
**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): May 5, 2008

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 May 5, 2008, INX Inc. (the "Company") issued a press release announcing its financial results for the quarter ended March 31, 2008. 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 May 5, 2008, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2008. 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 10:30 a.m. Eastern Daylight Time on Monday, May 5, 2008 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 the scheduled 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. The conference ID is 44704061.

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/Q108call 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 June 5, 2008, 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 for listening via the Internet, as well as a PDF file of the slide presentation used during the call, will be available by the following morning, and until at least June 5, 2008, from the Company's web site at www.inxi.com/Webcasts/Q108call.

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 May 5, 2008.
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: May 5, 2008

INX Inc.

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated May 5, 2008.
99.2	PowerPoint Presentation

PRESS RELEASE

INX Announces Record 1st Quarter Results and Stock Repurchase Plan

HOUSTON--(BUSINESS WIRE)--May 5, 2008--INX Inc. (Nasdaq: INXI; the "Company"; or "INX") today announced record revenue and earnings for its first quarter ended March 31, 2008.

In summary, for the quarter ended March 31, 2008 compared to the same period in the prior year:

- Total revenue increased 30.7% to \$59.6 million from \$45.6 million.
 - Product revenue increased 27.7% to \$50.5 million from \$39.6 million, with gross profit on product revenue increasing 27.6% to \$9.2 million, or 18.2% of product revenue, compared to \$7.2 million, or 18.2% of product revenue.
 - Service revenue increased 50.2% to \$9.2 million from \$6.1 million, with gross profit on service revenue increasing 128.1% to \$2.9 million, or 32.1% of service revenue, compared to \$1.3 million, or 21.2% of service revenue.
- Gross profit on total revenue increased 42.8% to \$12.1 million, or 20.4% of total revenue, compared to \$8.5 million, or 18.6% of total revenue.
- Operating income increased 426% to \$1.8 million, or 3.0% of total revenue, compared to \$335,000, or 0.7% of total revenue.
- Net income from continuing operations before income taxes increased 443% to \$1.7 million compared to \$311,000.
- Income tax was \$683,000 compared to \$7,000.
- Net income was \$1.0 million compared to \$366,000.
- Diluted earnings per share from continuing operations was \$0.12 compared to \$0.04.
- Diluted earnings per share was \$0.12 compared to \$0.05.
- On a non-GAAP basis (as defined below):
 - Non-GAAP net income increased 309% to \$1.9 million compared to \$469,000.
 - Non-GAAP diluted earnings per share was \$0.23 compared to \$0.06.

Commenting on the results, James Long, INX's Chairman and CEO, said, "INX posted outstanding operating results for the first quarter, and the strength of our results shows how INX's business continues to improve. Our total revenue growth, and growth in our higher margin services revenue did not result from any extraordinary transactions, but reflect strength throughout our business. INX continues to lead our industry in revenue growth. Operationally, we continued to perform well with respect to leveraging the investments we have made over the past couple of years, and that progress is reflected in our first quarter results. One of our key financial goals over the past year has been to improve our operating profit margin percentage in order to grow operating income at a faster rate than revenue. Our first quarter results show meaningful progress towards this goal."

Commenting further on the Company's results and trends in the business, Mark Hilz, INX's President and Chief Operating Officer, said, "The Company continued on its path of growth and operational improvement during the first quarter while laying the foundation for continued growth. Since the first of the year there have been a number of notable achievements that we believe will be catalysts for continued growth. In February we announced that we had achieved the Cisco Master of Security status, which should help us in continuing to grow our security practice area. In March we announced that we were going to begin selling Cisco's TelePresence solutions, and that we had achieved the Cisco TelePresence Advanced Technology Partner status. Unified Communications is still in its infancy as far as a technology set and the rate of advancement of the capabilities of Unified Communications is increasing. The growing use of video in enterprise networks is expected to dramatically increase bandwidth requirements for enterprise networks. The relatively new areas of virtualization of computing and storage elements on the network present a new areas of opportunity for INX since the network will play a key role in enabling these technologies. These areas continue to present great sources of growth for INX going forward."

