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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 $4.50 (NASDAQ)

May 19, 2009

	FY2005A*	FY2006A	FY2007A	FY2008A**	FY2009E
Revenues (Thousands)*	$107,319	$156,013	$207,967	$259,157	$247,541
Earnings (loss) per share**	$(1.38)	$0.16	$0.47	$(1.55)	$(0.12)

52-Week Range	$13.50 – 2.18	Fiscal Year Ends	December
Shares Outstanding	8.7 million	Revs/Share (TTM)	29.02
Approximate Float	6.8 million	Price/Sales(TTM)	0.2X
Market Capitalization	$40 million	Price/Sales(2009)E	0.2X
Tangible Book Value/Share	$2.21	Price/Earnings(TTM)	NMF
Price/Tangible book	2.0X	Price/Earnings(2009)E	NMF

** FY 2005 includes a $5.7 million non-cash expense included in SG&A* *** FY2008 includes a $13.1 million non-cash impairment charge*

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 maintaining our rating of Speculative Buy and 12-month price target of $6.00 per share on the shares of INXI. Our price target is based on a historic P/S analysis. INXI's solid balance sheet provides a measure of downside protection.

On May 5, 2009, INXI reported first quarter net revenues of $57.5 million and a net loss of $0.3 million or $(0.04) per share. In the year ago period, INXI reported revenues of $59.6 million and net income of $1.0 million or $0.12 per diluted share. At the end of the first quarter, INXI had cash and cash equivalents of $8.7 million, working capital of $15.1 million, long-term liabilities of $0.6 million (including $0.3 million long-term capital lease obligations), and stockholders' equity of $33.9 million.

We are adjusting our estimates for 2009 due to recent results and operational trends, as well as public guidance by Management and cautious forward looking industry and macro trends. Our revised 2009 forecast calls for GAAP EPS loss of $(0.12) per share, on revenues of $247.5 million. Our prior forecast called for GAAP EPS loss of $(0.26) per diluted share, on revenues of $249.1 million.

As new products (such as Cisco's Unified Computing System and VMware's VSphere) come to market, INXI's revenues are expected to get a significant boost. Beyond 2009, we believe the Company is well positioned to achieve revenue growth and regain profitability.

On May 13, 2009, the Company's Board of Directors approved a $2 million common stock repurchase plan through October 31, 2009.

**** Please view our disclaimer located on page 11.***

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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 network consulting and solutions provider focusing on 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, INXI also provides comprehensive services, including remote monitoring and management, for managing converged Cisco networks with a suite of industry-standard management technologies.

Over the past few years, the Company has expanded its offices and staff. The Company now has 17 offices located in Texas (5), California (2), Idaho (1), Massachusetts (1), New Mexico (1), Oklahoma (1), Oregon (2), Washington (1), Connecticut (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

On May 5, 2009, INXI reported results for its first quarter, ended March 31, 2009. The Company reported net revenues of $57.5 million and a net loss of $0.3 million or $(0.04) per share. In the year ago period, INXI reported revenues of $59.6 million and net income of $1.0 million or $0.12 per diluted share.

Taglich Brothers’ expectations called for 1Q09 revenues of $56.1 million and a net loss of 0.697 million or (0.08) per share.

Despite overall revenues that dropped 3.5%, service revenues increased by 41.8% to $12.975 from $9.152 million.

Overall gross margins increased to 21.7% from 20.4%, due to higher product gross margins stemming from product mix. SG&A expenses increased to $12.7 million from $10.4 million stemming from expanded operations and acquisitions. As a percentage of sales, SG&A was 22.1% versus 17.4% in the year ago period. Operating margins decreased to -0.4% from 3.0%, while pretax margins declined to -0.6% from 1.7%.

