

Taglich Brothers, Inc.

The Standard of Excellence in the Microcap Market

Member: NASD, SIPC

Research Note

Investors should consider this report as only a single factor in making their investment decision.

INX, Inc.

Rating: Neutral

Luis Martins

ISR \$7.33 (AMEX)

February 15, 2006

	<u>FY2002A</u>	<u>FY2003A</u>	<u>FY2004A</u>	<u>FY2005E</u>	<u>FY2006E**</u>
Revenues (Thousands)	\$42,021	\$62,152	\$93,069	\$136,737	\$152,564
Earnings per share	\$(0.10)	\$(0.50)	\$0.31	\$(0.22)*	\$0.20

52-Week Range	\$8.42 – 3.90	Fiscal Year Ends	December
Shares Outstanding (000)'s	5,977	Revs/Share (TTM)	\$22.46
Approximate Float (000's shares)	2,570	Price/Sales(TTM)	0.3X
Insider Holdings	57%	Price/Sales(2006)E	0.3X
Tangible Book Value/Share	\$1.75	Price/Earnings(TTM)*	NMF
Price/Tangible book	4.2X	Price/Earnings(2006)E	36.7X

* excluding non-cash charges; ** Fiscal 2006 assume only operations of INX.

INX, Inc. (AMEX: ISR), formerly known as I-Sector Corp., was founded in 1983 in Dallas, Texas. The Company's main focus is providing professional and integration services for Cisco-centric Internet Protocol (IP) Telephony through its InterNetwork Experts (INX) subsidiary.

Key Investment Considerations:

We are maintaining our Neutral rating on INX, Inc. (AMEX: ISR), pending: 1) additional visibility on InterNetwork Experts as the Company's sole operating business; 2) additional visibility relative to its recent acquisition; and 3) the release of fourth quarter results. Although we are maintaining our Neutral rating, we believe in recent months ISR has made substantial progress relative to its short and long term strategy.

Effective January 1, 2006, the Company changed its name to INX, Inc. from I-Sector Corp. Additionally, the Company merged its InterNetwork Experts subsidiary into INX.

On January 31, 2006, INX announced that it sold its wholly owned Stratasoft, Inc. subsidiary to The Resource Group International Limited. The transaction brings INX one step closer to the Company's goal of becoming an organization focused purely on delivering advanced IP communications solutions to enterprise organizations.

On February 6, 2006, INX announced that it acquired the assets and operations of Southern California-based Datatran Network Systems (DNS). DNS currently generates annual revenues of approximately \$10 million. This acquisition is part of the Company's strategy of expanding geographically by acquiring complementary businesses.

We are maintaining estimates for 2005 and 2006. As the Company discloses additional financial details of the DNS acquisition, we will adjust our model.

** Please view our disclaimer located on page 9.*

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Recent Developments

Name Change

Effective January 1, 2006, the Company changed its name to INX, Inc from I-Sector Corp. Additionally, the Company merged its InterNetwork Experts subsidiary into INX. The Company's new Internet address is www.inxi.com.

These changes were discussed in the Company's recent communications with investors and were pursued to better reflect the singular focus on providing enterprise IP Communications solutions and support.

Stratasoft Inc.

On January 31, 2006, INX announced that it sold its wholly owned Stratasoft, Inc. subsidiary to The Resource Group International Limited. According to an 8K filing, the purchase price was \$3 million, subject to adjustments. Other terms of the deal included:

- \$0.8 million placed in escrow, which is available to satisfy indemnified losses, if any, as defined in the agreement;
- \$0.22 million representing a preliminary net working capital adjustment. The working capital adjustment is to be finalized by March 27, 2006;
- The Company indemnified the buyer for losses to a maximum of \$1.4 million, inclusive of amounts placed in escrow. Excess funds held in escrow will be released on January 26, 2008, unless retained in escrow for potential indemnified losses as allowed in the agreement under certain circumstances;
- The Company may receive additional consideration in the form of 10% of the outstanding Stratasoft common stock, if revenue exceeds \$10 million for any consecutive twelve month period within two years of closing;
- The Company may receive additional cash consideration if Stratasoft is sold by the buyer to another party for an amount in excess of \$15 million;
- Transaction costs of \$0.614 million payable by the Company in connection with the transaction. Additional transaction costs of up to \$0.120 million are payable based on the Company's final purchase price.

