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Research Report – Update

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

INX Inc.

Rating: Speculative Buy

Luis Martins

INXI $11.33 (NASDAQ)

May 19, 2008

	FY2004A	FY2005A*	FY2006A	FY2007A	FY2008E**
Revenues (Thousands)*	$71,487	$107,319	$156,013	$207,967	264,143
Earnings (loss) per share**	$0.31	$(1.38)	$0.16	$0.47	$0.50

52-Week Range	$15.67 – 6.31	Fiscal Year Ends	December
Shares Outstanding	7.42 million	Revs/Share (TTM)	$27.32
Approximate Float	5.49 million	Price/Sales(TTM)	0.4X
Market Capitalization	$84 million	Price/Sales(2008)E	0.4X
Tangible Book Value/Share	$1.77	Price/Earnings(TTM)	21.0X
Price/Tangible book	6.4X	Price/Earnings(2008)E	22.7X

** FY 2005 includes a $5.7 million non-cash expense included in SG&A* *** Assuming 42% effective tax rate*

INX Inc. (NASDAQ: INXI) was founded in 1983 in Texas. The Company's focus is providing professional and integration services for Cisco-centric Internet Protocol (IP) Communications/Telephony solutions.

Key Investment Considerations:

We are reiterating our Speculative Buy rating on the shares of INXI and increasing our 12-month price target to $15.00 from $12.00 per share based on a relative P/E analysis on GAAP and Non-GAAP EPS.

On May 5, 2008, INXI reported first quarter net revenues of $59.6 million and net income of $1.011 million or $0.12 per diluted share. In the year ago period, INXI reported revenues of $45.6 million and net income of $0.366 million or $0.059 per diluted share. 1Q08 income from continuing operations was $1.007 million or $0.12 per share, as compared to $0.304 million or $0.11 per share in the year ago period.

On May 6, 2008, Cisco Systems announced results for its fiscal third quarter and held a conference call. The Company's near term revenue guidance calls for 9% to 10% growth, while long-term revenue growth rate is targeted at 12% to 16%.

We are adjusting our 2008 estimates based on recent operating and business trends, Management guidance, economic and technology outlook for the remainder of 2008, and a revaluation of our assumptions. Our revised forecast calls for revenues of $264.1 million and net income (before adjustments) of $4.3 million or $0.50 per diluted share. Our prior forecast called for revenues of $279.3 million and net income (before adjustments) of $4.1 million or $0.48 per diluted share.

On a pre-tax (non-GAAP) basis, adjusting for Management's guidance for an effective income tax rate of 42%, our 2008 forecast for pre-tax earnings from continuing operations is $0.85 per share. This compares favorably to 2007 pre-tax earnings of $0.45 per share.

**** Please view our disclaimer located on page 12***

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Company Overview

INX Inc. (NASDAQ: INXI), formerly known as I-Sector Corp., was founded in 1983 in Texas. The Company is a provider of Internet Protocol (IP) network based solutions for enterprise organizations. Customers include corporations, schools and federal, state and local governmental agencies.

INXI offers a complete range of products and services for Cisco-centric IP Telephony solutions that support the entire life-cycle (design, implementation, and support) of enterprise IP communications, including a full suite of convergence solutions and network infrastructure products. INX is focused on providing end-to-end solutions in this space, providing hardware, professional services, applications, and managed services. Through its NetSurant business unit, INXI provides comprehensive services, including remote monitoring and management, for managing converged Cisco networks with a suite of industry-standard management technologies.

The Company also sells network storage products manufactured by Network Appliance, certain unified communications products from Microsoft, and various products that the Company considers “best-of-breed” including products from Avotus, Cistera Networks, Converged Access, IPCelerate, Riverbed, Tandberg, VMWare, and others.

Sales mix for 2007, 2006, and 2005, consisted of 86.7%, 86.7%, and 88.1% attributable to product sales, while 13.3%, 13.3%, and 11.9% were attributable to services revenues.

Management has set out to expand from a regional Texas player to a national player. Over the past 2 years, the Company has expanded its offices and staff. The Company now has 14 offices located in Texas (5), California (1), Idaho (1), Massachusetts (1), New Mexico (1), Oklahoma (1), Oregon (2), Washington (1) and Washington DC (1). The Company has made a number of key acquisitions as part of its strategic expansion plans. To date, these acquisitions have contributed excellent financial performance and provided the Company with an expanded footprint. Management anticipates further strategic acquisitions.

