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

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report: (Date of earliest event reported): November 5, 2007

INX Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-31949
Commission file number

76-0515249
(I.R.S. Employer Identification No.)

6401 Southwest Freeway
Houston, Texas 77074
(Address of Registrant's principal executive offices)

(713) 795-2000
(Registrant's telephone number, including area code)

(Not Applicable)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On November 5, 2007, INX Inc. (the "Company") issued a press release announcing its financial results for the quarter ended September 30, 2007. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On November 5, 2007, the registrant issued a press release announcing its financial results for the quarter ended September 30, 2007. The press release is furnished as Exhibit 99.1 to this Current Report and is hereby incorporated by reference in this Item 7.01. An investor conference call is scheduled to begin at 4:15 p.m. Eastern Standard Time following the announcement to present the results and the Company's updated outlook as well as provide an opportunity to answer investors' questions in a public format. James Long, Chairman and Chief Executive Officer; Mark Hilz, President and Chief Operating Officer; and Brian Fontana, Chief Financial Officer, are scheduled to be on the call to discuss the quarter's results and answer investors' questions.

The conference call will begin promptly at 4:15 p.m. Eastern Standard Time. Investors wishing to participate should call the telephone number at least five minutes prior to that time. To access the conference call within the U.S., dial 877-809-2547. For international/toll access, dial 706-634-9510. A slide presentation related to the information that will be presented on the call will be available for viewing from the Company's web site at www.INXI.com/Webcasts/Q307call.

A replay of the conference call will be accessible beginning approximately one hour after the end of the conference call and ending on December 6, 2007 by calling either 800-642-1687 from within the U.S., or 706-645-9291 for international/toll access. The replay, together with the slide presentation, will also be available by the following morning, and until at least December 6, 2007, for listening via the Internet from the Company's web site at www.INXI.com/Webcasts/Q307call.

The information being furnished in this report (including Exhibits 99.1 and 99.2) are furnished pursuant to Item 7.01 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any other filing under the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated November 5, 2007.
99.2	PowerPoint Presentation

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 5, 2007

INX Inc.

By: /s/ Brian Fontana
Brian Fontana
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
<u>99.1</u>	Press Release, dated November 5, 2007.
<u>99.2</u>	PowerPoint Presentation

PRESS RELEASE

INX Announces Results for 3rd Quarter Ended September 30, 2007

HOUSTON--(BUSINESS WIRE)--November 5, 2007--INX Inc. (Nasdaq: INXI) today announced financial results for its third quarter ended September 30, 2007.

In summary, for the quarter ended September 30, 2007 compared to the same period in the prior year:

- Total revenue increased 14.9% to \$52.0 million from \$45.2 million.
 - Product revenue increased 13.5% to \$45.2 million from \$39.8 million, with gross profit on product revenue increasing 18.9% to \$7.9 million, or 17.4% of product revenue, compared to \$6.6 million, or 16.6% of product revenue.
 - Service revenue increased 25.6% to \$6.8 million from \$5.4 million, with gross profit on service revenue increasing 9.8% to \$1.7 million, or 24.6% of service revenue, compared to \$1.5 million, or 28.1% of service revenue.
- Gross profit on total revenue increased 17.2% to \$9.6 million, or 18.4% of total revenue, compared to \$8.1 million, or 18.0% of total revenue.
- Operating income increased 40.9% to \$1.0 million, or 1.9% of total revenue, compared to \$717,000, or 1.5% of total revenue.
- Net income from continuing operations was \$986,000 compared to \$562,000.
- Net income was \$1.0 million compared to \$271,000.
- Diluted earnings per share from continuing operations was \$0.12 compared to \$0.08
- Diluted earnings per share was \$0.13 compared to \$0.04.

