Margins*

Gross margin was \$464,280, or 21.2% of sales, in the first quarter of 2005 versus \$388,983, or 18.4% of sales, in the first quarter of 2004. Of the \$464,280 in 2005, \$433,205 was attributable to professional services and \$31,075 was attributable to software sales. Gross margin, as a percentage of sales, was 20.5% for professional services and 43.1% for software sales for the first quarter of 2005. In the first quarter of 2004, the Company reported gross margins of 16.6% for professional services and 47.1% for software sales. The increase in professional services gross margin as a percentage of sales is largely due to better margins related to our electronic forms services and to better margins on employees hired for new contracts or as replacements under existing contracts. The decrease in software sales gross margin as a percentage of sales is due to a lack of sales of the higher-margin ICONS suite of software conversion tools in the first quarter of 2005. Since the capitalized cost of ICONS was fully amortized as of September 30, 2004, higher gross margins will be associated with the sales of ICONS than would have existed in prior periods.

**Three Months Ended March 31, 2005 Versus Three Months Ended March 31, 2004 (cont.)**

*Selling, General and Administrative*

Selling, general and administrative expenses were \$388,387, or 17.8% of revenues, in the first quarter of 2005 versus \$328,109, or 15.5% of revenues, in the first quarter of 2004. The increase in these expenses is due to increased costs of local area network administration, including the upgrade of equipment and software, an increase in recruiting fees, especially for personnel with security clearances, a decrease in unpaid leave taken by administrative personnel, an incentive paid to a contractor, and legal and accounting fees related to the additional requirements of the Sarbanes-Oxley Act of 2002. We continue to control expenses and reduce them wherever practical, and we believe that only marginal increases in expenses will result from increases in the number of contracts under which we operate. The total cost of additional Sarbanes-Oxley requirements has not yet been fully determined.

*Profits*

The Company generated income from operations of \$75,893 in the first quarter of 2005 compared to income from operations of \$60,874 in the first quarter of 2004. There was net income of \$72,301 for the first quarter of 2005 versus net income of \$53,341 for the same period in 2004. The change in profitability is directly related to increased margins on professional services sales, and to the settlement of an outstanding payable. We believe that our current backlog of contracts, in addition to our pipeline of new opportunities, will enable us to maintain profitability in the remainder of 2005.

**Business Strategy**

We continue to pursue merger and acquisition opportunities as a strategy for growth.

**Liquidity and Capital Resources**

Through the first three months of 2005, we financed operations from current collections and through our bank line of credit. Cash and cash equivalents at March 31, 2005 were zero compared to \$115,917 at December 31, 2004. Our balance sheet reflects a bank overdraft of \$32,106 as of March 31, 2005, compared to cash and cash equivalents of \$115,917 at December 31, 2004. Our line of credit advances automatically to maintain a target balance in our checking account as checks clear. A bank overdraft balance on our books occurs when the total of our outstanding checks are larger than our target checking balance, though there are funds available on the line of credit. As of March 31, 2005, we had \$220,371 outstanding on our line of credit versus an outstanding balance of \$219,650 at December 31, 2004.

We have a revolving line of credit with a bank providing for demand or short-term borrowings of up to \$500,000. The line of credit is callable on demand, and next expires on June 16, 2005. We believe the line of credit will be renewed at substantially equivalent terms.

We have outstanding convertible notes in the amount of \$125,000. These notes originally came due on September 30, 2004. All of the note holders offered, and we accepted, a one-year extension of the maturity of the notes. We believe that we will be able to retire the notes on the due date of September 30, 2005, if the conversion privilege has not yet been exercised.

**Liquidity and Capital Resources (cont.)**

We are in negotiations with various organizations to obtain a new line of credit. The current line of credit, or a similar new credit facility, when coupled with funds generated from operations, assuming the operations are cash flow positive, should be sufficient to meet our operating cash requirements. We may periodically be required to delay timely payments of our accounts payable. Cash flow from operations may not be sufficient to provide additional working capital necessary to repay certain past due payables.

We cannot be certain that there will not be a need for additional cash resources in 2005. Accordingly, we may from time to time consider additional equity offerings to finance business expansion. We are uncertain that we will be able to raise additional capital.