The transaction brings INX one step closer to the Company's goal of becoming an organization focused purely on delivering advanced IP communications solutions to enterprise organizations.

Investors may remember that the Company engaged Raymond James Associates as its financial advisor to sell the Stratasoft business unit. Management believes that due to the continuing losses at Stratasoft, it was in the best interest of stockholders to sell this unit and build value with a focused strategy in its core INX operations. Investors may recall that after the second quarter ISR made a leadership change at Stratasoft, appointing of a new President and CEO and embarked upon a restructuring plan that called for consolidated distributed operations, reduced headcount, and other related expenses.

Earlier, ISR also reiterated its intent to sell its Valerent, business unit. On August 31, 2005, ISR announced that it was seeking a buyer for its Valerent subsidiary. According to the Company, the unit is not strategic to ISR's goal of building a leading national provider of Cisco-centric IP Communications solutions for enterprise organizations; therefore, ISR is working with a number of brokers and investment bankers on a non-exclusive basis to secure a buyer for its Valerent business.

Datatrán Network Systems

On February 6, 2006, INX announced that it acquired the assets and operations of Southern California-based Datatrán Network Systems (DNS). DNS currently generates annual revenues of approximately \$10 million. ISR expects to make near-term investments in the acquired organization to support growth and does not expect the acquisition to be immediately accretive to earnings per share, but does expect the transaction to be accretive to earnings per share by approximately six months from the date of the acquisition.

DNS is a specialized provider of network solutions serving the southern California market. DNS designs, implements and supports solutions based on Cisco Systems technologies with a primary focus on IP Telephony.

The terms of the deal were:

- \$1 million in cash, including \$0.1 million placed in escrow under holdback provisions;
- 71,003 common shares; and
- Additional consideration which is payable based on the DMS branch office revenue during the twelve-month period ending February 28, 2007. If the revenue for that period equals or exceeds:
 - \$9 million but is less than \$9.25 million, then the amount of the additional purchase consideration shall be \$0.125 million,
 - \$9.25 million but is less than \$9.5 million, then the amount of the additional purchase consideration shall be \$0.250 million,
 - \$9.5 million but is less than \$10 million then the amount of the additional purchase consideration shall be \$0.375 million,
 - \$10 million then the amount of the additional purchase consideration shall be \$0.5 million or is less than \$9 million then the amount of the additional purchase consideration shall be zero.

At the Company's option, 50% of such additional purchase price may be paid in the form of common stock.

This acquisition is part of the Company's strategy of expanding geographically by acquiring complementary businesses. Previously, the Company made two other acquisitions, InfoGroup Northwest, Inc. and Network Architechs Corp.

The acquisition of NDS is noteworthy because the Company's acquisition strategy was put on hold for some time. In the Company's second quarter earnings release, Management stated that pursuing its acquisitions strategy required that Management first resolve the issue of the aged DISD project receivables. Its attention over the past months was focused on resolving this matter. As a result, further acquisitions would be delayed. In its latest quarterly release, Management also announced a restructuring that required significant effort and focus of Management. This may likely cause acquisitions to be further delayed. A significant pause in the Company's acquisitions strategy, hampered the Company's intention to grow from a regional (Texas) to national provider of IP telephony and network infrastructure services.

Projections

We are maintaining estimates for 2005 and 2006. However, investors are cautioned that our fiscal 2006 estimates are subject to change due to the recent acquisition of Datatrán Network Systems. As the Company discloses additional financial details relative to this acquisition, we will adjust our model.

Our 2005 forecast calls for revenues of \$136.7 million and a net loss of \$1.3 million or \$(0.22) per share. Our 2006 forecast call for pro-forma (assuming INX as the Company's only business unit) revenues of \$152.6 million and net income of \$1.5 million or \$0.20 per diluted share.

Risks

Acquisition Risk

The Company makes selected acquisitions a part of its business strategy. As part of its stated strategy to emerge as a national IP telephony service provider, Management intends to make further acquisitions. Issues that may come up in the integration process include, differing corporate cultures, customer polices, and management styles. These issues may cause a clash resulting in a lack of synergies and the inability to execute stated goals and financial objectives.