Recent results and guidance indicate generally positive operating trends. The Company’s goal is to obtain operating margins of 4% to 7%. Management believes that this can be achieved by increased gross margins and lowering S, G, & A expenses as a percentage of sales. The following chart illustrates the Management’s long-term plan for margins:

Projected INX Long-term Margins (%)

	Goal
Product Margins	15 - 19%
Service Margins	30 - 35%
Overall Gross margins	19 - 21%
S, G, A Expense	14 - 15%
Operating Margins	4 - 7%

Source: SEC filings

Management sees improved operations as a result of Management’s efforts to leverage INXI’s market position as a growing national provider of IP services and to improve margins through higher margin service offerings and staff utilization. The Company is also poised to take advantage of the following trends:

- Introduction and expansion of network storage and security practice areas;
- Strong relationship with Cisco Systems;
- Growing service contracts;
- Strong data center trends;
- Acquisitions; and

- Investment in revenue generating employees (i.e. engineers and sales).

Strategy

INXI intends to employ the following strategies in pursuit of rapid growth:

- Expanding geographically by principally acquiring complementary businesses. The Company's efforts toward becoming a national provider of IP Communications are focused on acquiring new and larger customer opportunities in new and existing markets;
- Aligning itself with Cisco Systems as its primary supplier of IP communications technology;
- Increasing higher margin service offerings and its post-sale support services (NetSurant) in an effort to improve revenues and margins;
- Exploiting its national footprint to obtain larger customers; and
- Marketing custom, specialized IP communications solutions and expand into complimentary technologies including security and storage.

According to comments in the Company's latest conference call, INXI will focus, at least during 2008 on strategic areas such as virtualization and managed services and not necessarily on geographic expansion. The Company's acquisition strategy calls for acquisitions to be funded by some portion of equity, therefore, the higher the Company's stock price, the better the currency and relative value for INXI shareholders.

Cisco Relationship

During the first quarter conference call, Management highlighted its most recent awards from Cisco Systems including Master of Security and Powered Managed Services Provider. These awards add to its already lengthy list of awards from Cisco.

Industry Developments

On May 6, 2008, Cisco Systems announced results for its fiscal third quarter and held a conference call. In remarks, Management made statements that indicated relatively weak technology spending due to economic uncertainty in the United States enterprise market; however, CSCO's near term revenue guidance still calls for 9% to 10% growth, while long-term revenue growth rate is targeted at 12% to 16%.

Recent Results

On May 5, 2008, INXI reported results for its first quarter, ended March 31, 2008. The Company reported net revenues of $59.6 million and net income of $1.011 million or $0.12 per diluted share. In the year ago period, INXI reported revenues of $45.6 million and net income of $0.366 million or $0.05 per diluted share. 1Q08 income from continuing operations was $1.007 million or $0.12 per share, as compared to $0.304 million or $0.04 per share in the year ago period.

In comparison, Taglich Brothers' estimates called for revenues of $59.0 million and net income from continuing operations of $0.640 million or $0.07 per share.

The strong revenue growth was led by product and service sales growth of 28% and 50%, respectively. The increase in product revenue was attributable to acquisition and organic growth. Service revenue growth was primarily due to continued organic growth. The following table illustrates the details of the Company's revenues in the first quarter of 2007 and 2008.

Revenue Analysis ($ 000's)

	1Q07A	1Q08A
Product	39,550	50,491
Service	6,093	9,152

Source: SEC filings

Overall gross margins increased to 20.4% from 18.6%, due to higher service gross margins. The following chart illustrates some key INXI margin components:

INX Gross Margin Analysis (%)

Offering	1Q07A	1Q08A
Product	18.2%	18.2%
Service	21.2%	32.1%
Overall	18.6%	20.4%

Source: SEC filings

SG&A expenses increased to $10.4 million from $8.2 million. As a percentage of sales, SG&A was 17.4% versus 17.9% in the year ago period. Operating and after tax margins more than doubled as evidenced by the following chart:

INX Margin Analysis (%)

	1Q07A	1Q08A
Operating Margin	0.7%	3.0%
After Tax margin	0.8%	1.7%

Investor should note that the Company began recording income tax expense for 2008 at an effective rate of approximately 45% compared to virtually no income tax expense (for book purposes) recorded in 2007. According to Management, the statutory rate of approximately 36% may differ from this effective tax rate for book purposes, primarily due to timing differences and the deductibility of certain expenses between book and tax. Additionally, substantially all the book income tax expense will be non-cash for Federal income tax reporting purposes because of an approximate $4.5 million of net operating loss carry-forwards as of March 31, 2008.

The following table provides investors with the Company's non-GAAP EPS:

Item ($ 000's)	1Q07A	1Q08A
GAAP net income	366	1,011
Equity comp	165	312
Non-cash income tax	0	601
Discontinued ops	-62	-4
Non-GAAP Net Income	469	1,920
Non –GAAP EPS	0.06	0.23

Source: SEC filings

Balance Sheet

At the end of the first quarter, INXI had cash and cash equivalents of $8.2 million, working capital of $10.5 million, long-term liabilities of $1.9 million, no long-term debt, and stockholders' equity of $32.8 million.