The Company has no material commitments for capital expenditures.

**Item 3. Controls and Procedures**

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, with the participation of the Company's management, the Company's principal executive officer and principal financial officer conducted an evaluation (as required by paragraph (b) of Rule 13a-15 or Rule 15d-15 under the Exchange Act) of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) Changes in Internal Control over Financial Reporting. There have been no significant changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or Rule 15d-15 under the Exchange Act that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting. There have been no significant changes subsequent to the date of the evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. Accordingly, no corrective actions were required or undertaken.

**PART II - OTHER INFORMATION**

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

In March 2005 we issued warrants, expiring 5 years from issuance date, for 12,000 shares of common stock at \$0.01 per share to one trade creditor, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., our outside counsel, to satisfy its claims in the aggregate amount of \$12,382. We also issued warrants, expiring 5 years from issuance date, for 100,000 shares of common stock at \$0.36 per share to one independent business development consultant in consideration of contracts acquired on behalf of the Company and to further align the consultant's interests with the Company going forward. The value of these warrants were determined using the Black-Scholes model, allowing for a marketability discount for the unregistered shares. All March 2005 warrants are exercisable immediately, and contain a conversion right in lieu of payment of the exercise price. We relied upon section 4(2) in issuing these securities without registration under the Securities Act of 1933, as amended. No commissions were paid in connection with the issuance of these warrants.

**Item 6. Exhibits and Reports on Form 8-K**

(a) Exhibits:

See Exhibit Index on page 11.

**SIGNATURES**

In accordance with the requirements of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Information Analysis Incorporated  
(Registrant)

Date: May 13, 2005

By: /S/ Sandor Rosenberg

\_\_\_\_\_  
Sandor Rosenberg, Chairman of the  
Board, Chief Executive Officer,  
and President

By: /S/ Richard S. DeRose

\_\_\_\_\_  
Richard S. DeRose, Executive Vice  
President, Treasurer, and Chief  
Financial Officer

**Exhibit Index**

<u>Exhibit No.</u>	<u>Description</u>	<u>Location</u>
4.6	Form of Warrant issued in March 2005	Filed with this Form 10-QSB, page 12
31.1	Certification by Chief Executive Officer under Section 302 of the Sabanes-Oxley Act of 2002	Filed with this Form 10-QSB, page 21
31.2	Certification by Chief Financial Officer under Section 302 of the Sabanes-Oxley Act of 2002	Filed with this Form 10-QSB, page 22
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed with this Form 10-QSB, page 23
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed with this Form 10-QSB, page 24

## FORM OF WARRANT

THIS WARRANT AND THE SHARES OF CAPITAL STOCK ISSUED UPON ANY EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED BY ANY PERSON, INCLUDING A PLEDGEE, UNLESS (1) EITHER (A) A REGISTRATION WITH RESPECT TO THERETO SHALL BE EFFECTIVE UNDER THE SECURITIES ACT, OR (B) THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE, AND (2) THERE SHALL HAVE BEEN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

March \_\_, 2004

For the Purchase of  
\_\_\_\_\_ shares  
of Common Stock

## WARRANT TO PURCHASE STOCK

OF

INFORMATION ANALYSIS INCORPORATED  
(A VIRGINIA CORPORATION)

Information Analysis Incorporated, a Virginia corporation (the "Company"), for value received, hereby certifies that \_\_\_\_\_ (the "Holder") is entitled, subject to the terms set forth below, to purchase from the Company, at any time or from time to time at or before the expiration of five (5) years following the date hereof (the "Expiration Date"), twelve thousand (12,000) shares of Common Stock, par value \$.01 per share, of the Company (the "Common Stock"), at a purchase price per share equal to \_\_\_\_\_ (\$ \_\_ ) per share (the "Base Price"), as adjusted upon the occurrence of certain events as set forth in Section 3 of this Warrant. The shares of stock issuable upon exercise of this Warrant, and the purchase price per share, are hereinafter referred to as the "Warrant Stock" and the "Purchase Price," respectively.