Balance Sheet

The Company's credit facility features a variable interest rate tied to the prime rate. If interest rates rise or ISR becomes increasingly indebted, debt service will increase. This will adversely impact the Company's financial results.

Dependency on Cisco Systems

The Company has aligned itself with Cisco Systems. Approximately 77% of 2004 revenues were derived from the sale of Cisco products, network products and related services. If the Company divests itself of its two non-core segments, its dependency will increase. As a result, ISR's success is dependent on its ongoing relationship with Cisco.

Gross margin may be substantially influenced by decisions made by Cisco, relative to its sales incentive programs. Cisco pays incentives earned under this program semi-annually. The six-month measurement periods end one month following the end of the second and fourth quarters. Historically, this caused significant fluctuations in gross profit and operating profits from quarter to quarter. Starting in the fourth quarter of 2004, the Company changed how it records these incentives based on Management's belief that collection of the incentive was probable and therefore recognizable.

For 2004, the INX products cost of goods was \$60.8 million, which was net of \$3.4 million of vendor incentives recognized. For 2003, the INX product cost of goods was \$40.1 million, which was net of \$0.313 million in vendor incentives recognized. Vendor incentives of \$1.613 and \$1.236 million were recognized during the three-month periods ended September 30, 2004 and 2005, respectively.

According to our research, the following public companies provide IP products that may directly or indirectly compete with Cisco's product offerings: Alcatel (NYSE: ALA), Avaya (NYSE: AV), 8X8 (NASDAQ: EGHT), Inter-Tel (NASDAQ: INTL), Lucent (NYSE: LU), NEC (NASDAQ: NIPNY), Nortel (NYSE: NT), Polycom (NASDAQ: PLCM), Siemens (NYSE: SI), Sonus (NASDAQ: SONS), VocalTec (NASDAQ: VOCL) and 3Com (NASDAQ: COMS). Cisco also faces competition from private companies such as Mitel, Shoreline, Zultys, and others.

While Cisco Systems (NYSE: CSCO) is one of leading players in IP hardware, other companies such as Nortel (NYSE: NT), Avaya (NYSE: AV), Alcatel (NYSE: ALA), and Siemens (NYSE: SI), have a competitive market share. ISR and Cisco believe that Cisco-based systems will continue to gain market share. CSCO's Chief Technology Officer was recently quoted as saying that IP telephony will be a top growth driver for Cisco.

Economic Risk

The Company's financial results depend largely on customer buying cycles, capital spending trends, and the general business outlook of existing and new customers. An adverse indication on these and other key metrics may negatively impact the Company's financial results and equity values.

Competition

Currently, the Company believes that it competes directly with such large companies as: Electronic Data Systems (NYSE: EDS), IBM (NYSE: IBM), and SBC Communications (NYSE: SBC). According to CSCO's Internet site, many companies have authorizations similar to those of ISR. Other competitors are rapidly deploying assets to compete in the space. Some companies may have or may develop greater resources and may be better able to respond to industry changes. Competitors may develop better relationships with Cisco. These factors may adversely impact ISR's financial results and equity value.

Payment Issues

Over the past several quarters, ISR was negatively impacted by payment delays involving a project with DISD. The delay in payment of receivables from DISD caused accounts receivable to be higher than expected and historical levels, increased the level of aged accounts receivable, and adversely affected ISR's liquidity position.

Market & Technological Acceptance

The Company operates in the Technology Sector, which is rapidly advancing. Furthermore, the IP Telephony Industry is a relatively new industry within the Technology Sector. If the Company's products and technology develop more slowly than expected, it can adversely affect the Company's growth potential as well as the Company's financial liquidity and equity values. Also limiting acceptance could be the regulatory landscape and any requirements or mandates imposed by regulators on vendors, suppliers, or service providers.

Growth Management

As the Company becomes increasingly successful, it must meet the challenges associated with growth. If the Company is not successful in meeting these challenges, its business or financial results will be adversely impacted.

Sarbanes-Oxley Act of 2002

Over the past few years, Wall Street has increased its focus on corporate governance and placed increased emphasis on the accountability of Management and Directors to shareholders. These events have brought about the passage of the Sarbanes-Oxley Act of 2002. The Company expects that future selling, general and administrative expenses will increase due to further compliance with the provisions of the Sarbanes-Oxley Act of 2002.