On April 30, 2007, the Company entered into a $50 million credit facility agreement with Castle Pines Capital LLC (CPC) to provide inventory financing and to fund working capital requirements. The facility accrues interest at the rate of prime + 0.5%. As of March 31, 2008, the unused availability on the facility was $4.6 million, based on collateral.

On August 6, 2007, INXI announced that it secured a $10 million credit facility with CPC to be used specifically to fund acquisitions. As of March 31, 2008, the unused availability on the facility was $0 million. INXI used $6 million under this facility to partially fund the Select acquisition during August 2007.

Buyback
During the quarter, the Company used $1.489 million on a stock buyback under an existing authorization. In total, the 181,185 shares were repurchased at an average price of $8.22 per share. On May 2, 2008, a new $2 million buyback was authorized by the Board.

Projections

We are adjusting our estimates for 2008 based on recent operating and business trends, Management guidance, economic and technology trends for the remainder of 2008, and a reevaluation of our assumptions.

Our revised 2008 forecast calls for revenues of $264.1 million and net income (before adjustments) of $4.3 million or $0.50 per diluted share. Our prior 2008 forecast called for revenues of $279.3 million and net income (before adjustments) of $4.1 million or $0.48 per diluted share.

Investors should note that on a pre-tax income (non-GAAP) basis, adjusting for Management's guidance for an effective income tax rate of 42%, our 2008 forecast for pre-tax earnings from continuing operations is $0.85 per share. This compares favorably to 2007 pre-tax earnings of $0.45 per share. The following table provides our Non-GAAP estimates for fiscal 2008:

2008 (per share)	1QA	2QE	3QE	4QE	2008E
GAAP	0.12	0.10	0.13	0.14	0.50
NON- GAAP	0.21	0.18	0.22	0.24	0.85

Note: We define Non-GAAP per share as pre-tax income per share; our definition differs from that of INXI.

Investors should realize that substantially all the income tax expense recorded will be non-cash stemming from $4.5 million net operating loss carry-forward as of March 31, 2008. Accordingly, we are also highlighting a comparison of pre-tax income 2007.

2007 (per share)	1QA	2QA	3QA	4QA	2007A
GAAP	0.04	0.13	0.12	0..16	0.45
NON- GAAP	0.04	0.13	0.13	0.14	0.44

Year over year growth in Non-GAAP EPS is projected to be 100%.

Our current model incorporates:

- Management's guidance which calls for second quarter of 2008 revenue of between $60 million and $65 million based on organic growth and the acquisition Select acquisition that occurred in August 2007. Thereafter, sequentially improvements should continue in the second half of the year. The following table provides our revenue mix breakout estimate for products and services:

2008	1QA	2QE	3QE	4QE	2008E
Products	50,491	55,000	57,000	60,000	222,491
Services	9,152	9,500	11,000	12,000	41,652

Services revenues will be boosted by a recent $8.4 million contract win from the U.S. Army Corp of Engineers. According to statements in the conference call, much of the award will be showing up during the second half of 2008.

- Revenue gains through 2008 of over 27% stemming from both organic growth and acquisitions. **Two important factors in our forecast are economic growth and technology spending. As further economic statistics and technology trends develop, we will re-evaluate our assumptions;**

- A gradual improvement in operating margins due to efficiencies, increased staff utilization, and the spreading of fixed costs over a larger revenue base. As stated previously, the Company's goal is to obtain operating margins of 4% to 7%. Management believes that this can be achieved by increased gross margins and lower S, G, & A expenses as a percentage of sales. We are projecting sequential improvements should occur in 2008, as well as substantial year over year improvements (as illustrated in the following chart):

INX Operating Margin Analysis (%)

	1Q	2Q	3Q	4Q	Fiscal
2007A	0.8%	1.9%	1.9%	2.0%	1.7%
2008E	3.0%	2.5%	3.0%	3.1%	2.9%

Although our first quarter revenue estimate was within 1% of actual revenue, we re-evaluated our revenue figures going forward. This is primarily due to the fact that in our last update we were hesitant to sharply slash our estimates without having additional data points on industry and economic prospects, as well as Company financials. In this update report, we took the opportunity to make appropriate adjustments in our models to consider additional data gathered in the interim, recent Management guidance, and consensus estimates.

The Company's strategic plans call for additional acquisitions; however, we have not factored any impact from further acquisitions. As acquisitions are completed, we will revise our model. According to comments in the Company's latest conference call, INXI will focus, at least during 2008 and as long as its stock price is at depressed valuations, on strategic areas such as virtualization and managed services and not necessarily on geographic expansion. An announcement in the area of a strategic acquisition is anticipated during 2008, most likely in mid 2008.