1. Exercise.

1.1 Manner of Exercise; Payment in Cash This Warrant may be exercised by the Holder, in whole or in part, by surrendering this Warrant, with the purchase form appended hereto as Exhibit A duly executed by the Holder, at the principal office of the Company, or at such other place as the Company may designate, accompanied by payment in full of the Purchase Price payable in respect of the number of shares of Warrant Stock purchased upon such exercise. Payment of the Purchase Price shall be in cash or by certified or official bank check payable to the order of the Company.

1.2 Effectiveness. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the day on which this Warrant shall have been surrendered to the Company as provided in Section 1.1 above. At such time, the person or persons in whose name or names any certificates for Warrant Stock shall be issuable upon such exercise as provided in Section 1.3 below shall be deemed to have become the holder or holders of record of the Warrant Stock represented by such certificates.

1.3 Delivery of Certificates. As soon as practicable after the exercise of this Warrant in full or in part, and in any event within ten (10) business days thereafter, the Company at its sole expense will cause to be issued in the name of, and delivered to, the Holder, or, subject to the terms and conditions hereof, as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct:

(a) A certificate or certificates for the number of full shares of Warrant Stock to which such Holder shall be entitled upon such exercise plus, in lieu of any fractional share to which such Holder would otherwise be entitled, cash in an amount determined pursuant to Section 2 hereof, and

(b) In case such exercise is in part only, a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of shares of Warrant Stock (without giving effect to any adjustment therein) equal to the number of such shares called for on the face of this Warrant minus the number of such shares purchased by the Holder upon such exercise as provided in Section 1.1 above.

1.4 Right to Convert Warrant into Stock: Net Issuance.

(a) Right to Convert. In addition to and without limiting the rights of the Holder under the terms of this Warrant, the Holder shall have the right to convert this Warrant or any portion thereof (the "Conversion Right") into shares of Common Stock as provided in this Section 1.4 at any time or from time to time during the term of this Warrant. Upon exercise of the Conversion Right with respect to a particular number of shares subject to this Warrant (the "Converted Warrant Shares"), the Company shall deliver to the Holder (without payment by the Holder of any Purchase Price or any cash or other consideration) that number of shares of fully paid and nonassessable Common Stock equal to the quotient obtained by dividing (X) the value of this Warrant (or the specified portion hereof) on the Conversion Date (as defined in subsection (b) hereof), which value shall be determined by subtracting (A) the aggregate Purchase Price of the Converted Warrant Shares immediately prior to the exercise of the Conversion Right from (B) the aggregate fair market value of the Converted Warrant Shares issuable upon exercise of this Warrant (or the specified portion hereof) on the Conversion Date (as herein defined) by (Y) the fair market value of one share of Common Stock on the Conversion Date (as herein defined).

Expressed as a formula, such conversion shall be computed as follows:

$$X = \frac{B-A}{Y}$$

where: **X = the number of shares of Common Stock that may be issued to Holder**

Y = the fair market value (FMV) of one share of Common Stock

A = **the aggregate Warrant Price (Converted Warrant Shares x Purchase Price)**

B = the aggregate FMV (i.e., FMV x Converted Warrant Shares)

No fractional shares shall be issuable upon exercise of the Conversion Right, and, if the number of shares to be issued determined in accordance with the foregoing formula is other than a whole number, the Company shall pay to the Holder an amount in cash equal to the fair market value of the resulting fractional share of the Conversion Date (as herein defined).

(b) Method of Exercise. The Conversion Right may be exercised by the Holder by the surrender of this Warrant at the principal office of the Company together with the Purchase Form in the form attached hereto duly completed and executed and indicating the number of shares subject to this Warrant which are being surrendered (referred to in Section 1.4(a) hereof as the Converted Warrant Shares) in exercise of the Conversion Right. Such conversion shall be effective upon receipt by the Company of this Warrant together with the aforesaid written statement, or on such later date as is specified therein (the "Conversion Date"), and, at the election of the Holder hereof, may be made contingent upon the occurrence of any of the events specified in such written statement. Certificates for the shares issuable upon exercise of the Conversion Right and, if applicable, a new Warrant evidencing the balance of the shares remaining subject to this Warrant, shall be issued as of the Conversion Date and shall be delivered to the Holder within thirty (30) days following the Conversion Date.