Ownership of Stock

One investor, Jim Long (the Company's Founder, Chairman, and CEO) owns a substantial stake in ISR. Small investors should be aware that investors with significant stakes can control the outcome of certain shareholder votes. These outcomes may not be in the best interests of all shareholders. If a sizable stake is liquidated in the open market, there could be substantial selling pressure on the shares.

Federal Reserve

After its last fourteen meetings, the Federal Reserve raised the Discount Rate and its target rate for Fed Funds by 0.25 after each meeting. Such a monetary policy is theoretically and empirically bad news for equity prices and valuations, particularly for smaller cap stocks.

Liquidity

Shares of ISR have risks common to those of the microcap segment of the market. Often these risks cause microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume and can lead to large spreads and high volatility in the stock price. Therefore, risk averse investors should be cautious with shares of ISR. The Company has approximately 2.3 million shares in the float. On average, approximately 12,400 shares are traded daily.

Miscellaneous Risks

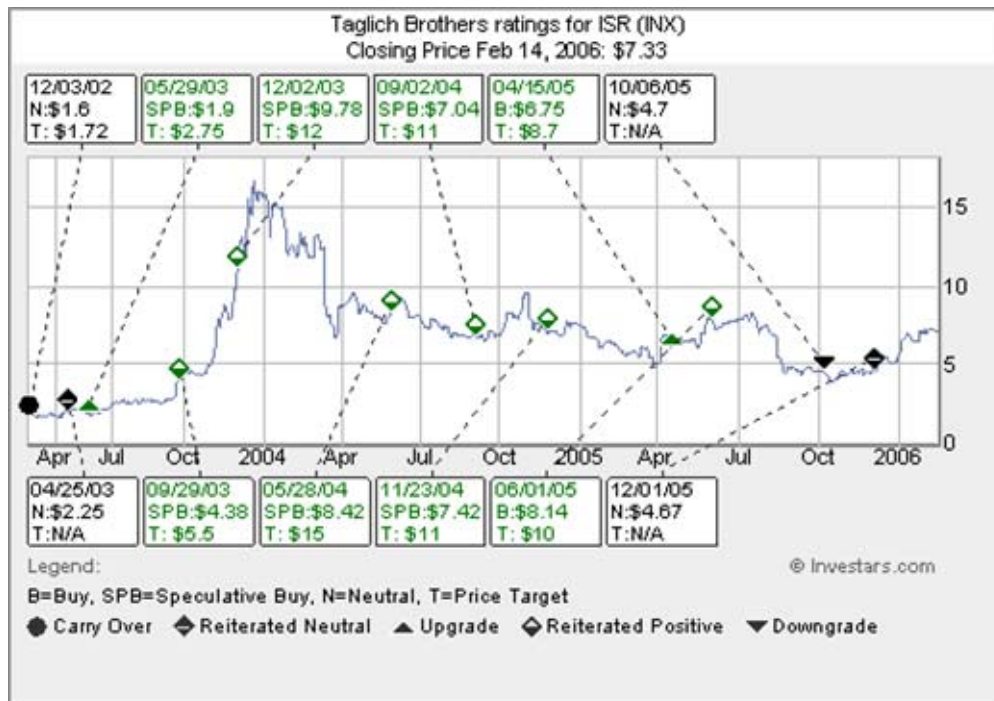
The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Valuation & Conclusion

