Research Note

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

INX Inc.

Rating: Buy

Luis Martins

October 30, 2008

INXI $5.60 (NASDAQ)

	FY2005A*	FY2006A	FY2007A	FY2008E**	FY2009E**
Revenues (Thousands)*	$107,319	$156,013	$207,967	$263,634	$300,556
Earnings (loss) per share**	$(1.38)	$0.16	$0.47	$0.46	$0.70

52-Week Range	$14.13 – 5.02	Fiscal Year Ends	December
Shares Outstanding	8.8 million	Revs/Share (TTM)	$27.93
Approximate Float	5.7 million	Price/Sales(TTM)	0.2X
Market Capitalization	$49 million	Price/Sales(2009)E	0.2X
Tangible Book Value/Share	$2.56	Price/Earnings(TTM)	10.6X
Price/Tangible book	2.2X	Price/Earnings(2009)E	8.0X

** 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 maintaining our Buy rating on the shares of INXI and 12-month price target of $15.00 per share. Our price target is based on a PEG analysis. The shares are trading at compelling valuation multiples.

We are lowering our 2008 EPS estimates from $0.50 per diluted share to $0.46 per diluted share. Our revenues estimated remain unchanged.

On October 7, 2008, Management commented on operating trends for the third quarter of 2008 and updated its guidance for the quarter. Management indicated that revenue would be between $64 million and $69 million; however, there will be some additional costs in the quarter due to an increase in sales staff to combat future softness stemming from general economic weakness.

Management also indicated that order bookings remained strong in the third quarter of 2008; however, there are signs that some customers are delaying large projects.

Currently, our 2009 EPS forecast is unchanged at $0.70 per diluted share.

**** Please view our disclaimer located on page 8.***

Recent Developments

On October 7, 2008, Management commented on the third quarter of 2008 and updated its guidance for the quarter. Management indicated that revenue would be between $64 million and $69 million; however, there would be some additional costs during the quarter due to increase in sales staff. During the quarter, the Company increased its sales staff by 11% to 143 from 129.

Management also indicated that order bookings remained strong in the third quarter of 2008; however, there are signs that some customers are delaying large projects. In light of potential operating weakness, the Company adjusted its staffing levels.

Outlook & Projections

We are slightly reducing our EPS estimates for 2008 due to the revised public guidance by Management. Our revised 2008 forecast calls for EPS of $0.46 per diluted share, on revenues of $263.6 million. Our prior forecast called $0.50 per diluted share, on revenues estimates of prior $263.6 million.

Operating and after tax margins for 2008 were adjusted lower due to recent Management public comments on the state of the third quarter and increased costs from additional sales staff. Our revenue and gross margin estimates remain unchanged.

Currently, our 2009 estimates remain unchanged. We will reevaluate our assumptions and model after the Company reports third quarter results in mid-November.

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. On October 30, 2008, government statistics indicated negative GDP growth for the third quarter of 2008. 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.

Acquisition Risk
The Company makes selected acquisitions a part of its business strategy. In June 2008, INX acquired AccessFlow. 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 5.7 million shares in the float. On average, approximately 42,000 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 maintaining our Buy rating on the shares of INX (NASDAQ: INXI) and our 12-month price target to $15.00.