STOCK REPURCHASE PLAN:

The Company also announced today that it had repurchased 181,185 shares of its Common Stock at an average price of \$8.22 per share during the first quarter under the Company's stock repurchase plan that automatically terminated on March 31, 2008, which represented approximately 2.4% of the total shares outstanding at December 31, 2007.

INX's Board of Directors has approved a new plan for the repurchase of up to an additional \$2 million of its Common Stock. Any share repurchases under the new plan must be made on or before July 31, 2008. The plan calls for certain defined quantities of shares to be purchased at certain defined share price levels in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, subject to market and business conditions, applicable legal requirements and other factors. The plan calls for the repurchased shares to be retired as soon as practicable following the repurchase. The plan does not obligate the Company to purchase any particular number of shares, and may be suspended at any time at the Company's discretion in accordance with Rule 10b-18.

Commenting on the new share repurchase program, James H. Long, INX's Chairman & Chief Executive Officer, said, "Over the past year INX's financial performance has improved substantially while the price of the Company's Common Stock has declined. We believe that allocating a portion of the Company's capital resources to repurchase and retire shares of the Company's Common Stock is in the best interest of the Company and its stockholders."

OUTLOOK:

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

As we have stated many times, we continue to believe our efforts towards creating a strong national presence, along with both the increasing complexity and broad use of and dependency upon enterprise-class IP communications systems, will result in continued growth opportunities for INX over the next several years. Introductions of new focused practice areas such as network security and network storage have added additional sources of revenue growth over the past eighteen months.

One of our key long-term goals over the past year has been to improve operating profit margin percentage in order to grow operating profitability at a faster rate than revenue growth. While we have made substantial progress towards that goal over the past year, there is still substantial room for improvement to reach our goal of 4% to 7% operating profit margin. Our ability to achieve improvement of our operating profit margin through leverage of operating expenses is dependent upon our ability to increase revenue.

As we have previously stated, we believe industry trends continue to favor strong growth over a multi-year period for the advanced technologies segments of the IP networking and data center industry spaces that INX has always been focused on. We believe INX is well positioned to take advantage of the way the IP network is becoming the platform for all business communications and the preferred technology for data center connectivity due to our focused expertise, our growing national presence and our financial strength.

Since the late Summer or early Fall of 2007 there has been a general trend towards increasing economic uncertainty that has depressed enterprise organizations' willingness to move forward with capital expenditures. We believe the factors that were influential in causing this industry-wide slowdown are beginning to abate. Over the past two quarters, customers that waited to make large capital expenditures have been rewarded with lower cost of capital, and those who waited until this year were rewarded with the benefit of accelerated depreciation from the recently enacted economic stimulus package. We believe these multiple factors that have been causing customers to postpone moving forward with large capital expenditures are abating, and that overall spending trends for IP communications infrastructure by U.S. enterprise organizations are in the early stages of improvement.

Based on completed revenue for the first month of our current second quarter, recent order bookings trends, current contracts backlog, and our estimated sales pipeline, we expect total revenue for our second quarter ending June 30, 2008 to be in the range of \$60 million to \$65 million, an increase of approximately 12% to 21% compared to above average prior year period revenue of \$53.7 million.

CONFERENCE CALL AND WEBCAST:

An investor conference call is scheduled to begin at 10:30 a.m. Eastern Daylight Time today, May 5, 2008, to present the Company's results and updated outlook as well as provide an opportunity to answer analyst's and investors' questions in a public format.

James Long, Chairman and Chief Executive Officer; Mark Hiltz, 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 respond to 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.