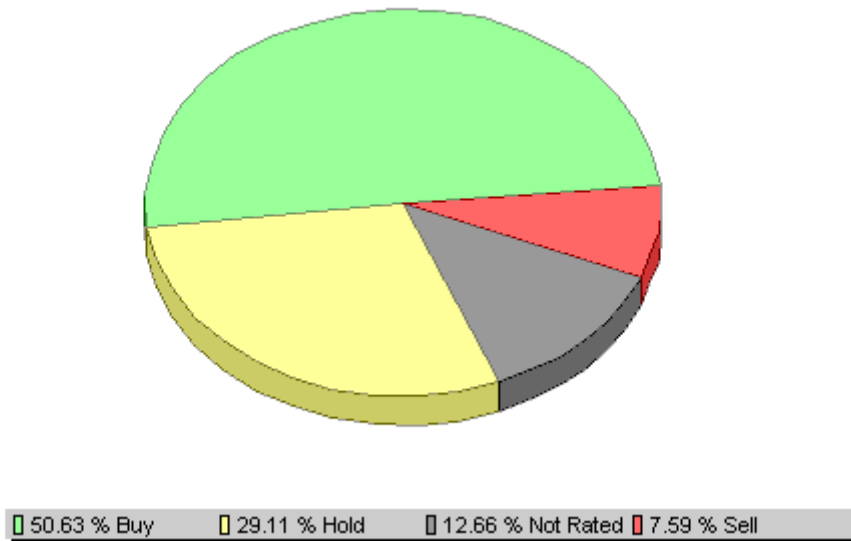
We are maintaining our Neutral rating on ISR, pending: 1) the Company's ability to sell off non-core business segments and additional visibility on InterNetwork Experts as the Company's sole operating business; 2) additional visibility relative to the Company's recent acquisition; and 3) the release of fourth quarter results.

Although we are maintaining our Neutral rating, we believe in recent months the Company has made substantial progress relative to its short and long-term strategy including:

- Divesting itself of a non-core subsidiary in an effort to become an organization focused purely on delivering advanced IP communications solutions to enterprise organizations; and
- Re-establishing its acquisition strategy in an effort to continue its growth from a regional (Texas) to national provider of IP telephony and network infrastructure services.



Taglich Brothers' Current Rating Distribution



Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

Public Companies mentioned in this report:

3Com (NASDAQ: COMS)

Avaya (NYSE: AV)

Alcatel (NYSE: ALA)

BellSouth Business (NYSE: BLS)

Cisco Systems (NASDAQ: CSCO)

8X8 (NASDAQ: EGHT)

Lucent (NYSE: LU)

Nortel (NYSE: NT)

SBC Communications (NYSE: SBC)

Siemens (NYSE: SI)

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I, Luis Martins, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

INX Corp.
Annual Income Statement Model
For Years Ended December 31
(in thousands)

	F2002A	F2003A	F2004A	F2005E	F2006E
Total Revenues	\$ 42,021	\$ 62,152	\$ 93,069	\$ 136,737	\$ 152,564
Costs of Goods Sold	<u>33,752</u>	<u>49,425</u>	<u>73,117</u>	<u>113,761</u>	<u>130,856</u>
Gross Profit	8,269	12,727	19,952	22,977	21,708
<i>Gross Margins</i>	19.68%	20.48%	21.44%	16.80%	14.23%
S,G&A	<u>10,625</u>	<u>15,061</u>	<u>18,254</u>	<u>24,055</u>	<u>20,155</u>
Operating Income	(2,356)	(2,334)	1,698	(1,079)	1,553
<i>Operating Margin</i>	-5.61%	-3.76%	1.82%	-0.79%	1.02%
<i>INX Compensation Expense</i>	-	-	-	5,700	-
<i>EBITDA</i>	(1,760)	(1,586)	2,616	(139)	2,753
Interest Expense(Income)-net	<u>(115)</u>	<u>(107)</u>	<u>108</u>	<u>171</u>	<u>50</u>
Pre-Tax Income	(2,241)	(2,227)	1,590	(7,044)	1,503
<i>Pre-Tax Margins</i>	-5.33%	-3.58%	1.71%	-5.15%	0.98%
Taxes (Benefit)	<u>(1,595)</u>	<u>(181)</u>	<u>(19)</u>	-	-
<i>Tax Rate</i>	71.17%	8.13%	-1.19%	0.00%	0.00%
Net Income-continuing ops	\$ (646)	\$ (2,046)	\$ 1,609	\$ (7,040)	\$ 1,503
EPS-fully diluted- cont ops	\$ (0.17)	\$ (0.56)	\$ 0.32	\$ (1.21)	\$ 0.20
Avg Shares Out-fully diluted	<u>3,711</u>	<u>3,691</u>	<u>5,004</u>	<u>5,818</u>	<u>7,340</u>
Income (loss) from discontinued	-	-	-	-	-
Gain (loss) on Disposal	262	210	38	58	-
Minority Interest			(117)	(23)	-
Accounting change				(566)	-
Net Income	\$ (384)	\$ (1,836)	\$ 1,530	\$ (7,571)	\$ 1,503
EPS-fully diluted	\$ (0.10)	\$ (0.50)	\$ 0.31	\$ (1.30)	\$ 0.20
Avg Shares Out-fully diluted	<u>3,711</u>	<u>3,691</u>	<u>5,004</u>	<u>5,818</u>	<u>7,340</u>
<u>Percent of Revenue</u>					
Costs of Goods Sold	80.32%	79.52%	78.56%	83.20%	85.77%
SG&A	25.28%	24.23%	19.61%	17.59%	13.21%
Net Margin	-0.91%	-2.95%	1.64%	-5.54%	0.98%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues	77.90%	47.91%	49.74%	46.92%	11.57%