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

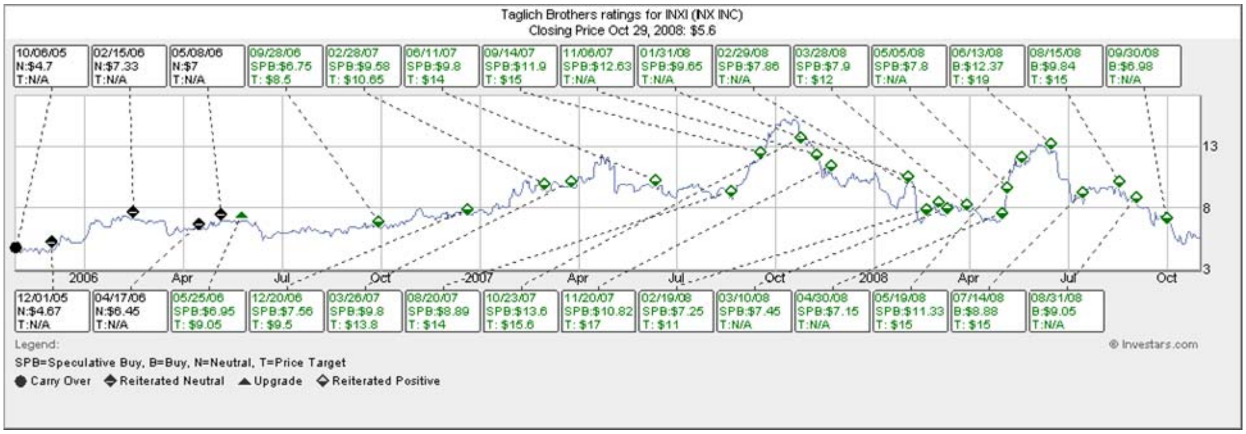
Our price target is based on the following discounted by 10% to incorporate microcap and other risks:

- A multiple of 24.3X applied to our estimated 2009 GAAP EPS of $0.70 per share. We arrived at this multiple from the Company's estimated 2-year (2007 to 2009) compounded annual growth rate in GAAP EPS.

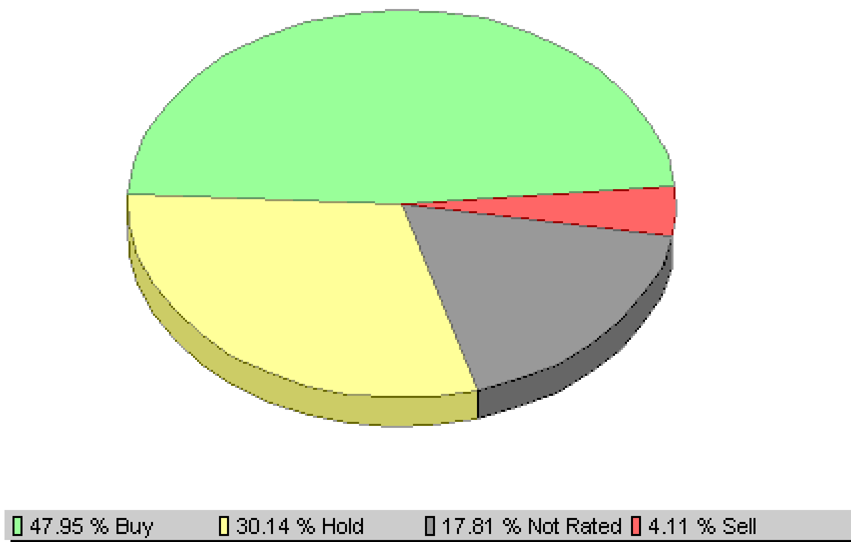
Of note, after the 10% discount, we are effectively valuing INXI at a PEG ratio of 0.9X. **Investors should recognize that an investment in INXI is an opportunity to participate in a rapidly developing microcap**