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

Item ($ 000’s)	1Q08A	1Q09A
GAAP net income	1,011	(329)
Equity comp	312	580
Non-cash income tax	601	0
Discontinued ops	(4)	39
Non-GAAP Net Income	1,920	290
Non –GAAP EPS	0.23	0.03

Source: SEC filings

Balance Sheet

Investors should note that INXI continues to have a solid balance sheet. At the end of the first quarter, INXI had cash and cash equivalents of $8.7 million, working capital of $15.1 million, long-term liabilities of $0.6 million (including $0.3 million long-term capital lease obligations), and stockholders' equity of $33.9 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. On June 3, 2008, it was expanded to $60 million. The facility accrues interest at the rate of prime + 0.5%. As of March 31, 2009, the unused availability on the facility was $3.3 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, 2009, the unused availability on the facility was $6 million. INXI used $6 million under this facility to partially fund the Select acquisition during August 2007; however, it used the proceeds from a recent equity offering to eliminate the outstanding amount.

Outlook

Macroeconomic statistics, recent financial results, and guidance indicate a period of uncertainty in technology markets and the broader economy. Additionally, comments by key industry players such as Cisco Systems and VMware point to a difficult enterprise market for technology spending during the coming quarters. Therefore, management is positioning the Company to operate in such an environment, taking advantage of its strength in the marketplace, while exploiting its competitors' weakness and differentiating the Company via its product and service offerings. Additionally, the Company is managing its cost structure to optimize short-term and medium term growth and profitability. In this manner, Management is hoping to mitigate soft customer demand associated with the current economic climate.

Over the long-term, 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 its 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 (including most recently being awarded the designation of Advanced Technology Provider of Cisco's Data Center Unified Computing solution);
- Growing service contracts;
- Strong data center trends (i.e. virtualization and Cloud Computing);
- Acquisitions; and
- Investment in revenue generating employees (i.e. engineers and sales).

Projections

We are adjusting our revenue, margin, and EPS estimates for 2009 due to recent results and operational trends, as well as public guidance by Management and cautious forward looking trends.

Our revised 2009 forecast calls for a GAAP EPS loss of $(0.12) per share, on revenues of $247.5 million. Our prior forecast called for GAAP loss of $(0.26) per diluted share, on revenues of $249.1 million.

Gross, operating and after tax margins for 2009 were adjusted due to recently observed trends and revised outlook for product and service margins. S,G,&A expenses were adjusted due to the effects of increased expenditures due to acquisitions, the addition of certain key hires, and cost reductions implemented in the fourth quarter of 2008 and first quarter of 2009.

Our current model for 2009 incorporates:

- Management's public guidance which was updated on May 4, 2009. INXI now expects to report second quarter revenues of $56 to $60 million. Service revenues are expected to remain strong and be in the range of $11.5 to $13.5 million.

- Overall revenue softness of 4% in 2009 due to the macro economic climate and the impact on technology spending through 2009. Given the near-term pessimism relative to economic growth and technology spending, it may be probable that during 2009 we may adjust our estimates to reflect changing views on economic and industry growth, as well as market share gains by the Company.

  The following tables provide our revenue mix estimate for products and services:

FY2008	1QA	2QA	3QA	4QA	2008A
Products	50,491	51,430	59,576	51,628	213,125
Services	9,152	12,561	12,366	11,953	46,032

FY2009	1QA	2QE	3QE	4QE	2009E
Products	44,566	46,000	54,000	52,000	196,566
Services	12,975	12,500	13,000	12,500	50,975

  We believe that revenue growth will resume in the second half as the economy improves and easier revenue comparison are evidenced. Additionally, as new products (such as Cisco's Unified Computing System and VMware's VSphere) come to market, INXI's second half revenues are expected to get a significant boost. Management indicated that some customers were delaying orders in anticipation of these new product releases.

- Mixed gross and operating margins (as illustrated in the following charts) due to competitive factors, expanded activity, and a lower revenue base. As stated previously, the Company's long-term 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.