Risks

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. Recently, there has been much talk and evidence that the economy is in a period of slower growth or even entering a recession. In early February 2008, a number of research firms released their expectations for technology spending indicating a slowdown.

Acquisition Risk
The Company makes selected acquisitions a part of its business strategy. In August 2007, it acquired Select, Inc., a Boston, Massachusetts-based Cisco-centric solutions provider focused on delivering IP Telephony, IP Storage and network infrastructure solutions throughout New England. In February 2006, INXI acquired the assets and operations of Southern California-based Datatran Network Systems (DNS), a specialized provider of network solutions serving the southern California market primarily focusing on IP Telephony. Previously, the Company made two other acquisitions in mid-2005, InfoGroup Northwest, Inc. and Network Architechs Corp. As part of its stated strategy to emerge as a national IP telephony service provider, Management intends to make further acquisitions.

INXI has an excellent track record of integrating past acquisitions. Nevertheless, the performance of recently announced and future acquisitions may be adversely impacted by issues that may come up in the integration process including, 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 INXI becomes increasingly indebted, debt service will increase. This will adversely impact the Company's financial results.

The Company uses its credit facility to finance purchases of Cisco products from Cisco and from certain wholesale distributors. Cisco provides 60-day terms, and other wholesale distributors typically provide 30-day terms. Balances under the credit facility that are within the 60-day period do not accrue interest and are classified as accounts payable on its balance sheet.

Dependency on Cisco Systems
The Company has aligned itself with Cisco Systems. An overwhelming majority of revenues are derived from the sale of Cisco products, network products and related services. As a result, INXI's success is dependent on its ongoing relationship with Cisco and business decisions made by Cisco (including those relative to its sales incentive programs).

While Cisco Systems (NYSE: CSCO) is one of leading players in IP hardware, other companies such as Nortel (NYSE: NT), Avaya, Alcatel Lucent (NYSE: ALU), and Siemens (NYSE: SI), have a competitive market share. Although INXI and Cisco believe that Cisco-based systems will continue to gain market acceptance, there can be no assurance that Cisco-centric systems will continue to be held in high regard by the marketplace.

Investors should note that INX participates in a vendor incentive program under which incentives are principally earned by sales volume, sales growth and customer satisfaction levels. The amounts earned under these programs are accrued when they are deemed probable and can be reasonably measured; otherwise, they are recorded when they are declared by the vendor or the cash is received, whichever is earlier. As a result of these estimates, the amount of rebates declared by the vendor, or the amount of rebates received in cash, the effect of vendor incentives on cost of goods can vary significantly between quarterly and annual reporting periods. The incentives are recorded as a reduction of cost of goods and services. Selling, general and administrative expenses are increased for any associated commission expense and payroll tax related to the incentives.

Competition

According to our research, a number of companies provide IP products that may directly or indirectly compete with Cisco's product offerings. Cisco also faces competition from a number of private companies. New entrants into the space, such as Microsoft, may create new competitive dynamics.

The market for IP communications solutions is extremely competitive. The Company believes that it competes directly with such large companies as: Electronic Data Systems (NYSE: EDS), IBM (NYSE: IBM), and AT&T (NYSE: T). According to CSCO's Internet site, many public and private companies have authorizations similar to those of INXI. Other competitors are rapidly deploying assets to compete in the space. Competition occurs on the basis of price, technical competence, the quality of support services, perceptions of the customer regarding financial and operational ability to manage a project and to provide high quality service, and the quality of a competitor's relationship with hardware manufacturers. 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 INXI's financial results and equity value.

Quarterly Fluctuations/Seasonality

Investors should note that the Company's revenues and operating results for any particular quarter may not be indicative of its performance in future quarters, and may be subject to periodic variations and seasonality. A single order from one customer may represent a substantial portion of sales in any one period and significant orders by any customer during one period may not be followed by further orders in subsequent periods.

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

Two investors, Jim Long (the Company's Founder, Chairman, and CEO) and Mark Hilz (President and COO) own substantial stakes in INXI. 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.

Liquidity

Shares of INXI 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 INXI. The Company has approximately 5.5 million shares in the float. On average, approximately 23,000 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 reiterating our Speculative Buy rating on the shares of INX (NASDAQ: INXI) and increasing our 12-month price target to $15.00 from $12.00 per share.