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)
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	F2008E	F2009E
Total Revenues	$ 107,319	$ 156,013	$ 207,967	$ 263,634	$ 300,556
Costs of Goods Sold	88,743	125,516	168,320	208,845	237,626
Gross Profit	18,576	30,497	39,647	54,789	62,930
Gross Margins	17.31%	19.55%	19.06%	20.78%	20.94%
	18.81				
S,G&A	22,759	28,710	36,152	47,626	50,322
Operating Income	(4,183)	1,787	3,495	7,163	12,609
Operating Margin	*-3.90%*	*1.15%*	*1.68%*	*2.72%*	*4.20%*
Interest Expense(Income)-net	236	232	79	171	-
Pre-Tax Income	(4,419)	1,555	3,416	6,992	12,609
Pre-Tax Margins	*-4.12%*	*1.00%*	*1.64%*	*2.65%*	*4.20%*
			0.43		
Taxes (Benefit)	475	44	(236)	2,841	5,296
Tax Rate	*-10.75%*	*2.83%*	*-6.91%*	*40.63%*	*42.00%*
Net Income-continuing ops	$ (4,894)	$ 1,511	$ 3,652	$ 4,151	$ 7,313
EPS-fully diluted- cont ops	$ (0.86)	$ 0.21	$ 0.45	$ 0.46	$ 0.70
Avg Shares Out-fully diluted	5,706	7,294	8,027	9,057	10,400
Income (loss) from discontinued	*(2,967)*	*(316)*	*83*	*14*	
Minority Interest	*(23)*	-	-	-	
Net Income	$ (7,884)	$ 1,195	$ 3,735	$ 4,165	$ 7,313
EPS-fully diluted	$ (1.38)	$ 0.16	$ 0.47	$ 0.46	$ 0.70
Avg Shares Out-fully diluted	5,706	7,294	8,027	9,057	10,400
Percent of Revenue					
Costs of Goods Sold	82.69%	80.45%	80.94%	79.22%	79.06%
SG&A	21.21%	18.40%	17.38%	18.07%	16.74%
Net Margin	-7.35%	0.77%	1.80%	1.58%	4.20%
	-1.49%				
YEAR / YEAR GROWTH					
Total Revenues	50.12%	45.37%	33.30%	26.77%	14.00%

* 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)E	Q4(12/08)E	**F2008E**
Total Revenues	$ 59,643	$ 63,991	$ 68,500	$ 71,500	**$ 263,634**
Costs of Goods Sold	47,496	50,239	54,333	56,778	**208,845**
Gross Profit	12,147	13,752	14,168	14,723	**54,789**
Gross Margins	20.37%	21.49%	20.68%	20.59%	20.78%
S,G&A	10,384	11,871	12,501	12,870	47,626
Operating Income	1,763	1,881	1,666	1,853	**7,163**
Operating Margin	***2.96%***	***2.94%***	***2.43%***	***2.59%***	***2.72%***
Interest Expense(Income)-net	73	98	-	-	**171**
Pre-Tax Income	1,690	1,783	1,666	1,853	**6,992**
Pre-Tax Margins	***2.83%***	***2.79%***	***2.43%***	***2.59%***	***2.65%***
Taxes (Benefit)	683	680	700	778	**2,841**
Tax Rate	*40.41%*	*38.14%*	*42.00%*	*42.00%*	***40.63%***
Net Income-continuing ops	**$ 1,007**	**$ 1,103**	**$ 966**	**$ 1,074**	**$ 4,151**
EPS-fully diluted- cont ops	**$ 0.12**	**$ 0.13**	**$ 0.10**	**$ 0.11**	**$ 0.46**
Avg Shares Out-fully diluted	**8,242**	**8,735**	**9,500**	**9,750**	**9,057**
Percent of Revenue					
Costs of Goods Sold	79.63%	78.51%	79.32%	79.41%	79.22%
SG&A	17.41%	18.55%	18.25%	18.00%	18.07%
Net Margin	1.70%	1.74%	2.43%	2.59%	1.58%
YEAR / YEAR GROWTH					
Total Revenues	30.67%	19.10%	31.74%	26.33%	26.77%