INX Gross Margin Analysis (%)

	1Q	2Q	3Q	4Q	Fiscal
2007A	18.6%	18.7%	18.4%	20.4%	19.1%
2008A	20.4%	21.5%	18.5%	18.8%	19.7%
2009E	21.7%	20.8%	20.5%	20.5%	20.9%

INX Operating Margin Analysis (%)

	1Q	2Q	3Q	4Q	Fiscal
2007A	0.8%	1.9%	1.9%	2.0%	1.7%
2008E	3.0%	2.9%	1.1%	-3.2%	0.9%
2009E	-0.4%	-1.1%	0.0%	0.0%	-0.4%

Beyond 2009, we believe the Company is well positioned to achieve revenue growth and regain profitability. During Cisco's most recent conference call, its CEO indicated that sales appeared to have leveled off after two previous quarters of increasing declines from one month to the next. Cisco's CEO characterized this as stabilization. Although, he did not predict resurgence in sales, he indicated that its US region is likely to see improvement before other regions. Given the consensus forecast calling for improvement in domestic economic activity toward the end of 2009, we believe that technology spending is likely to improve in 2010.

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. Recently, there have been numerous indications of poor macro economic (including negative GDP growth) and technology performance (Cisco Systems guidance for upcoming quarters). Further deterioration of these and other key metrics may negatively impact the Company's financial results and equity values.

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.

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.

Income Taxes
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 $2.5 million of net operating loss carry-forwards as of December 31, 2008.

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.

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 6.8 million shares in the float. On average, approximately 15,000 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 believe that shares of INXI remain a compelling investment opportunity for risk tolerant technology oriented investors, with a long-term investment horizon. **Therefore, we are maintaining our Speculative Buy rating and our 12-month price target of $6.00 per share on the shares of INXI.**

Given the projected losses we estimate for 2009, we choose to use a P/S model. Our price target is based on the following:

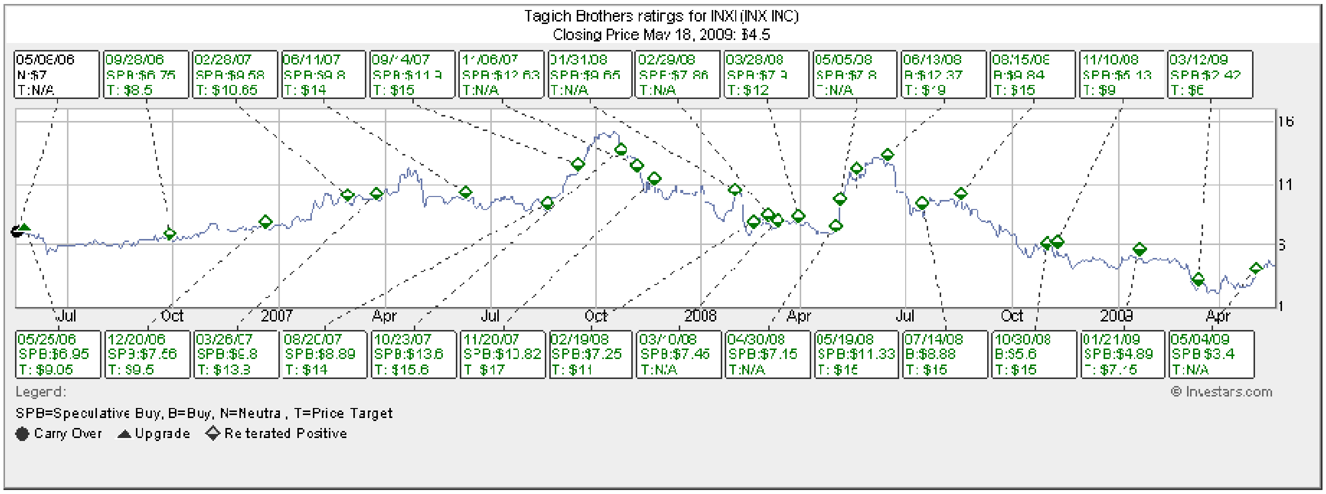
- A P/S multiple of 0.35X applied to our estimated diluted revenue per share of $26.06 per share. We arrived at this by taking the average P/S for the past 5 years (according to MSN Money); and
- Discounting the result by 30% to incorporate Company risks and current market conditions.

Of note, we are effectively valuing INXI at a fraction of its historical P/S ratio. We believe that our valuation approach provides for the opportunity to achieve price appreciation as the Company delivers on its strategy, returns to profitability, and valuation multiples rebound. Furthermore, the Company's solid balance sheet (with cash and cash equivalents of $8.7 million or $1.00 per share, working capital of $15.1 million, and virtually no debt) provides a measure of downside protection.