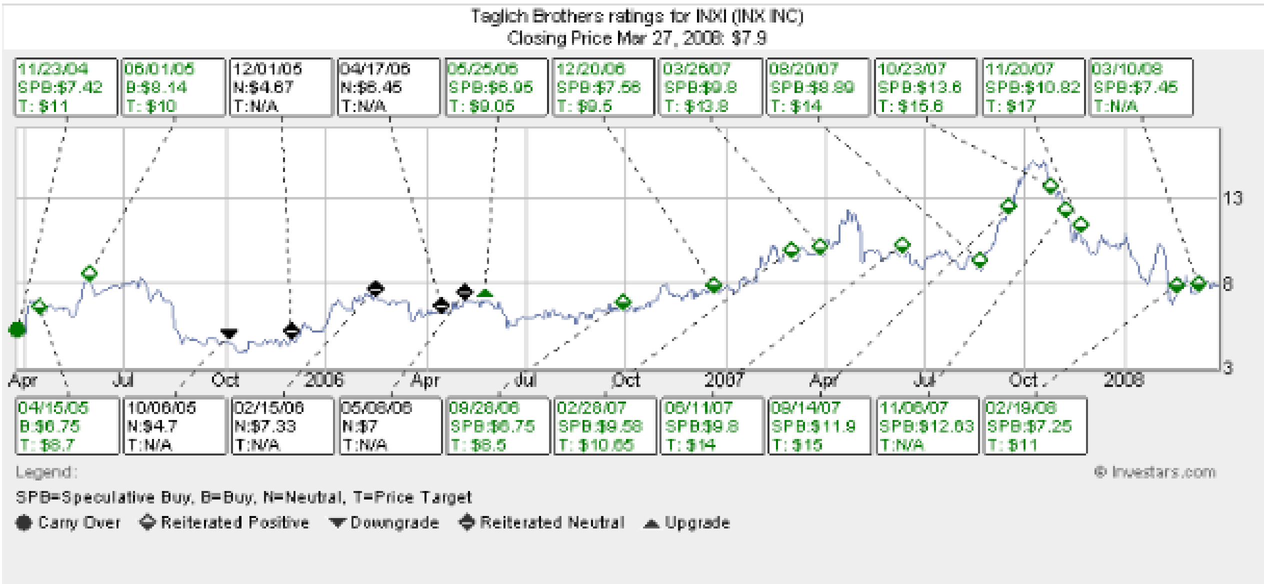
We believe that shares of INXI are a compelling investment opportunity, particularly for technology oriented investors. The Company is executing its business strategy and posting solid profits. At the current price, the stock is trading at compelling valuations.

Our price target is based on the following discounted by 20% to incorporate microcap and other risks:

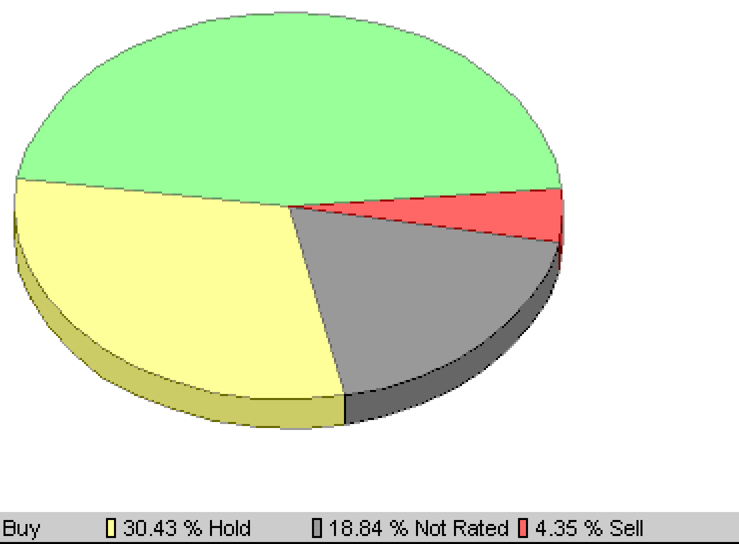
- Average of the following to arrive at a P/E multiple of 22.5X, which we applied to our 2008 estimated EPS of $0.50 per share and non-GAAP pre-tax earnings of $0.85 per share:
    - The low (17X) and high (46X) P/E for the Technology sector for the past 5 years; and
    - The trailing P/E (25X) for the Technology sector for the past 12 months.

Investors should recognize that an investment in INXI is an opportunity to participate in a rapidly developing microcap technology oriented company; therefore, the shares are only suitable for high-risk tolerant investors. Investors should be cognizant of the many risks involved in such an investment including:

- Economic risk;
- Rapidly evolving markets and technology;
- Competitive concerns;
- Sales and implementation cycles;
- Dependency on Cisco Systems;
- Growth management; and
- Microcap risk.