(c) Determination of Fair Market Value. For purposes of this Section 1.4(c), “fair market value” of a share of Common Stock as of a particular date (the “Determination Date”) shall mean:

(i) If traded on a securities exchange, the fair market value of the Common Stock shall be deemed to be the average of the closing prices of the Common Stock on such exchange over the five-day period ending one business day prior to the Determination Date or, if less, such number of days as the Common Stock has been traded on such exchange;

(ii) If traded over-the-counter, the fair market value of the Common Stock shall be deemed to be the average of the closing bid prices of the Common Stock over the five-day period ending one business day prior to the Determination Date or, if less, such number of days as the Common Stock has been traded over-the-counter; and

(iii) If there is no public market for the Common Stock, then fair market value shall be determined in good faith by the Board of Directors of the Company.

2. Fractional Shares. The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but shall make an adjustment therefor in cash on the basis of the fair market value of the Warrant Stock reasonably determined by the Board of Directors of the Company.

### 3. Certain Adjustments.

3.1 Changes in Common Stock. If the Company shall (i) combine the outstanding shares of Common Stock into a lesser number of shares, (ii) subdivide the outstanding shares of Common Stock into a greater number of shares, or (iii) issue additional shares of Common Stock as a dividend or other distribution with respect to the Common Stock, the number of shares of Warrant Stock shall be equal to the number of shares which the Holder would have been entitled to receive after the happening of any of the events described above if such shares had been issued immediately prior to the happening of such event, such adjustment to become effective concurrently with the effectiveness of such event. The Purchase Price in effect immediately prior to any such combination of Common Stock shall, upon the effectiveness of such combination, be proportionately increased. The Purchase Price in effect immediately prior to any such subdivision of Common Stock or at the record date of such dividend shall upon the effectiveness of such subdivision or immediately after the record date of such dividend be proportionately reduced.

3.2 Reorganizations and Reclassifications. If there shall occur any capital reorganization or reclassification of the Common Stock (other than a change in par value or a subdivision or combination as provided for in Section 3.1), then, as part of any such reorganization or reclassification, lawful provision shall be made so that the Holder shall have the right thereafter to receive upon the exercise hereof the kind and amount of shares of stock or other securities or property which such Holder would have been entitled to receive if, immediately prior to any such reorganization or reclassification, such Holder had held the number of shares of Common Stock which were then purchasable upon the exercise of this Warrant. In any such case, appropriate adjustment (as reasonably determined by the Board of Directors of the Company) shall be made in the application of the provisions set forth herein with respect to the rights and interests thereafter of the Holder such that the provisions set forth in this Section 3 (including provisions with respect to adjustment of the Purchase Price) shall thereafter be applicable, as nearly as is reasonably practicable, in relation to any shares of stock or other securities or property thereafter deliverable upon the exercise of this Warrant.

3.3 Merger, Consolidation or Sale of Assets. If there shall be a merger or consolidation of the Company with or into another corporation (other than a merger or reorganization involving only a change in the state of incorporation of the Company or the acquisition by the Company of other businesses where the Company survives as a going concern), or the sale of all or substantially all of the Company’s capital stock or assets to any other person, then as a part of such transaction, provision shall be made so that the Holder shall

thereafter be entitled to receive the number of shares of stock or other securities or property of the Company, or of the successor corporation resulting from the merger, consolidation or sale, to which the Holder would have been entitled if the Holder had exercised its rights pursuant to the Warrant immediately prior thereto. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3 to the end that the provisions of this Section 3 shall be applicable after that event in as nearly equivalent a manner as may be practicable.

3.4 Certificate of Adjustment. When any adjustment is required to be made in the Purchase Price, the Company shall promptly mail to the Holder a certificate setting forth the Purchase Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Delivery of such certificate shall be deemed to be a final and binding determination with respect to such adjustment unless challenged by the Holder within ten (10) days of receipt thereof. Such certificate shall also set forth the kind and amount of stock or other securities or property into which this Warrant shall be exercisable following the occurrence of any of the events specified in this Section 3.