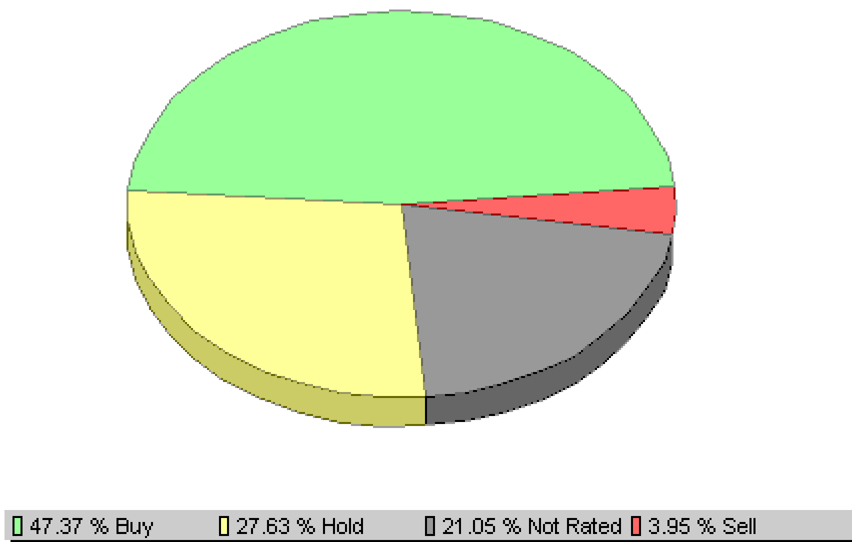
Investors should recognize that an investment in INXI is an opportunity to participate in a rapidly developing microcap technology oriented company; therefore, the shares are only suitable for high-risk tolerant investors. Investors should be cognizant of the many risks involved in such an investment 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	2	7.69%
Hold	0	0
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.

<u>Public Companies mentioned in this report</u>:
3Com (NASDAQ: COMS)
Alcatel-Lucent (NYSE: ALU)
AT&T (NYSE: T)
Cisco Systems (NASDAQ: CSCO)
Nortel (NYSE: NT)
Siemens (NYSE: SI)
VMware (NYSE: VMW)

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

	F2005A	F2006A	F2007A	F2008A	F2009E
Total Revenues	$ 107,319	$ 156,013	$ 207,967	$ 259,157	$ 247,541
Costs of Goods Sold	88,743	125,516	168,320	208,000	195,916
Gross Profit	18,576	30,497	39,647	51,157	51,625
Gross Margins	17.31%	19.55%	19.06%	19.74%	20.86%
S,G&A	22,759	28,710	36,152	48,734	52,494
Operating Income	(4,183)	1,787	3,495	2,423	(869)
Operating Margin	*-3.90%*	*1.15%*	*1.68%*	*0.93%*	*-0.35%*
Impairment charge				13,071	
Interest Expense(Income)-net	236	232	79	16	(42)
Pre-Tax Income	(4,419)	1,555	3,416	(10,664)	(827)
Pre-Tax Margins	*-4.12%*	*1.00%*	*1.64%*	*-4.11%*	*-0.33%*
			0.43		
Taxes (Benefit)	475	44	(236)	2,011	201
Tax Rate	*-10.75%*	*2.83%*	*-6.91%*	*-18.86%*	*-24.32%*
Net Income-continuing ops	$ (4,894)	$ 1,511	$ 3,652	$ (12,675)	$ (1,028)
EPS-fully diluted- cont ops	$ (0.86)	$ 0.21	$ 0.45	$ (1.56)	$ (0.12)
Avg Shares Out-fully diluted	5,706	7,294	8,027	8,133	8,702
Income (loss) from discontinued	*(2,967)*	*(316)*	*83*	*37*	*(39)*
Minority Interest	*(23)*	-	-	-	
Net Income	$ (7,884)	$ 1,195	$ 3,735	$ (12,638)	$ (1,067)
EPS-fully diluted	$ (1.38)	$ 0.16	$ 0.47	$ (1.55)	$ (0.12)
Avg Shares Out-fully diluted	5,706	7,294	8,027	8,133	8,702
Percent of Revenue					
Costs of Goods Sold	82.69%	80.45%	80.94%	80.26%	79.14%
SG&A	21.21%	18.40%	17.38%	18.80%	21.21%
Net Margin	-7.35%	0.77%	1.80%	-4.88%	-0.33%
YEAR / YEAR GROWTH					
Total Revenues	50.12%	45.37%	33.30%	24.61%	-4.48%