For the nine month period ended September 30, 2007, compared to the same period in the prior year:

- Total revenue increased 37.4% to \$151.4 million from \$110.2 million.
 - Product revenue increased 37.9% to \$131.7 million from \$95.5 million, with gross profit on product revenue increasing 32.1% to \$23.0 million, or 17.5% of product revenue, compared to \$17.4 million, or 18.2% of product revenue.
 - Service revenue increased 33.7% to \$19.7 million from \$14.7 million, with gross profit on service revenue increasing 35.3% to \$5.1 million, or 26.0% of service revenue, compared to \$3.8 million, or 25.7% of service revenue.
- Gross profit on total revenue increased 32.6% to \$28.1 million, or 18.6% of total revenue, compared to \$21.2 million, or 19.2% of total revenue.
- Operating income increased 158.0% to \$2.3 million, or 1.6% of total revenue, compared to \$910,000, or 0.8% of total revenue.
- Net income from continuing operations was \$2.3 million compared to \$651,000.
- Net income was \$2.4 million compared to \$499,000.
- Diluted earnings per share from continuing operations was \$0.30 compared to \$0.09.
- Diluted earnings per share was \$0.31 compared to \$0.07.

Regarding the Company's third quarter results, James Long, INX's Chairman and CEO, stated, "We are pleased with the revenue growth we generated in the third quarter compared to a strong prior year period in spite of credit markets turmoil and related economic uncertainty, and while expending substantial resources on closing our largest acquisition to date. Compared to the prior year period, gross margin improved slightly, operating expenses decreased as a percentage of revenue, operating income increased almost 41% and diluted earnings per share from continuing operations increased 50%. We are particularly pleased with the operating profit performance given the fact that the acquisition of Select Inc. during the quarter caused a decrease in operating profit margin percentage due to integration costs. Excluding the impact of the Select, Inc. acquisition on the quarter, we continued to see operating profit margin expansion on a sequential basis compared to the second quarter, which has been a key element of our focus. The Select, Inc. acquisition puts the company on an approximate \$250 million revenue run rate going into the fourth quarter. Industry and market conditions continue to evolve as we have expected, and we continue to be well positioned to take advantage of the macro trend of continued growth in the use of IP Telephony and the convergence of communications infrastructure using the IP network. We have recently seen our pipeline of potential acquisitions grow due to both our acquisitions success to date and a decrease in competition for acquisitions from what we believe to be decreased access to credit by other potential acquirers. With the fundamentals of our business improving, we are reviewing additional acquisition opportunities to continue expanding our national presence and to expand our key offerings to continue to drive continued profitable growth. I would like to take this opportunity to publicly thank all INX team members for their contribution to our recent accomplishments, as they are the key to our success."

Commenting on the recent trends in the Company's business, Mark Hilz, INX's President and Chief Operating Officer, stated, "During the third quarter we continued to execute effectively on our strategy. We put in place a new credit facility to help fund acquisitions and closed on the acquisition of Boston-based Select, Inc., giving us a presence in New England with a leading Cisco partner in that region. Our quarterly results reflect only one month of revenue from Select's operations. Their revenue exceeded our revenue forecast for the first month following the transaction, a period of intensive post-acquisition integration activities. Our continuing expansion throughout the U.S. resulted in Cisco upgrading INX to national partner status during the quarter; a change that we believe will benefit us with respect to our ability to pursue larger national-scope customers."

OUTLOOK:

The following statements made by the Company are "forward-looking statements" and are subject to the Safe Harbor Statement set forth below.

As stated in our beginning-of-the-year update, we continue to believe our efforts towards creating a strong national presence, along with both the increasing complexity and use of enterprise-class IP communications systems, will result in continued growth opportunities over the next several years. One of our long-term goals continues to be improving profitability at a faster rate than the growth of revenue to improve our operating profit margin. As we have previously described, in 2005 and early 2006, we decided to make strategic investments that increased operating costs near-term in order to better position INX to take advantage of the long-term market opportunity we believe exists. In 2007 we have begun to realize a return on these investments, and we believe we will continue to realize additional benefits going forward.

For the fourth quarter ending December 31, 2007, excluding the impact of future acquisitions, if any, we expect total revenue in the range of approximately \$60 million to \$64 million. We continue to expect our operating profit margin percentage from our current operations, excluding the recent Select, Inc. acquisition, to trend upward slightly. However, we expect the Select, Inc. operations to generate below normal operating profit margins during the fourth quarter as we will not have yet achieved all of the expected cost reductions and other improvements, and because we will continue to incur integration costs during the fourth quarter. We expect that the revenue generated from all acquisitions to generate below-normal operating profit margin percentage during the first several quarters following the transaction due to integration costs, and the phase-in of cost reductions and synergies.