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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:

- Market and economic conditions, including capital expenditures by enterprises for network and telephone communications systems products and services.
- Whether the Company obtains anticipated contracts and other business, the timing of obtaining same, and the size and profitability of such contracts and business.
- The Company's ability to attract and retain key management, sales and technical staff, and to successfully manage its technical employee resources, which is key to maintaining gross margin on services revenue.
- The Company's ability to finance its business operations.
- 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 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 and/or acquired 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, as such may be amended from time to time, which the Company makes available on its web site in PDF format at www.inxi.com/Information/sec.asp.

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 May 5, 2008, 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](http://www.inxi.com) - [News](http://www.inxi.com)) 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
Brian.Fontana@INXI.com

ABOUT NON-GAAP MEASURES

In its communications with investors, the Company references certain non-GAAP financial measures, which differ from GAAP measurements by the amount of non-cash equity compensation from continuing operations, non-cash income tax expense associated with continuing operations, and discontinued operations. The Company believes that providing non-GAAP net income in its communications with investors is useful to investors for a number of reasons. As presented, the non-GAAP net income provides a consistent basis of presentation for investors to understand the Company's financial performance in comparison to historical periods using the same methodology and information that the Company's management uses to evaluate the Company's performance, which the Company believes is useful to investors. A reconciliation of non-GAAP financial measures to GAAP basis can be found below.

	Three Months Ended March 31,	
	2008	2007
GAAP net income	\$ 1,011	\$ 366
Equity-based compensation expense from continuing operations	312	165
Non-cash income tax expense from continuing operations	601	—
Discontinued operations	(4)	(62)
Non-GAAP net income	<u>\$ 1,920</u>	<u>\$ 469</u>
Non-GAAP net income per diluted share	<u>\$ 0.23</u>	<u>\$ 0.06</u>
Shares used in computing non-GAAP net income per diluted share	<u>8,242,191</u>	<u>7,729,681</u>

INX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months	
	Ended March 31,	
	2008	2007
Revenue:		
Products	\$ 50,491	\$ 39,550
Services	9,152	6,093
Total revenue	<u>59,643</u>	<u>45,643</u>
Cost of products and services:		
Products	41,284	32,332
Services	6,212	4,804
Total cost of products and services	<u>47,496</u>	<u>37,136</u>
Gross profit	12,147	8,507
Selling, general and administrative expenses	10,384	8,172
Operating income	1,763	335
Interest and other income (expense), net	(73)	(24)
Income from continuing operations before income taxes	1,690	311
Income tax expense	683	7
Net income from continuing operations	1,007	304
Income from discontinued operations, net of income taxes	4	62
Net income	<u>\$ 1,011</u>	<u>\$ 366</u>
Net income per share:		
Basic:		
Income from continuing operations	\$ 0.13	\$ 0.04
Income from discontinued operations, net of income taxes	—	0.01
Net income per share	<u>\$ 0.13</u>	<u>\$ 0.05</u>
Diluted:		
Income from continuing operations	\$ 0.12	\$ 0.04
Income from discontinued operations, net of income taxes	—	0.01
Net income per share	<u>\$ 0.12</u>	<u>\$ 0.05</u>
Shares used in computing net income per share:		
Basic	<u>7,550,904</u>	<u>6,662,839</u>
Diluted	<u>8,242,191</u>	<u>7,729,681</u>

INX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value amounts)

	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,236	\$ 9,340
Accounts receivable, net of allowance of \$498 and \$470	45,292	45,128
Inventory, net	1,606	1,439
Deferred income taxes	2,100	2,100
Other current assets	<u>2,355</u>	<u>2,062</u>
Total current assets	59,589	60,069
Property and equipment, net of accumulated depreciation of \$3,995 and \$3,728	4,586	4,421
Goodwill	16,663	16,603
Intangible and other assets, net of accumulated amortization of \$1,729 and \$1,592	<u>3,011</u>	<u>3,148</u>
Total assets	<u>\$ 83,849</u>	<u>\$ 84,241</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 6,327	\$ 6,200
Accounts payable	35,487	37,233
Accrued expenses	6,129	5,363
Other current liabilities	<u>1,188</u>	<u>1,440</u>
Total current liabilities	49,131	50,236
Long-term Liabilities:		
Deferred income taxes	1,565	1,565
Other long-term liabilities	<u>332</u>	<u>413</u>
Total long-term liabilities	1,897	1,978
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, 7,422,840 and 7,548,892 shares issued	74	75
Additional paid-in capital	36,281	36,497
Accumulated deficit	<u>(3,534)</u>	<u>(4,545)</u>
Total stockholders' equity	32,821	32,027
Total liabilities and stockholders' equity	<u>\$ 83,849</u>	<u>\$ 84,241</u>