#### 4. Compliance with Securities Act

4.1 Unregistered Securities. The Holder acknowledges that this Warrant and the Warrant Stock have not been registered under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any successor legislation (the “**Securities Act**”), and agrees not to sell, pledge, distribute, offer for sale, transfer or otherwise dispose of this Warrant or any Warrant Stock in the absence of (i) an effective registration statement under the Securities Act covering this Warrant or such Warrant Stock and registration or qualification of this Warrant or such Warrant Stock under any applicable “blue sky” or state securities law then in effect, or (ii) an opinion of counsel, satisfactory to the Company, that such registration and qualification are not required.

4.2 Investment Letter. Without limiting the generality of Section 4.1, unless the offer and sale of any shares of Warrant Stock shall have been effectively registered under the Securities Act, the Company shall be under no obligation to issue the Warrant Stock unless and until the Holder shall have executed an investment letter in form and substance satisfactory to the Company, including a warranty at the time of such exercise that the Holder is acquiring such shares for its own account, for investment and not with a view to, or for sale in connection with, the distribution of any such shares.

4.3 Legend. Certificates delivered to the Holder pursuant to Section 1.3 shall bear the following legend or a legend in substantially similar form:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN TAKEN FOR INVESTMENT AND THEY MAY NOT BE SOLD OR OTHERWISE TRANSFERRED BY ANY PERSON, INCLUDING A PLEDGEE, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN OPINION OF COUNSEL THAT AN EXEMPTION FROM REGISTRATION IS THEN AVAILABLE.”

5. Reservation of Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of this Warrant, such shares of Warrant Stock and other stock, securities and property, as from time to time shall be issuable upon the exercise of this Warrant. The Company covenants that all shares of Warrant Stock so issuable will, when issued, be duly and validly issued, fully paid and nonassessable.

#### 6. Registration Rights

6.1. “Piggy Back” Registration. If at any time the Company shall determine to register under the Securities Act, any of its Common Stock, other than on Form S-8 or its then equivalent, it shall send to the

Holder written notice of such determination and, if within thirty (30) days after receipt of such notice, the Holder shall so request in writing, the Company shall use its best efforts to include in such registration statement all or any part of the Warrant Stock except that if, in connection with any offering involving an underwriting of Common Stock to be issued by the Company, the managing underwriter shall impose a limitation on the number of shares of such Common Stock which may be included in any such registration statement because, in its judgment, such limitation is necessary to effect an orderly public distribution, and such limitation is imposed pro rata among the holders of such Common Stock having an incidental (“piggy back”) right to include such Common Stock in the registration statement according to the amount of such Common Stock which each Holder had requested to be included pursuant to such right, then the Company shall be obligated to include in such registration statement only such limited portion of the Warrant Stock with respect to which the Holder has requested inclusion hereunder.

6.2. Effectiveness. The Company will use its best efforts to maintain the effectiveness for up to nine (9) months of any registration statement pursuant to which any of the Warrant Stock is being offered, and from time to time will amend or supplement such registration statement and the prospectus contained therein as and to the extent necessary to comply with the Securities Act and any applicable state securities statute or regulation. The Company will also provide the Holder with as many copies of the prospectus contained in any such registration statement as it may reasonably request.

6.3. Expenses of Registration. All costs and expenses incurred by the Company in connection with any registration pursuant to this Article 6, including, without limitation, all registration, filing and qualification fees, printing expenses, fees and disbursements of counsel for the Company, the reasonable fees and disbursements of one counsel selected by the Holder, and expenses in connection with any special audits of the Company’s financial statements incidental to or required by such registration shall be paid by the Company; provided, however, that the Company shall have no obligation to pay, and the Holder shall pay, any stock transfer taxes, underwriters’ fees, discounts or commissions attributable to such Registrable Shares being sold and any other fees and disbursements of special counsel to the Holder. The Company will pay all expenses in connection with any registration initiated pursuant to this Article 6 which is withdrawn, delayed or abandoned at the request of the Company, unless such registration is withdrawn, delayed or abandoned solely because of any actions of the Holder other than an abandonment or withdrawal resulting from any material adverse change pertaining to the Company.