CONFERENCE CALL AND WEBCAST:

An investor conference call will be held by the Company today, November 5, 2007, starting at 4:15 p.m. Eastern Standard Time to discuss the results and the Company's outlook for the future, as well as provide an opportunity to answer investors' questions in a public format. The call is expected to last approximately 60 minutes.

James Long, Chairman and Chief Executive Officer; Mark Hilz, President and Chief Operating Officer; and Brian Fontana, Chief Financial Officer, will be on the call to discuss the quarter's results and answer investors' questions.

To access the conference call within the U.S., dial 877-809-2547. For international/toll access, dial 706-634-9510. The conference call will begin promptly at the scheduled time. Investors wishing to participate should call the telephone number at least five minutes prior to that time.

A slide presentation related to the information that will be presented on the call will be available for viewing during the conference call. To access the presentation via the web, participants should access www.INXI.com/Webcasts/Q307call at least ten (10) minutes prior to the call and log in to ensure web browser compatibility. Following the call, the above link will provide investors with the ability to access the presentation and listen to the conference call.

Beginning approximately one hour after the end of the conference call and ending on December 6, 2007, a replay of the conference call will be accessible by calling either 800-642-1687 from within the U.S., or 706-645-9291 for international/toll access. The replay of the conference call will also be available by the following morning, and until at least December 6, 2007, for listening via the Internet from the Company's web site at www.INXI.com/Webcasts/Q307call.

SAFE HARBOR STATEMENT:

The statements contained in this document and conference call and related presentation that are not statements of historical fact including but not limited to, statements identified by the use of terms such as "anticipate," "appear," "believe," "could," "estimate," "expect," "hope," "indicate," "intend," "likely," "may," "might," "plan," "potential," "project," "seek," "should," "will," "would," and other variations or negative expressions of these terms, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations and are subject to a number of risks and uncertainties. We do not have contracts in hand that will generate the revenue that we expect for the current and future quarters for which we attempt to predict future events in the Outlook section of this press release above. The actual results of the future events described in the forward-looking statements could differ materially from those stated in the forward-looking statements due to numerous factors, including:

- Whether the Company obtains anticipated contracts and other business, the timing of obtaining same, and the size and profitability of such contracts and business.
 - Market and economic conditions, including capital expenditures by enterprises for communications products and services.
 - The successful integration of the Company's recent acquisition of Boston-based Select, Inc, and the cost associated with the acquisition.
 - The Company's ability to attract and retain key management, sales and technical staff, and to successfully manage its technical employee resources.
 - Risks associated with the Company's entry into new markets and the ability of the Company to increase revenues and gain market share in recently opened new markets.
 - The Company's ability to obtain sufficient volumes of products for resale and maintain its relationship with its key supplier, Cisco Systems, Inc.
 - The continuance of, and the Company's ability to qualify for, sales incentive programs from its key supplier.
 - The Company's ability to finance its business operations.
 - The Company's ability to successfully market its new RouteStep Communications products.
 - The Company's ability to identify suitable acquisition candidates and successfully integrate acquired companies, and the risk of unexpected liabilities or loss of customers and other unforeseeable risks associated with making acquisitions.
 - The Company's ability to grow its revenues in newly opened offices in new markets.
 - The Company's ability to manage its business in a manner that results in increased revenues without a proportional increase in costs of operating its business.
 - Unexpected customer contract cancellations.
 - Unexpected losses related to customer credit risk.
 - Uncertainties related to rapid changes in the information and communications technology industries.
 - Catastrophic events.
 - Other risks and uncertainties set forth from time to time in the Company's public statements and its most recent Annual Report filed with the SEC on Form 10-K for 2006, which the Company makes available on its web site in PDF format at www.INXI.com/Information/sec.asp.
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Recipients of this document are cautioned to consider these risks and uncertainties and to not place undue reliance on these forward-looking statements. The financial information contained in this release should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's most recent reports on Form 10-K and Form 10-Q, each as it may be amended from time to time. The Company's past results of operations are not necessarily indicative of its operating results for any future periods. All information in this press release is as of November 5, 2007, and the Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances upon which any statement is based.