Financial Results

**1st Quarter
Ended March 31, 2008**

INX Inc.

Nasdaq: INXI

www.INXI.com

May 5, 2008

1. Brian Fontana, CFO will present the results for the quarter and discuss certain financial trends
2. Mark Hiltz, President & COO will provide an industry update and discuss recent achievements, activities and events
3. Jim Long, Chairman & CEO, will discuss Company's outlook for the future
4. Take questions

GAAP Reconciliation

During this presentation references to financial measures of INX will include references to non-GAAP financial measures. INX provides a reconciliation between GAAP and non-GAAP financial information within this presentation and on its website at www.INXI.com under the "Investors" tab, which may be accessed directly at www.INXI.com/non-gaap-recon.

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," "hope," "outlook," "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 our 2007 Form 10-K, as amended, which we urge you to read.

All financial results shown are for continuing operations unless otherwise noted



- Presentation of non-GAAP net income provides a consistent basis for comparison to historical periods based on results that management views as the key measurements of financial performance
- Non-GAAP net income is net income on a GAAP basis adjusted for:
 - Non-cash equity-based compensation
 - Non-cash income tax expense
 - Discontinued operations
- 2007 realization of deferred tax assets and expectation of future taxable income will result in income tax expense for book purposes starting in Q1-2008 at an effective rate of approximately 45%
- Statutory tax rate of approximately 36% will differ from effective tax rate of approximately 45% because of timing differences of the deductibility of certain expenses for book and tax purposes
- Substantially all book tax expense will be non-cash for federal income tax purposes because of a net operating loss carryforward of approximately \$4.5 million at March 31, 2008.



First Quarter Ended 3/31/2008 Results

(Dollars in thousands, except EPS)

	Quarter Ended Mar. 31, 2008		Growth	Quarter Ended Mar. 31, 2007	
Revenue:					
Products	\$ 50,491	84.7%	27.7%	\$ 39,550	86.7%
Services	9,152	15.3%	50.2%	6,093	13.3%
Total revenue	59,643	100.0%	30.7%	45,643	100.0%
Gross profit:					
Products	9,207	18.2%		7,218	18.2%
Services	2,940	32.1%		1,289	21.2%
Total gross profit	12,147	20.4%	42.8%	8,507	18.6%
SG&A expenses	10,384	17.4%	27.1%	8,172	17.9%
Operating income	1,763	3.0%	426.3%	335	0.7%
Interest (expense) and other income	(73)	0.2%		(24)	0.0%
Pre-tax net income from continuing ops	1,690	2.8%	443.4%	311	0.7%
Income tax (benefit) expense	683	1.1%		7	0.0%
Net income from continuing operations	1,007	1.7%	231.3%	304	0.7%
Discontinued operations	4	0.0%		62	0.1%
Net income	1,011	1.7%	176.2%	366	0.8%
Diluted EPS	\$ 0.12		140.0%	\$ 0.05	
Shares used to compute diluted EPS	8,242,191		6.6%	7,729,681	
Non-GAAP net income	\$ 1,920		309.4%	\$ 469	
Non-GAAP diluted EPS	\$ 0.23		283.3%	\$ 0.06	