Taglich Brothers' Current Rating Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	0	0
Hold	1	6.67%
Sell	0	0
Not Rated	0	0

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)
Alcatel-Lucent (NYSE: ALU)
AT&T (NYSE: T)
Cisco Systems (NASDAQ: CSCO)
Nortel (NYSE: NT)
Siemens (NYSE: SI)

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As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families do not have a position in the stock of the company mentioned in this report. Taglich Brothers, Inc. does not have an investment banking relationship with the company mentioned in this report and was not a manager or co-manger of any offering for the company within the last three years.

All research issued by Taglich Brothers, Inc. is based on public information. Since April 2001, the company pays a monthly monetary fee of $1,250 (USD) to Taglich Brothers, Inc. for the creation and dissemination of research reports.

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 Inc.
Annual Income Statement Model
For Year Ended December 31#
(in thousands)

	F2004A	F2005A	F2006A	F2007A	F2008E
Total Revenues	**$ 71,487**	**$ 107,319**	**$ 156,013**	**$ 207,967**	**$ 264,143**
Costs of Goods Sold	**58,546**	**88,743**	**125,516**	**168,320**	**210,712**
Gross Profit	**12,941**	**18,576**	**30,497**	**39,647**	**53,431**
Gross Margins	***18.10%***	17.31%	19.55%	19.06%	20.23%
		18.81			
S,G&A	**11,268**	**22,759**	**28,710**	36,152	45,791
Operating Income	**1,673**	**(4,183)**	**1,787**	**3,495**	**7,640**
Operating Margin	***2.34%***	***-3.90%***	***1.15%***	***1.68%***	***2.89%***
Interest Expense(Income)-net	**96**	**236**	**232**	**79**	**298**
Pre-Tax Income	**1,577**	**(4,419)**	**1,555**	**3,416**	**7,342**
Pre-Tax Margins	***2.21%***	***-4.12%***	***1.00%***	***1.64%***	***2.78%***
Taxes (Benefit)	**350**	**475**	**44**	**(236)**	**3,057**
Tax Rate	***22.19%***	***-10.75%***	***2.83%***	***-6.91%***	***41.63%***
Net Income-continuing ops	**$ 1,227**	**$ (4,894)**	**$ 1,511**	**$ 3,652**	**$ 4,285**
EPS-fully diluted- cont ops	**$ 0.25**	**$ (0.86)**	**$ 0.21**	**$ 0.45**	**$ 0.50**
Avg Shares Out-fully diluted	**5,004**	**5,706**	**7,294**	**8,027**	**8,629**
Income (loss) from discontinued	***420***	***(2,967)***	***(316)***	***83***	***4***
Minority Interest	***(117)***	*(23)*	-	-	-
Net Income	**$ 1,530**	**$ (7,884)**	**$ 1,195**	**$ 3,735**	**$ 4,289**
EPS-fully diluted	**$ 0.31**	**$ (1.38)**	**$ 0.16**	**$ 0.47**	**$ 0.50**
Avg Shares Out-fully diluted	**5,004**	**5,706**	**7,294**	**8,027**	**8,629**
Percent of Revenue					
Costs of Goods Sold	81.90%	82.69%	80.45%	80.94%	79.77%
SG&A	15.76%	21.21%	18.40%	17.38%	17.34%
Net Margin	2.14%	-7.35%	0.77%	1.80%	2.78%
		-1.49%			
YEAR / YEAR GROWTH					
Total Revenues	63.98%	50.12%	45.37%	33.30%	27.01%

* FY 2005 includes a $5.7 million non-cash expense included in SG&A.
# Restated

INX Inc.
Quarterly Income Statement Model
For Year Ended December 31, 2006
(in thousands)