ABOUT INX INC.:

INX Inc. (NASDAQ: INXI) is a network infrastructure professional services firm delivering best-of-class "Business Ready Networks" to enterprise organizations. We offer a full suite of Advanced Technology solutions that support the entire life-cycle of IP Communications systems. Services include design, implementation and support of IP network infrastructure for enterprise organizations including routing and switching, IP Telephony, messaging, wireless, network storage and security. Operating in a highly focused manner provides a level of expertise that enables us to better compete in the markets we serve. Our customers for enterprise-level Cisco-centric advanced technology solutions include large enterprises organizations such as corporations, public schools as well as federal, state and local governmental agencies. Because we have significant experience implementing and supporting the critical technology building blocks of IP Telephony systems and other IP Communications advanced technology solutions for enterprises, we believe we are well positioned to deliver superior solutions and services to our customers. Additional information about INX can be found on the Web at www.INXI.com.

CONTACT:

INX Inc.
Brian Fontana
Chief Financial Officer
713-795-2000
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INX INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,	
	2007	2006
Revenue:		
Products	\$ 45,222	\$ 39,847
Services	6,776	5,397
Total revenue	<u>51,998</u>	<u>45,244</u>
Cost of products and services:		
Products	37,335	33,215
Services	5,110	3,880
Total cost of products and services	<u>42,445</u>	<u>37,095</u>
Gross profit	9,553	8,149
Selling, general and administrative expenses	8,543	7,432
Operating income	1,010	717
Interest and other income (expense), net	(17)	(112)
Income from continuing operations before income taxes	993	605
Income tax expense	7	43
Net income from continuing operations	986	562
Income (loss) from discontinued operations, net of income taxes	38	(291)
Net income	<u>\$ 1,024</u>	<u>\$ 271</u>
Net income per share:		
Basic:		
Income from continuing operations	\$ 0.14	\$ 0.09
Income (loss) from discontinued operations, net of income taxes	—	(0.05)
Net income per share	<u>\$ 0.14</u>	<u>\$ 0.04</u>
Diluted:		
Income from continuing operations	\$ 0.12	\$ 0.08
Income (loss) from discontinued operations, net of income taxes	0.01	(0.04)
Net income per share	<u>\$ 0.13</u>	<u>\$ 0.04</u>
Shares used in computing net income per share:		
Basic	<u>7,081,511</u>	<u>6,419,501</u>
Diluted	<u>8,037,221</u>	<u>7,284,261</u>

INX INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Nine Months Ended September 30,	
	2007	2006
Revenue:		
Products	\$ 131,690	\$ 95,480
Services	19,678	14,718
Total revenue	<u>151,368</u>	<u>110,198</u>
Cost of products and services:		
Products	108,696	78,070
Services	14,567	10,940
Total cost of products and services	<u>123,263</u>	<u>89,010</u>
Gross profit	28,105	21,188
Selling, general and administrative expenses	25,757	20,278
Operating income	2,348	910
Interest and other income (expense), net	—	(215)
Income from continuing operations before income taxes	2,348	695
Income tax expense	21	44
Net income from continuing operations	2,327	651
Income (loss) from discontinued operations, net of income taxes	97	(152)
Net income	<u>\$ 2,424</u>	<u>\$ 499</u>
Net income per share:		
Basic:		
Income from continuing operations	\$ 0.34	\$ 0.10
Income (loss) from discontinued operations, net of income taxes	0.01	(0.02)
Net income per share	<u>\$ 0.35</u>	<u>\$ 0.08</u>
Diluted:		
Income from continuing operations	\$ 0.30	\$ 0.09
Income (loss) from discontinued operations, net of income taxes	0.01	(0.02)
Net income per share	<u>\$ 0.31</u>	<u>\$ 0.07</u>
Shares used in computing net income per share:		
Basic	<u>6,870,521</u>	<u>6,233,674</u>
Diluted	<u>7,853,269</u>	<u>7,191,431</u>

INX INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value amounts)