Reconciliation of GAAP to Non-GAAP Net Income For 1st Quarter Ended 3/31/2008

	Quarter Ended Mar. 31, 2008	Growth	Quarter Ended Mar. 31, 2007
GAAP net income.....	\$ 1,011	176.2%	\$ 366
Non-GAAP adjustments:			
Equity based compensation			
from continuing operations.....	312		165
Non-cash income tax expense			
from continuing operations.....	601		-
Discontinued operations.....	(4)		(62)
Non-GAAP net income.....	\$ 1,920	309.4%	\$ 469
Shares used to compute diluted EPS...	8,242,191	6.6%	7,729,681
GAAP diluted EPS.....	\$ 0.12	140.0%	\$ 0.05
Non-GAAP diluted EPS.....	\$ 0.23	283.9%	\$ 0.06

(Dollars in thousands, except EPS)



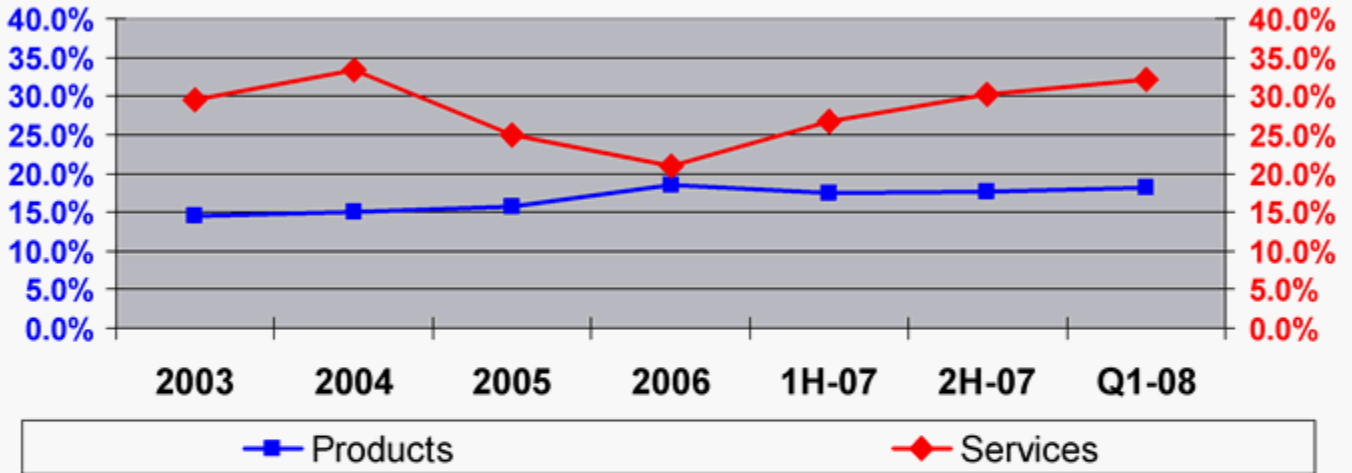
Balance Sheet Data

7

(Dollars in thousands)