	Q1(3/06)A	Q2(6/06)A	Q3(9/06)A	Q4(12/06)A	**F2006A**
Total Revenues	**$ 26,276**	**$ 38,678**	**$ 45,244**	**$ 45,815**	**$ 156,013**
Costs of Goods Sold	**20,869**	**31,046**	**37,095**	**36,506**	**125,516**
Gross Profit	5,407	7,632	8,149	9,309	**30,497**
Gross Margins	20.58%	19.73%	18.01%	20.32%	19.55%
S,G&A	5,845	7,001	7,432	8,432	**28,710**
Operating Income	(438)	631	717	877	**1,787**
Operating Margin	***-1.67%***	***1.63%***	***1.58%***	***1.91%***	***1.15%***
	274	*275*	*305*	*324*	***1,178***
EBITDA	*(164)*	*906*	*1,022*	*1,201*	*2,965*
Interest Expense(Income)-net	85	18	111	18	**232**
Pre-Tax Income	(523)	613	606	859	**1,555**
Pre-Tax Margins	***-1.99%***	***1.58%***	***1.34%***	***1.88%***	***1.00%***
Taxes (Benefit)	1	-	44	(1)	**44**
Tax Rate	*-0.19%*	*0.00%*	*7.26%*	*-0.11%*	***2.83%***
Net Income-continuing ops	**$ (524)**	**$ 613**	**$ 562**	**$ 860**	**$ 1,511**
EPS-fully diluted- cont ops	**$ (0.09)**	**$ 0.08**	**$ 0.09**	**$ 0.11**	**$ 0.21**
Avg Shares Out-fully diluted	**6,048**	**7,324**	**7,284**	**7,500**	**7,294**
Income (loss) from discontinued	*(4)*	*143*	*(291)*	*(164)*	***(316)***
Net Income	**$ (528)**	**$ 756**	**$ 271**	**$ 696**	**$ 1,195**
EPS-fully diluted	**$ (0.09)**	**$ 0.10**	**$ 0.04**	**$ 0.09**	**$ 0.16**
Avg Shares Out-fully diluted	**6,048**	**7,324**	**7,284**	**7,500**	**7,294**
Percent of Revenue					
Costs of Goods Sold	79.42%	80.27%	81.99%	79.68%	80.45%
SG&A	22.24%	18.10%	16.43%	18.40%	18.40%
Net Margin	-2.01%	1.95%	0.60%	1.52%	0.77%
YEAR / YEAR GROWTH					
Total Revenues	23.50%	36.40%	36.40%	86.93%	45.37%

INX Inc.
Quarterly Income Statement Model
For Year Ended December 31, 2007
(in thousands)

	Q1(3/07)A	Q2(6/07)A	Q3(9/07)A	Q4(12/07)A	**F2007A**
Total Revenues	$ 45,643	$ 53,727	$ 51,998	$ 56,599	**$ 207,967**
Costs of Goods Sold	**37,136**	**43,682**	**42,445**	**45,057**	**168,320**
Gross Profit	8,507	10,045	9,553	11,542	**39,647**
Gross Margins	18.64%	18.70%	18.37%	20.39%	19.06%
S,G&A	8,172	9,042	8,543	10,395	36,152
Operating Income	335	1,003	1,010	1,147	**3,495**
Operating Margin	***0.73%***	***1.87%***	***1.94%***	***2.03%***	***1.68%***
Interest Expense(Income)-net	24	(41)	17	79	**79**
Pre-Tax Income	311	1,044	993	1,068	**3,416**
Pre-Tax Margins	***0.68%***	***1.94%***	***1.91%***	***1.89%***	***1.64%***
Taxes (Benefit)	7	7	7	(257)	**(236)**
Tax Rate	*2.25%*	*0.67%*	*0.70%*	*-24.06%*	***-6.91%***
Net Income-continuing ops	**$ 304**	**$ 1,037**	**$ 986**	**$ 1,325**	**$ 3,652**
EPS-fully diluted- cont ops	**$ 0.04**	**$ 0.13**	**$ 0.12**	**$ 0.16**	**$ 0.45**
Avg Shares Out-fully diluted	**7,730**	**7,817**	**8,037**	**8,408**	**8,027**
Income (loss) from discontinued	*62*	*(3)*	*38*	*(14)*	***83***
Net Income	**$ 366**	**$ 1,034**	**$ 1,024**	**$ 1,311**	**$ 3,735**
EPS-fully diluted	**$ 0.05**	**$ 0.13**	**$ 0.13**	**$ 0.16**	**$ 0.47**
Avg Shares Out-fully diluted	**7,730**	**7,817**	**8,037**	**8,408**	**8,027**
Percent of Revenue					
Costs of Goods Sold	81.36%	81.30%	81.63%	79.61%	80.94%
SG&A	17.90%	16.83%	16.43%	18.37%	17.38%
Net Margin	0.80%	1.92%	1.97%	2.32%	1.80%
YEAR / YEAR GROWTH					
Total Revenues	73.71%	38.91%	14.93%	23.54%	33.30%
Operating Income	-176.48%	58.95%	40.86%	30.79%	95.50%
Pre-Tax Income	-159.46%	70.31%	64.13%	24.19%	119.60%
Net Income	-169.32%	36.77%	277.86%	88.36%	212.50%

INX Inc.
Quarterly Income Statement Model
For Year Ended December 31, 2008
(in thousands)