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	(Unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,514	\$ 1,795
Accounts receivable, net of allowance of \$224 and \$299	42,058	42,424
Inventory	1,573	1,157
Other current assets	2,301	2,086
Total current assets	<u>54,446</u>	<u>47,462</u>
Property and equipment, net of accumulated depreciation of \$3,349 and \$2,414	4,345	3,854
Goodwill	16,044	10,891
Intangible and other assets, net of accumulated amortization of \$1,449 and \$1,264	3,667	313
Total assets	<u>\$ 78,502</u>	<u>\$ 62,520</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 6,472	\$ 4,609
Accounts payable	34,312	28,798
Accrued expenses	5,918	5,038
Other current liabilities	1,550	1,385
Total current liabilities	<u>48,252</u>	<u>39,830</u>
Other long-term liabilities	526	306
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, \$.01 par value, 5,000,000 shares authorized, no shares issued	—	—
Common stock, \$.01 par value, 15,000,000 shares authorized, 7,393,582 and 6,603,070 shares issued	74	66
Additional paid-in capital	35,506	30,598
Retained deficit	(5,856)	(8,280)
Total stockholders' equity	<u>29,724</u>	<u>22,384</u>
Total liabilities and stockholders' equity	<u>\$ 78,502</u>	<u>\$ 62,520</u>



Third Quarter
Ended September 30, 2007
Financial Results

INX Inc.

Nasdaq: INXI

www.INXI.com

November 5, 2007

1. Brian Fontana, CFO: Present the results for the quarter
2. Mark Hilz, President & COO: Industry update, recent achievements, activities and events
3. Jim Long, Chairman & CEO: Highlights of 3rd quarter results, growth and profit contribution of business units / revenue sources; update on acquisitions activities; expectations for the future
4. Take questions



Safe Harbor Statement

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including future operating results expectations. Statements associated with words such as "anticipate," "believe," "expect," "goal," "hope," "should," "target," "will" or other similar words are forward-looking statements.

These projections and other forward-looking statements are only projections. Actual events, performance or results may differ materially from those indicated due to numerous factors, many of which we have little or no control over, and some of which we may not be successful in addressing.

Numerous of these factors are set forth in the Company's press release related to this quarterly financial results announcement and in our 2006 Form 10-K, both of which we urge you to read.



Third Quarter Ended 9/30/2007 Results

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(Dollars in thousands, except EPS)

	Quarter Ended Sept. 30, 2007		Growth	Quarter Ended Sept. 30, 2006	
Revenue:					
Products	\$ 45,222	87.0%	13.5%	\$ 39,847	88.1%
Services	6,776	13.0%	25.6%	5,397	11.9%
Total revenue	51,998	100.0%	14.9%	45,244	100.0%
Gross profit:					
Products	7,887	17.4%		6,632	16.6%
Services	1,666	24.6%		1,517	28.1%
Total gross profit	9,553	18.4%	17.2%	8,149	18.0%
SG&A expenses	8,543	16.5%	14.9%	7,432	16.5%
Operating income	1,010	1.9%	40.9%	717	1.5%
Interest (expense) and other income	(17)	0.0%		(112)	-0.2%
Pre-tax net income	993	1.9%		605	1.3%
Income tax expense	7	0.0%		43	0.1%
Discontinued operations	38	0.1%		(291)	-0.6%
Net income	\$ 1,024	2.0%		\$ 271	0.6%
Diluted EPS from continuing oper.	\$0.12		50.0%	\$0.08	



9 Months Ended 9/30/2007 Results

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(Dollars in thousands, except EPS)