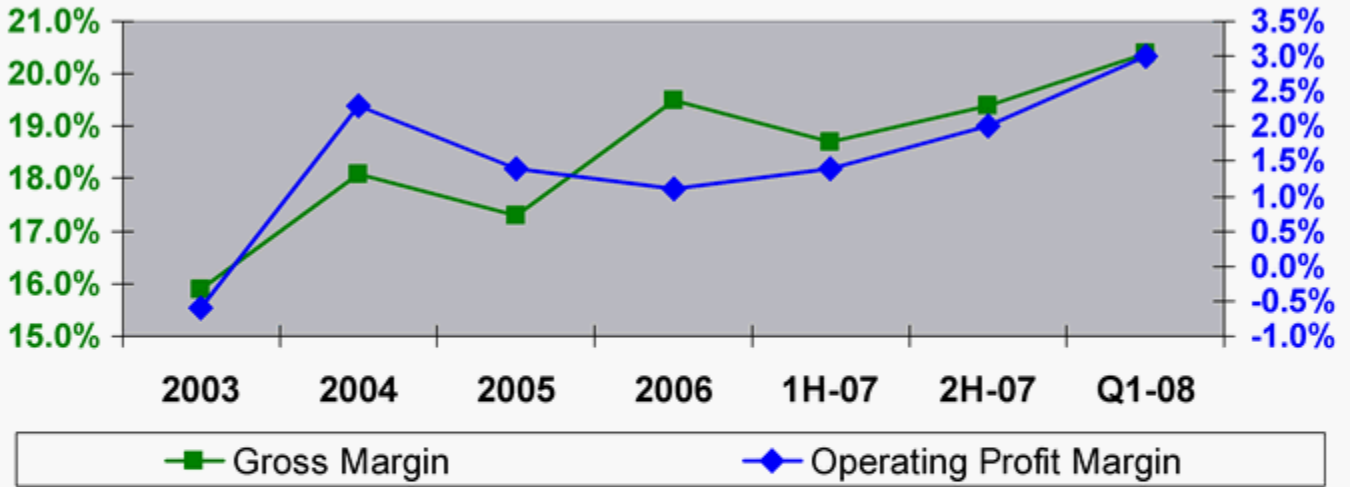
	<u>3/31/2008</u>	<u>12/31/2007</u>	<u>Change</u>
ASSETS:			
Cash and cash equivalents	\$ 8,236	\$ 9,340	\$ (1,104)
Accounts receivable, net	45,292	45,128	164
Inventory	1,606	1,439	167
Deferred income taxes	2,100	2,100	-
Other current assets	2,355	2,062	293
PP&E, net	4,586	4,421	165
Goodwill and other intangible assets, net	19,674	19,751	(77)
Total assets	<u>\$ 83,849</u>	<u>\$ 84,241</u>	<u>\$ (392)</u>
LIABILITIES & STOCKHOLDERS' EQUITY:			
Short term debt	\$ 6,327	\$ 6,200	\$ 127
Accounts payable	35,487	37,233	(1,746)
Accrued expenses	6,129	5,363	766
Deferred income taxes	1,565	1,565	0
Other liabilities	1,520	1,853	(333)
Total liabilities	<u>51,028</u>	<u>52,214</u>	<u>(1,186)</u>
Stockholders' equity	<u>32,821</u>	<u>32,027</u>	<u>794</u>
Total liabilities and stockholders' equity	<u>\$ 83,849</u>	<u>\$ 84,241</u>	<u>\$ (392)</u>

Gross Margin Product vs. Services Revenue Sources



- Product gross margin has trended upward slightly over a multi-year period, a function of our increasingly high value-add solutions and increasing business from repeat customers
- Services gross margin declined in 2005 and 2006 due to rapid national expansion and start-up of new practice areas, both of which increased engineering and other categories of costs of service in advance of service revenue production; improving recently as benefits are realized; Q1-2008 was near mid-point of target of 30%-35%





- Gross profit margin on total revenue has trended slightly upward over the past several years due to improving mix of service revenue and improving gross margin on both product revenue and service revenue; in Q1-2008 this trend continued
- Operating profit margin turned positive in 2004, then declined in 2005 and 2006 as we executed on rapid geographic expansion and introduced new practice areas, but improved in 2007 and for MRQ as benefits of expansion began to be realized

* 2005 results exclude one-time non-cash charge of \$5.7 million



- Unified Communications is still in it's infancy. Cisco and Microsoft are accelerating development of new offerings.
- The movement towards a virtualized Data Center environment that is connected via the "IP network" will present a huge new area of opportunity for INX. Storage, Security as well as Routing and Switching will be major areas for growth in this new environment.
- Web 2.0 enterprise applications are moving into the enterprise environment and will increase the use of video in the enterprise.
- Telepresence solutions offer a major step up in interactive video collaboration with CD quality audio and HD video that has life-size images.
- Customer ROI in these areas continues to advance and present the customers with many compelling improvements in areas such as productivity, reliability and consolidation for lower operational cost