6.4. Indemnification of Holder. In the event that the Company registers any of the Warrant Stock under the Securities Act, the Company will indemnify and hold harmless the Holder, its officers, directors, employees, shareholders, agents, controlling persons and underwriters, from and against any and all losses, claims, damages, expenses or liabilities, to which it becomes subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse the Holder for any legal or other expenses reasonably incurred by it in connection with investigating or defending any actions whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement, in any preliminary or amended preliminary prospectus or in the prospectus (or the registration statement or prospectus as from time to time amended or supplemented by the Company) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading or any violation by the Company of any rule or regulation promulgated under the Securities Act applicable to the Company and relating to action or inaction required of the Company in connection with such registration, unless such untrue statement or omission was made in such registration statement, preliminary or amended, preliminary prospectus or prospectus in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by the Holder expressly for use therein. Promptly after receipt by the Holder of notice of the commencement of any action in respect of which indemnity may be sought against the Company, the Holder will notify the Company in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Company shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the Holder), and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity

may be sought against the Company. The Holder shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall not be at the expense of the Company unless the employment of such counsel has been specifically authorized by the Company. The Company shall not be liable to indemnify any person for any settlement of any such action effected without the Company's consent.

6.5. Indemnification of Company. In the event that the Company registers any of the Warrant Stock under the Securities Act, the Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the registration statement, each underwriter of the shares so registered (including any broker or dealer through whom such of the shares may be sold) and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act from and against any and all losses, claims, damages, expenses or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, insofar as such losses, claims, damages, expenses, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement, in any preliminary or amended preliminary prospectus or in the prospectus (or in the registration statement or prospectus as from time to time amended or supplemented) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by the Holder expressly for use therein. In no event shall the Holder's obligations hereunder exceed the net proceeds obtained by the Holder from the sale of the Warrant Stock. Promptly after receipt of notice of the commencement of any action in respect of which indemnity may be sought against the Holder, the Company will notify the Holder in writing of the commencement thereof, and the Holder shall, subject to the provisions hereinafter stated, assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the Company) and the payment of expenses insofar as such action shall relate to the alleged liability in respect of which indemnity may be sought against the Holder. The Company and each such director, officer, underwriter or controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof but the fees and expenses of such counsel shall not be at the expense of the Holder unless employment of such counsel has been specifically authorized by the Holder. The Holder shall not be liable to indemnify any person for any settlement of any such action effected without the Holder's consent.

7. Replacement of Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement (with surety if reasonably required) in an amount reasonably satisfactory to the Company, or (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will issue, in lieu thereof, a new Warrant of like tenor.

8. No Rights as Stockholder. Until the exercise of this Warrant, the Holder shall not have or exercise any rights by virtue hereof as a stockholder of the Company.

9. Notices. All notices, requests and other communications hereunder shall be in writing, shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission, (iii) sent by overnight courier, or (iv) sent by registered mail, postage prepaid, return receipt requested. In the case of notices from the Company to the Holder, they shall be sent to the address furnished to the Company in writing by the last Holder who shall have furnished an address to the Company in writing. All notices from the Holder to the Company shall be delivered to the Company at its offices at 11240 Waples Mill Road, Suite 201, Fairfax, Virginia 22030 or such other address as the Company shall so notify the Holder. All notices, requests and other communications hereunder shall be deemed to have been given (i) by hand, at the time of the delivery thereof to the receiving party at the address of such party described above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notices is delivered to the courier service, or (iv) if sent by registered mail, on the fifth business day following the day such mailing is made.

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11. Waivers and Modifications. Any term or provision of this Warrant may be waived only by written document executed by the party entitled to the benefits of such terms or provisions.

12. Headings. The headings in this Warrant are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions of this Warrant.

13. Governing Law. This Warrant will be governed by and construed in accordance with and governed by the laws of the Commonwealth of Virginia without giving effect to the conflict of law principles thereof.

INFORMATION ANALYSIS INCORPORATED

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT A**PURCHASE FORM

To: INFORMATION ANALYSIS INCORPORATED

The undersigned pursuant to the provisions set forth in the attached Warrant (No. W-\_\_\_\_), hereby irrevocably elects to (check one):

- (A) purchase \_\_\_\_\_ shares of the Common Stock, par value \$.01 per share, of Information Analysis Incorporated (the "**Common Stock**"), covered by such Warrant and herewith makes payment of \$\_\_\_\_, representing the full purchase price for such shares at the price per share provided for in such Warrant; or
- (B) convert as of the date this Purchase Form is delivered to the Company (or such later date as the Holder specifies) \_\_\_\_\_ Converted Warrant Shares into that number of shares of fully paid and nonassessable shares of Common Stock, determined pursuant to the provisions of Section 1.4 of the Warrant.