INX Corp.
Quarterly Income Statement Model
For Year Ended December 31, 2004
(in thousands)

	Q1(3/04)A	Q2(6/04)A	Q3(9/04)A	Q4(12/04)A	F2004A
Total Revenues	\$ 14,275	\$ 21,887	\$ 32,612	\$ 24,295	\$ 93,069
Costs of Goods Sold	<u>10,739</u>	<u>17,588</u>	<u>26,503</u>	<u>18,287</u>	<u>73,117</u>
Gross Profit	3,536	4,299	6,109	6,008	19,952
<i>Gross Margins</i>	24.77%	19.64%	18.73%	24.73%	21.44%
S,G&A	<u>3,499</u>	<u>4,236</u>	<u>5,456</u>	<u>5,063</u>	<u>18,254</u>
Operating Income	37	63	653	945	1,698
<i>Operating Margin</i>	0.26%	0.29%	2.00%	3.89%	1.82%
<i>EBITDA</i>	238	269	868	1,241	2,616
Interest Expense(Income)-net	<u>(19)</u>	<u>26</u>	<u>(17)</u>	<u>118</u>	<u>108</u>
Pre-Tax Income	56	37	670	827	1,590
<i>Pre-Tax Margins</i>	0.39%	0.17%	2.05%	3.40%	1.71%
Taxes (Benefit)	<u>5</u>	<u>(7)</u>	<u>2</u>	<u>(19)</u>	<u>(19)</u>
<i>Tax Rate</i>	8.93%	-18.92%	0.30%	-2.30%	-1.19%
Net Income-continuing ops	<u>\$ 51</u>	<u>\$ 44</u>	<u>\$ 668</u>	<u>\$ 846</u>	<u>\$ 1,609</u>
EPS-fully diluted- cont ops	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ 0.15</u>	<u>\$ 0.32</u>
Avg Shares Out-fully diluted	<u>4,544</u>	<u>5,544</u>	<u>5,549</u>	<u>5,556</u>	<u>5,004</u>
Gain (loss) on Disposal	(12)	13	-	37	38
Minority Interest		(6)	(50)	(61)	(117)
Net Income	<u>\$ 39</u>	<u>\$ 51</u>	<u>\$ 618</u>	<u>\$ 822</u>	<u>\$ 1,530</u>
EPS-fully diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.11</u>	<u>\$ 0.15</u>	<u>\$ 0.31</u>
Avg Shares Out-fully diluted	<u>4,544</u>	<u>5,544</u>	<u>5,549</u>	<u>5,556</u>	<u>5,004</u>
<u>Percent of Revenue</u>					
Costs of Goods Sold	75.23%	80.36%	81.27%	75.27%	78.56%
SG&A	24.51%	19.35%	16.73%	20.84%	19.61%
Net Margin	0.27%	0.23%	1.90%	3.38%	1.64%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues	41.62%	37.91%	55.44%	59.62%	49.74%

INX Corp.
Quarterly Income Statement Model
For Year Ended December 31, 2005
(in thousands)