	9 Months Ended Sept. 30, 2007		Growth	9 Months Ended Sept. 30, 2006	
Revenue:					
Products	\$ 131,690	87.0%	37.9%	\$ 95,480	86.6%
Services	19,678	13.0%	33.7%	14,718	13.4%
Total revenue	<u>151,368</u>	<u>100.0%</u>	37.4%	<u>110,198</u>	<u>100.0%</u>
Gross profit:					
Products	22,994	17.5%		17,410	18.2%
Services	5,111	26.0%		3,778	25.7%
Total gross profit	<u>28,105</u>	<u>18.6%</u>	32.6%	<u>21,188</u>	<u>19.2%</u>
SG&A expenses	<u>25,757</u>	<u>17.0%</u>	27.0%	<u>20,278</u>	<u>18.4%</u>
Operating income	2,348	1.7%	158.0%	910	0.8%
Interest (expense) and other income	-	0.0%		(215)	-0.2%
Pre-tax net income	2,348	1.6%		695	0.6%
Income tax expense	21	0.0%		44	0.0%
Discontinued operations	97	0.0%		(152)	-0.1%
Net income	<u>\$ 2,424</u>	<u>1.6%</u>		<u>\$ 499</u>	<u>0.5%</u>
Diluted EPS from continuing oper.	\$ 0.30		233.3%	\$ 0.09	



Balance Sheet Data

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(Dollars in thousands)

	<u>9/30/2007</u>	<u>6/30/2007</u>	<u>3/31/2007</u>	<u>12/31/2006</u>
ASSETS:				
Cash and cash equivalents	\$ 8,514	\$ 7,826	\$ 1,915	\$ 1,795
Accounts receivable, net	42,058	39,656	39,248	42,424
Inventory	1,573	2,237	1,989	1,157
Other current assets	2,301	1,958	1,818	2,086
PP&E, net	4,345	4,084	4,108	3,854
Goodwill and other intangible assets, net	19,711	12,293	11,674	11,204
Total assets	<u>\$ 78,502</u>	<u>\$ 68,054</u>	<u>\$ 60,752</u>	<u>\$ 62,520</u>
LIABILITIES & STOCKHOLDERS' EQUITY:				
Short term debt	\$ 6,472	\$ 37	\$ 1,013	\$ 4,609
Accounts payable	34,312	36,320	30,193	28,798
Accrued expenses	5,918	4,627	4,694	5,038
Other current liabilities	1,550	1,233	1,284	1,385
Long term liabilities	526	306	145	306
Total liabilities	<u>48,778</u>	<u>42,523</u>	<u>37,329</u>	<u>40,136</u>
Stockholders' equity	<u>29,724</u>	<u>25,531</u>	<u>23,423</u>	<u>22,384</u>
Total liabilities and stockholders' equity	<u>\$ 78,502</u>	<u>\$ 68,054</u>	<u>\$ 60,752</u>	<u>\$ 62,520</u>



- The IP based protocol for storage known as iSCSI is starting to beat out Fibre Channel as the preferred storage network technology, especially in the mid-market enterprise space
- Large Enterprise spending on technology is mixed depending on industry segment. Mid-market down to SMB is still relatively strong.
- Managed network services are becoming more important; in 2008 network managed services acquisitions will be a major push for INX to increase INX's support services offerings, such as data storage management and network security related services
- Geographic expansion acquisitions will continue to be a major component of acquisition strategy



- Achieved Cisco “National Partner” status, enhancing ability to win larger, national-level customer relationships
- Secured \$10 million credit facility to be used to fund acquisitions
- Acquired Select, Inc. on 8/31/2007, giving INX a substantial presence in New England
- Upgraded listing of common stock to Nasdaq Global Market
- Substantially increased the size of our acquisitions pipeline



- Revenue increased 14.9% y/y, with gross margin improving to 18.4% compared to 18.0%
- Service revenue increased more than product revenue, increasing 25.6% y/y compared to product revenue growth of 13.5% y/y
- Operating income increasing 40.9% and diluted EPS from continuing operations increasing 50% to \$0.12 per share.
- Excluding impact of recent Select Inc. acquisition, revenue for Q3 grew 6% y/y to \$48.1 million, at the low end of our expected range, and operating profit margin improved to 2.1% compared to 1.6% for the prior year and compared to 1.9% for Q2.
- Recent Select Inc. acquisition contributed \$3.9 million in revenue for the quarter, slightly higher than we would have expected for the first month following the transaction, and operating profit contribution from the acquired operations was zero, approximately in line with our expectations for the first month following the transaction.