* 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)A	Q3(9/08)A	Q4(12/08)A	**F2008A**
Total Revenues	$ 59,643	$ 63,991	$ 71,942	$ 63,581	**$ 259,157**
Costs of Goods Sold	**47,496**	**50,239**	**58,616**	**51,649**	**208,000**
Gross Profit	12,147	13,752	13,326	11,932	**51,157**
Gross Margins	20.37%	21.49%	18.52%	18.77%	19.74%
S,G&A	10,384	11,871	12,545	13,934	48,734
Operating Income	1,763	1,881	781	(2,002)	**2,423**
Operating Margin	***2.96%***	***2.94%***	***1.09%***	***-3.15%***	***0.93%***
Impairment charge	-	-	-	**13,071**	**13,071**
Interest Expense(Income)-net	**73**	**98**	**(106)**	**(49)**	**16**
Pre-Tax Income	1,690	1,783	887	(15,024)	**(10,664)**
Pre-Tax Margins	***0.21***	***2.79%***	***1.23%***	***-23.63%***	***-4.11%***
	4.43				
Taxes (Benefit)	683	680	470	178	**2,011**
Tax Rate	*40.41%*	*38.14%*	*52.99%*	*-1.18%*	***-18.86%***
Net Income-continuing ops	**$ 1,007**	**$ 1,103**	**$ 417**	**$ (15,202)**	**$ (12,675)**
EPS-fully diluted- cont ops	**$ 0.12**	**$ 0.13**	**$ 0.04**	**$ (1.76)**	**$ (1.56)**
Avg Shares Out-fully diluted	**8,242**	**8,735**	**9,338**	**8,656**	**8,133**
Income (loss) from discontinued	***4***	***10***	***9***	***14***	***37***
		-	-		
Net Income	**$ 1,011**	**$ 1,113**	**$ 426**	**$ (15,188)**	**$ (12,638)**
EPS-fully diluted	**$ 0.12**	**$ 0.13**	**$ 0.05**	**$ (1.75)**	**$ (1.55)**
Avg Shares Out-fully diluted	**8,242**	**8,735**	**9,338**	**8,656**	**8,133**
Percent of Revenue					
Costs of Goods Sold	79.63%	78.51%	81.48%	81.23%	80.26%
SG&A	17.41%	18.55%	17.44%	19.40%	18.80%
Net Margin	1.70%	1.74%	0.59%	-23.89%	-4.88%
YEAR / YEAR GROWTH					
Total Revenues	30.67%	19.10%	38.36%	12.34%	24.61%

INX Inc.
Quarterly Income Statement Model
For Year Ended December 31, 2009
(in thousands)