- 1/23/2008 - contract to supply up to \$21 million for Department of Defense
- 2/20/2008 - gained Cisco "Master of Security" status
- 2/14/2008 - gained Cisco "Powered Managed Services Provider" status
- 3/25/2008 - began selling Cisco TelePresence solutions and became a Cisco TelePresence Advanced Technology Partner
- 4/15/2008 - \$8.4 million U.S. Corps of Engineers services contract win



Staffing Trends – Continuing To Invest In Growth

- We continued to add staff during Q1, investing for continued growth
- Direct revenue-producing staffing increased 11% in Q1 compared to zero increase for non-direct revenue producing staff in Q1

	Long-Term Trend			Recent Quarter	
	<u>Dec 31, 2004</u>	<u>Dec 31, 2007</u>	<u>% Incr.</u>	<u>Mar 31, 2008</u>	<u>% Incr.</u>
Engineers	35	128	266%	151	18%
Sales	26	108	315%	111	3%
Branch office admin	8	33	313%	31	-6%
Corporate ops	12	29	142%	31	7%
Corporate admin	16	30	88%	30	0%
Totals	97	328	238%	354	8%



Since ~ July 2007, customers have been fearful of the possibility of a recession - while not fully resolved, there are some signs that customers are beginning to look forward to the possibility of an improving economy in 6-12 months

Since ~ July 2007, large enterprise customers have been anticipating the benefits of lower interest rates as the Fed began an easing cycle – the easing cycle appears to be near an end, which should prompt some customers to move forward with capital expenditure projects

Since ~ December 2007, corporate enterprise customers began to anticipate the possibility of a Federal government economic stimulus package containing provisions to stimulate capital spending by businesses – this was signed into law in February 2008

Year-ago introduction of network storage and network security as primary practice areas beginning to yield results - (242% and 58% growth respectively for 2007)

Data center trends (storage, iSCSI, FBOE) combined with Cisco's recent new product announcements in this area (Nexus line) is creating new growth opportunities

Recent Cisco relationship achievements present opportunities: Telepresence Advanced Technology Partner; Master of Security; Cisco Powered Managed Services Partner

Boston-based Select, Inc. acquisition is at the end of its ~6-9 month typical integration period, following which we have normally seen above-average revenue growth from past acquisitions

Recent services contract of \$8.4 million, majority of which will be recognized over the remainder of 2008 calendar year – increase in higher margin service revenue

Continued recent investment in hiring of revenue-generating employees – engineering staff +18% and sales staff + 3% in Q1-2008



- For Q2-08 we expect:
 - Total revenue in the range of \$60-\$65 million, an increase of 12%-21% as compared to above-average prior year period revenue of \$53.7
 - Services revenue in the range of \$9.2-\$9.7 million, an increase of 35%-42% from the prior year period
- Q2-08 gross margin on services revenue expected to be down slightly compared to Q1-2008 level due to costs of ramping up recent \$8.4 million U.S Corps of Engineers contract, but higher in 2H-08
- We expect revenue for the second half of 2008 to be higher than revenue in the first half of the year, and for services revenue to increase more than product revenue
- We continue to maintain our long-term target ranges for gross profit of 15%-19% for products and 30%-35% for services, and for operating profit margin in the range of 4%-7%, the achievement of which is dependent upon leveraging certain operating expenses against continued revenue growth



1st Quarter Results

- Improving gross margin and operating profit margin
- Record revenue, operating income and EPS
- Total revenue + 31% y/y
- Service revenue + 50% y/y
- Operating income + 426%
- Diluted EPS + 140%
- Non-GAAP diluted EPS + 283%
- Repurchased 2.3% of total shares

Outlook

- Industry and technology continue to evolve as we have expected
- 3 drivers of industry-wide slowdown of past 6-9 months are subsiding
- Numerous recent catalysts for continued INX growth
- Q2 total revenue + 12%-21% y/y
- Q2 service revenue + 35%-42% y/y
- 2H-08 revenue higher than 1H-08 and for services revenue to increase more than product revenue