	Q1(3/08)A	Q2(6/08)E	Q3(9/08)E	Q4(12/08)E	**F2008E**
Total Revenues	$ 59,643	$ 64,500	$ 68,000	$ 72,000	**$ 264,143**
Costs of Goods Sold	**47,496**	**51,640**	**54,216**	**57,360**	**210,712**
Gross Profit	12,147	12,860	13,784	14,640	**53,431**
Gross Margins	20.37%	19.94%	20.27%	20.33%	20.23%
S,G&A	10,384	11,223	11,764	12,420	45,791
Operating Income	1,763	1,637	2,020	2,220	**7,640**
Operating Margin	***2.96%***	***2.54%***	***2.97%***	***3.08%***	***2.89%***
Interest Expense(Income)-net	**73**	**75**	**75**	**75**	**298**
Pre-Tax Income	1,690	1,562	1,945	2,145	**7,342**
Pre-Tax Margins	***2.83%***	***2.42%***	***2.86%***	***2.98%***	***2.78%***
Taxes (Benefit)	683	656	817	901	**3,057**
Tax Rate	*40.41%*	*42.00%*	*42.00%*	*42.00%*	***41.63%***
Net Income-continuing ops	**$ 1,007**	**$ 906**	**$ 1,128**	**$ 1,244**	**$ 4,285**
EPS-fully diluted- cont ops	**$ 0.12**	**$ 0.10**	**$ 0.13**	**$ 0.14**	**$ 0.50**
Avg Shares Out-fully diluted	**8,242**	**8,650**	**8,725**	**8,900**	**8,629**
Income (loss) from discontinued	***4***				***4***
Net Income	**$ 1,011**	**$ 906**	**$ 1,128**	**$ 1,244**	**$ 4,289**
EPS-fully diluted	**$ 0.12**	**$ 0.10**	**$ 0.13**	**$ 0.14**	**$ 0.50**
Avg Shares Out-fully diluted	**8,242**	**8,650**	**8,725**	**8,900**	**8,629**
Percent of Revenue					
Costs of Goods Sold	79.63%	80.06%	79.73%	79.67%	79.77%
SG&A	17.41%	17.40%	17.30%	17.25%	17.34%
Net Margin	1.70%	2.42%	2.86%	2.98%	2.78%
YEAR / YEAR GROWTH					
Total Revenues	30.67%	20.05%	30.77%	27.21%	27.01%

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

	F2006A	F2007A	1Q08A
Assets			
Current Assets			
Cash & Equivalents	$ 1,795	$ 9,340	$ 8,236
Net Receivables	42,424	45,128	45,292
Inventory	1,157	1,439	1,606
Deferred income taxes	-	2,100	2,100
Other Assets	2,086	2,062	2,355
Total Current Assets	47,462	60,069	59,589
Plant, Property, & Equipment-net	3,854	4,421	4,586
Intangibles	11,174	19,751	19,674
Discounted ops Assets	30	-	-
Total Assets	$ 62,520	$ 84,241	$ 83,849
Liabilities & Shareholders' Equity			
Current Liabilities			
Current portion of LTD	$ 4,609	$ 6,200	$ 6,327
Accounts Payable	28,798	37,233	35,487
Accrued Expenses & Other	5,038	5,613	6,129
Other	1,385	1,440	1,188
Total Current Liabilities	39,830	50,486	49,131
Deferred income taxes	-	1,565	1,565
Other LT	306	163	332
Total Shareholders' Equity	22,384	32,027	32,821
Total Liabilities & Equity	$ 62,520	$ 84,241	$ 83,849
SHARES OUT	6,603	7,549	7,423

INX Inc.
Consolidated Cash Flow Statement
For Periods Ended
(in thousands)

	FY2006A	FY2007A	3M(3/08)08
Cash Flows from Operating Activities			
Net Income	$ 1,195	$ 3,735	$ 1,011
Depreciation & Amortization	1,178	1,659	520
Other	497	602	282
Discountinued operations	316	(111)	(4)
	3,186	5,885	1,809
Changes In:			
Receivables	(17,584)	2,733	(119)
Inventories	(1,053)	156	(167)
Prepaid Expense	(1,185)	130	-
Accounts Payable	14,981	1,653	(1,746)
Accrued Expenses & Other	1,629	(560)	140
Discountinued operations	(684)	28	4
Net Changes in Working Capital	(3,896)	4,140	(1,888)
Net cash Provided by Operations	(710)	10,025	(79)
Cash Flows from Investing Activities			
Capital Expenditures	(1,921)	(1,588)	(563)
Acquisitions	(2,177)	(4,011)	(54)
Discountinued operations	1,492	15	-
Net cash used in Investing	(2,606)	(5,584)	(617)
Cash Flows from Financing Activities			
Proceeds from Common stock/options	613	1,578	(535)
Proceeds from Credit facilities	2,293	1,526	127
Repayments of notes	(391)		-
Discountinued operations	(1)	-	-
Net cash provided by Financing	2,514	3,104	(408)
Net change in Cash	(802)	7,545	(1,104)
Cash Beginning of Period	2,597	1,795	9,340
Cash End of Period	$ 1,795	$ 9,340	$ 8,236