	Q3-07			YTD		
	<u>Rev.</u>	y/y Growth %	% of Total	<u>Rev.</u>	y/y Growth %	% of Total
"Mature" offices	\$ 30.4	3%	58%	\$ 91.2	29%	60%
'05-'06 acquisitions	\$ 16.2	17%	31%	\$ 51.6	41%	34%
Boston acquisition	\$ 3.9	N/A	8%	\$ 3.9	N/A	3%
Early-stage businesses	\$ 1.5	39%	3%	\$ 4.7	133%	3%
Total	\$ 52.0	15%	100%	\$ 151.4	37%	100%

(Dollars in millions)



	2006 Full Year Results			1H-07 Results			3Q-07 Results		
	Rev.	Oper. Profit \$	Oper. Profit %	Rev.	Oper. Profit \$	Oper. Profit %	Rev.	Oper. Profit \$	Oper. Profit %
"Mature" offices	\$ 99.0	\$ 8.1	8.2%	\$ 60.8	\$ 4.3	7.1%	\$ 30.4	\$ 2.1	6.9%
'05-'06 acquisitions	\$ 53.0	\$ 3.8	7.2%	\$ 35.4	\$ 3.2	9.0%	\$ 16.2	\$ 1.6	9.9%
Boston acquisition	\$ -	\$ -	N/A	\$ -	\$ -	N/A	\$ 3.9	\$ -	0.0%
Early-stage businesses	\$ 4.0	\$ (2.1)	-52.5%	\$ 3.2	\$ (1.3)	-40.6%	\$ 1.5	\$ (0.4)	-26.2%
Corporate expenses*	\$ -	\$ (8.1)	N/A	\$ -	\$ (4.9)	N/A	\$ -	\$ (2.3)	N/A
Total	\$ 156.0	\$ 1.7	1.1%	\$ 99.4	\$ 1.3	1.3%	\$ 52.0	\$ 1.0	1.9%

* Note: "Corporate expenses" consist of the Accounting Department, MIS Department, Corporate Operations Department, Investor Relations, Board of Directors and CEO, and related expenses

(Dollars in millions)



- Target gross profit margin:
 - Continue to target 15%-19% on products, which range we have been in
 - Continue to target 30%-35% on services, achievement of lower end of which may take several quarters or more and upper end of which is dependent upon materially higher levels of managed services revenue
- We have a target for operating income margin % in the range of 4% to 7%, which we expect to achieve primarily by improving gross margin on service revenue and leveraging certain categories of operating expenses
- Q4-07 revenue: We currently expect revenue in the range of \$61-\$64 million excluding the impact of any acquisitions we might make in Q4-07
- Q4-07 operating profit margin: We expect a continued slight improvement in operating profit margin % in the fourth quarter from current operations excluding the recent Boston acquisition, but the Boston acquisition will add material revenue to Q4-07 with lower profit margin due to integration costs



- Our pipeline of potential acquisitions has improved recently, which we believe is due in part to our consistent execution on high quality acquisition transactions to date, and the fact that the credit market turmoil has improved INX's viability as an acquirer, as compared to some private-equity-backed and other leverage model acquirers
- Currently in "active" discussions with approximately 8 target organizations, 5 of which have annual revenue between \$10 million and \$100 million and 3 of which have annual revenue greater than \$100 million
- All of these "active" discussions are at a stage of having executed a non-disclosure agreement, with recent dialog, with an expressed willingness by the target organization to do a transaction on some price/terms
- We are not at the "letter of intent" stage with any target organization at this time and a closing of a transaction in Q4 is not expected at this time



- 3rd quarter revenue was in the range of our expectations in spite of probable enterprise spending softness from the credit market turmoil and related economic uncertainty
- Revenue growth of 14.9% y/y compared to a strong prior year number, with service revenue posting higher relative growth, and gross margin improved slightly to 18.4% compared to 18.0%
- Operating income growth of 40.9% y/y
- Diluted EPS from continuing operations growth of 50% y/y to \$0.12
- We expect \$60-\$64 million in revenue for 4Q-07, with a slight continued improvement in operating profit margin, damped somewhat by below-normal operating profit margin from recent Boston Acquisition
- We are actively pursuing additional acquisitions that we believe will result in enhanced, profitable, accretive growth, and our pipeline of possible future acquisitions has never been stronger, but there is no transaction that we currently expect to close in the fourth quarter