The Common Stock for which the Warrant may be exercised or converted shall be known herein as the "Warrant Stock".

The undersigned is aware that the Warrant Stock has not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws. The undersigned understands that reliance by the Company on exemptions under the Securities Act is predicated in part upon the truth and accuracy of the statements of the undersigned in this Purchase Form.

The undersigned represents and warrants that (1) it has been furnished with all information which it deems necessary to evaluate the merits and risks of the purchase of the Warrant Stock, (2) it has had the opportunity to ask questions concerning the Warrant Stock and the Company and all questions posed have been answered to its satisfaction, (3) it has been given the opportunity to obtain any additional information it deems necessary to verify the accuracy of any information obtained concerning the Warrant Stock and the Company and (4) it has such knowledge and experience in financial and business matters that it is able to evaluate the merits and risks of purchasing the Warrant Stock and to make an informed investment decision relating thereto.

The undersigned hereby represents and warrant that it is purchasing the Warrant Stock for its own account for investment and not with a view to the sale or distribution of all or any part of the Warrant Stock.

The undersigned understands that because the Warrant Stock has not been registered under the Securities Act, it must continue to bear the economic risk of the investment for an indefinite period of time and the Warrant Stock cannot be sold unless it is subsequently registered under applicable federal and state securities laws or an exemption from such registration is available.

The undersigned agrees that it will in no event sell or distribute or otherwise dispose of all or any part of the Warrant Stock unless (1) there is an effective registration statement under the Securities

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Act and applicable state securities laws covering any such transaction involving the Warrant Stock, or (2) the Company receives an opinion satisfactory to the Company of the undersigned's legal counsel stating that such transaction is exempt from registration. The undersigned consents to the placing of a legend on its certificate for the Warrant Stock stating that the Warrant Stock has not been registered and setting forth the restriction on transfer contemplated hereby and to the placing of a stop transfer order on the books of the Company and with any transfer agents against the Warrant Stock until the Warrant Stock may be legally resold or distributed without restriction.

The undersigned has considered the federal and state income tax implications of the exercise of the Warrant and the purchase and subsequent sale of the Warrant Stock.

\_\_\_\_\_  
Dated: \_\_\_\_\_

**RULE 13a-14(a) / 15d-14(a) Certification**

I, Sandor Rosenberg, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Information Analysis Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 13, 2005

By: /S/ Sandor Rosenberg

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Sandor Rosenberg, Chairman of the Board,  
Chief Executive Officer and President

A signed original of this written statement required by Section 302 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

**RULE 13a-14(a) / 15d-14(a) Certification**

I, Richard S. DeRose, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Information Analysis Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 13, 2005

By: /S/ Richard S. DeRose

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Richard S. DeRose, Executive Vice  
President, Treasurer, Chief Financial Officer

A signed original of this written statement required by Section 302 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Sandor Rosenberg, Chief Executive Officer of Information Analysis Incorporated, a Virginia corporation (the "Company"), do hereby certify, to the best of my knowledge, that:

- 1 the Company's Quarterly Report on Form 10-QSB for the period ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof, (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the periods presented therein.

Date: May 13, 2005

By: /S/ Sandor Rosenberg

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Sandor Rosenberg, Chairman of the  
Board, Chief Executive Officer, and President

A signed original of this written statement required by Section 906 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Richard S. DeRose, Chief Financial Officer of Information Analysis Incorporated, a Virginia corporation (the "Company"), do hereby certify, to the best of my knowledge, that:

- 1 the Company's Quarterly Report on Form 10-QSB for the period ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof, (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the periods presented therein.

Date: May 13, 2005

By: /S/ Richard S. DeRose

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Richard S. DeRose, Executive  
Vice President, Treasurer, and  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Information Analysis Incorporated and will be retained by Information Analysis Incorporated and furnished to the Securities and Exchange Commission or its staff upon request