	Q1(3/09)A	Q2(6/09)E	Q3(9/09)E	Q4(12/09)E	**F2009E**
Total Revenues	**$ 57,541**	**$ 58,500**	**$ 67,000**	**$ 64,500**	**$ 247,541**
Costs of Goods Sold	**45,056**	**46,345**	**53,250**	**51,265**	**195,916**
Gross Profit	12,485	12,155	13,750	13,235	**51,625**
Gross Margins	21.70%	20.78%	20.52%	20.52%	20.86%
S,G&A	12,736	12,800	13,735	13,223	52,494
Operating Income	(251)	(645)	15	13	**(869)**
Operating Margin	***-0.44%***	***-1.10%***	***0.02%***	***0.02%***	***-0.35%***
Impairment charge					
Interest Expense(Income)-net	**(12)**	**(10)**	**(10)**	**(10)**	**(42)**
Pre-Tax Income	(239)	(635)	25	23	**(827)**
Pre-Tax Margins	***-0.42%***	***-1.09%***	***0.04%***	***0.03%***	***-0.33%***
Taxes (Benefit)	51	50	50	50	**201**
Tax Rate	*-21.34%*	*-7.87%*	*200.00%*	*222.22%*	***-24.32%***
Net Income-continuing ops	**$ (290)**	**$ (685)**	**$ (25)**	**$ (28)**	**$ (1,028)**
EPS-fully diluted- cont ops	**$ (0.03)**	**$ (0.08)**	**$ (0.00)**	**$ (0.00)**	**$ (0.12)**
Avg Shares Out-fully diluted	**8,706**	**8,700**	**8,700**	**8,700**	**8,702**
Income (loss) from discontinued	***(39)***				***(39)***
Net Income	**$ (329)**	**$ (685)**	**$ (25)**	**$ (28)**	**$ (1,067)**
EPS-fully diluted	**$ (0.04)**	**$ (0.08)**	**$ (0.00)**	**$ (0.00)**	**$ (0.12)**
Avg Shares Out-fully diluted	**8,706**	**8,700**	**8,700**	**8,700**	**8,702**
Percent of Revenue					
Costs of Goods Sold	78.30%	79.22%	79.48%	79.48%	79.14%
SG&A	22.13%	21.88%	20.50%	20.50%	21.21%
Net Margin	-0.57%	-1.17%	-0.04%	-0.04%	-0.33%
YEAR / YEAR GROWTH					
Total Revenues	-3.52%	-8.58%	-6.87%	1.45%	-4.48%

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

	F2007A	F2008A	1Q09A
Assets			
Current Assets			
Cash & Equivalents	$ 9,340	$ 10,937	$ 8,681
Net Receivables	45,128	52,886	46,710
Inventory	1,439	2,406	2,745
Deferred income taxes	2,100	-	-
Other Assets	2,062	1,275	1,562
Total Current Assets	60,069	67,484	59,698
Plant, Property, & Equipment-net	4,421	5,207	4,998
Intangibles/Goodwill	19,751	14,603	14,418
Total Assets	$ 84,241	$ 87,294	$ 79,114
Liabilities & Shareholders' Equity			
Current Liabilities			
Current portion of LTD/notes	$ 6,200	$ 168	$ 275
Accounts Payable	37,233	45,172	36,620
Accrued Expenses & Other	5,613	6,873	6,885
Other	1,440	1,072	783
Total Current Liabilities	50,486	53,285	44,563
Deferred income taxes	1,565	-	-
Other LT	163	413	625
Total Shareholders' Equity	32,027	33,596	33,926
Total Liabilities & Equity	$ 84,241	$ 87,294	$ 79,114
SHARES OUT	7,549	8,709	8,803

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

	FY2006A	FY2007A	FY2008A
Cash Flows from Operating Activities			
Net Income	$ 1,195	$ 3,735	$ (12,638)
Depreciation & Amortization	1,178	1,659	2,667
Other	497	602	15,890
Discountinued operations	316	(111)	(37)
	3,186	5,885	5,882
Changes In:			
Receivables	(17,584)	2,733	(8,279)
Inventories	(1,053)	156	(953)
Prepaid Expense	(1,185)	130	758
Accounts Payable	14,981	1,653	7,939
Accrued Expenses & Other	1,629	(560)	956
Discountinued operations	(684)	28	18
Net Changes in Working Capital	(3,896)	4,140	439
Net cash Provided by Operations	(710)	10,025	6,321
Cash Flows from Investing Activities			
Capital Expenditures	(1,921)	(1,588)	(2,259)
Acquisitions	(2,177)	(4,011)	(4,062)
Discountinued operations	1,492	15	-
Net cash used in Investing	(2,606)	(5,584)	(6,321)
Cash Flows from Financing Activities			
Proceeds from Common stock/options	613	1,578	7,738
Proceeds from Credit facilities	2,293	1,526	(6,141)
Repayments of notes	(391)		
Discountinued operations	(1)	-	-
Net cash provided by Financing	2,514	3,104	1,597
Net change in Cash	(802)	7,545	1,597
Cash Beginning of Period	2,597	1,795	9,340
Cash End of Period	$ 1,795	$ 9,340	$ 10,937