	Q1(3/05)A	Q2(6/05)A	Q3(9/05)A	Q4(12/05)E	F2005E
Total Revenues	\$ 27,768	\$ 34,348	\$ 39,157	\$ 35,450	\$ 136,737
Costs of Goods Sold	22,856	28,488	32,856	29,547	113,761
Gross Profit	4,912	5,860	6,301	5,904	22,977
<i>Gross Margins</i>	17.69%	17.06%	16.09%	16.65%	16.80%
S,G&A	5,084	6,347	6,321	6,303	24,055
Operating Income	(172)	(487)	(20)	(400)	(1,079)
<i>Operating Margin</i>	-0.62%	-1.42%	-0.05%	-1.13%	-0.79%
<i>INX Compensation Expense</i>	5,700	-	-	-	5,700
<i>EBITDA</i>	66	(229)	260	(120)	(139)
Interest Expense(Income)-net	(47)	28	180	10	171
Pre-Tax Income	(5,919)	(515)	(200)	(410)	(7,044)
<i>Pre-Tax Margins</i>	-21.32%	-1.50%	-0.51%	-1.16%	-5.15%
Taxes (Benefit)	-	(33)	29	-	-
<i>Tax Rate</i>	0.00%	6.41%	-14.50%	0.00%	0.00%
Net Income-continuing ops	<u>\$ (5,919)</u>	<u>\$ (482)</u>	<u>\$ (229)</u>	<u>\$ (410)</u>	<u>\$ (7,040)</u>
EPS-fully diluted- cont ops	<u>\$ (1.04)</u>	<u>\$ (0.09)</u>	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>	<u>\$ (1.21)</u>
Avg Shares Out-fully diluted	<u>5,701</u>	<u>5,622</u>	<u>5,975</u>	<u>5,975</u>	<u>5,818</u>
Gain (loss) on Disposal	-	64	(6)	-	58
Minority Interest	(23)	-	-	-	(23)
Accounting change	(566)				(566)
Net Income	<u>\$ (6,508)</u>	<u>\$ (418)</u>	<u>\$ (235)</u>	<u>\$ (410)</u>	<u>\$ (7,571)</u>
EPS-fully diluted	<u>\$ (1.25)</u>	<u>\$ (0.08)</u>	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>	<u>\$ (1.30)</u>
Avg Shares Out-fully diluted	<u>5,211</u>	<u>5,622</u>	<u>5,975</u>	<u>5,975</u>	<u>5,818</u>
<u>Percent of Revenue</u>					
Costs of Goods Sold	82.31%	82.94%	83.91%	83.35%	83.20%
SG&A	18.31%	18.48%	16.14%	17.78%	17.59%
Net Margin	-23.44%	-1.22%	-0.60%	-1.16%	-5.54%
<u>YEAR / YEAR GROWTH</u>					
Total Revenues	94.52%	56.93%	20.07%	45.91%	46.92%

INX Corp.
Consolidated Balance Sheet
For Periods Ended
(in thousands)

	F2004A		F1Q05A		F2Q05A		F3Q05A
Assets							
Current Assets							
Cash & Equivalents	\$ 4,773	\$	7,185	\$	4,888	\$	1,091
Net Receivables	30,127		26,921		34,124		37,136
Inventory	1,159		849		8,711		879
Prepaid Expense & Other	1,973		1,303		1,318		1,301
Total Current Assets	<u>38,032</u>		<u>36,258</u>		<u>49,041</u>		<u>40,407</u>
Plant, Property, & Equipment-net	1,787		1,778		2,597		2,532
Intangibles	1,113		2,415		8,369		8,267
Other	207		60		-		56
Total Assets	<u>\$ 41,139</u>	\$	<u>40,511</u>	\$	<u>60,007</u>	\$	<u>51,262</u>
Liabilities & Shareholders' Equity							
Current Liabilities							
Current portion of LTD	\$ 8,220	\$	101	\$	8,061	\$	9,112
Accounts Payable	10,675		15,926		24,499		16,034
Other	5,994		7,778		8,425		7,355
Total Current Liabilities	<u>24,889</u>		<u>23,805</u>		<u>40,985</u>		<u>32,501</u>
LTD	122		94		65		35
Minority interest	279		-		-		-
Total Shareholders' Equity	<u>15,849</u>		<u>16,612</u>		<u>18,957</u>		<u>18,726</u>
Total Liabilities & Equity	<u>\$ 41,139</u>	\$	<u>40,511</u>	\$	<u>60,007</u>	\$	<u>51,262</u>