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

	Q1(3/09)E	Q2(6/09)E	Q3(9/09)E	Q4(12/09)E	**F2009E**
Total Revenues	$ 72,065	$ 72,434	$ 76,329	$ 79,729	**$ 300,556**
Costs of Goods Sold	**57,113**	**57,273**	**60,275**	**62,965**	**237,626**
Gross Profit	14,952	15,161	16,053	16,764	**62,930**
Gross Margins	20.75%	20.93%	21.03%	21.03%	20.94%
S,G&A	12,467	12,459	12,480	12,916	50,322
Operating Income	2,485	2,702	3,574	3,848	**12,609**
Operating Margin	***3.45%***	***3.73%***	***4.68%***	***4.83%***	***4.20%***
Interest Expense(Income)-net	-	-	-	-	-
Pre-Tax Income	2,485	2,702	3,574	3,848	**12,609**
Pre-Tax Margins	***3.45%***	***3.73%***	***4.68%***	***4.83%***	***4.20%***
Taxes (Benefit)	1,044	1,135	1,501	1,616	**5,296**
Tax Rate	*42.00%*	*42.00%*	*42.00%*	*42.00%*	***42.00%***
Net Income-continuing ops	**$ 1,441**	**$ 1,567**	**$ 2,073**	**$ 2,232**	**$ 7,313**
EPS-fully diluted- cont ops	**$ 0.14**	**$ 0.15**	**$ 0.20**	**$ 0.21**	**$ 0.70**
Avg Shares Out-fully diluted	**10,200**	**10,300**	**10,500**	**10,600**	**10,400**
Percent of Revenue					
Costs of Goods Sold	79.25%	79.07%	78.97%	78.97%	79.06%
SG&A	17.30%	17.20%	16.35%	16.20%	16.74%
Net Margin	3.45%	3.73%	4.68%	2.80%	4.20%
YEAR / YEAR GROWTH					
Total Revenues	20.83%	13.19%	11.43%	11.51%	14.00%
Operating Income	40.94%	43.65%	94.49%	68.66%	62.42%
Pre-Tax Income	47.03%	51.55%	94.49%	68.66%	66.08%
Net Income	145.77%	142.78%	94.49%	-2.17%	62.04%

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

	F2007A	1Q08A	2Q08A
Assets			
Current Assets			
Cash & Equivalents	$ 9,340	$ 8,236	$ 12,604
Net Receivables	45,128	45,292	51,787
Inventory	1,439	1,606	1,147
Deferred income taxes	2,100	2,100	2,100
Other Assets	2,062	2,355	1,657
Total Current Assets	60,069	59,589	69,295
Plant, Property, & Equipment-net	4,421	4,586	5,019
Intangibles	19,751	19,674	25,768
Total Assets	$ 84,241	$ 83,849	$ 100,082
Liabilities & Shareholders' Equity			
Current Liabilities			
Current portion of LTD	$ 6,200	$ 6,327	$ 67
Accounts Payable	37,233	35,487	41,604
Accrued Expenses & Other	5,613	6,129	7,405
Other	1,440	1,188	1,002
Total Current Liabilities	50,486	49,131	50,078
Deferred income taxes	1,565	1,565	1,565
Other LT	163	332	251
Total Shareholders' Equity	32,027	32,821	48,188
Total Liabilities & Equity	$ 84,241	$ 83,849	$ 100,082
SHARES OUT	7,549	7,423	8,750

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

	FY2006A	FY2007A	6M(6/08)08
Cash Flows from Operating Activities			
Net Income	$ 1,195	$ 3,735	$ 2,124
Depreciation & Amortization	1,178	1,659	1,102
Other	497	602	683
Discountinued operations	316	(111)	(14)
	3,186	5,885	3,895
Changes In:			
Receivables	(17,584)	2,733	(6,588)
Inventories	(1,053)	156	297
Prepaid Expense	(1,185)	130	-
Accounts Payable	14,981	1,653	4,371
Accrued Expenses & Other	1,629	(560)	1,731
Discountinued operations	(684)	28	8
Net Changes in Working Capital	(3,896)	4,140	(181)
Net cash Provided by Operations	(710)	10,025	3,714
Cash Flows from Investing Activities			
Capital Expenditures	(1,921)	(1,588)	(1,001)
Acquisitions	(2,177)	(4,011)	(2,608)
Discountinued operations	1,492	15	-
Net cash used in Investing	(2,606)	(5,584)	(3,609)
Cash Flows from Financing Activities			
Proceeds from Common stock/options	613	1,578	9,292
Proceeds from Credit facilities	2,293	1,526	251
Repayments of notes	(391)		(6,384)
Discountinued operations	(1)	-	-
Net cash provided by Financing	2,514	3,104	3,159
Net change in Cash	(802)	7,545	3,264
Cash Beginning of Period	2,597	1,795	9,340
Cash End of Period	$ 1,795	$ 9,340	$ 12,604