IEH CORPORATION
Form 10QSB
February 08, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 28, 2007

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to _______________

Commission File No. 0-5278

IEH CORPORATION
(Exact name of registrant as specified in its charter)

New York	13-5549348
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

140 58th Street, Suite 8E, Brooklyn, New York 11220
(Address of principal executive office)

Registrant's telephone number, including area code: (718) 492-4440

Former name, former address and former fiscal year, if changed since last report.

Check whether the Issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

2,303,468 shares of Common Shares, par value $.01 per share, were outstanding as of December 28, 2007.

IEH CORPORATION

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IEH CORPORATION

BALANCE SHEETS

As of December 28, 2007 and March 30, 2007

	December 28, 2007 (Unaudited)	March 30, 2007
ASSETS		
CURRENT ASSETS:		
Cash	$ 14,772	$ 34,908
Accounts receivable, less allowances for doubtful accounts of $11,562 at December 28, 2007 and March 30, 2007	1,118,021	981,571
Inventories (Note 3)	1,827,500	1,573,632
Prepaid expenses and other current assets (Note 4)	72,305	11,380
Total current assets	3,032,598	2,601,491
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization of $6,708,938 at December 28, 2007 and $6,558,278 at March 30, 2007 (Note 5)	1,190,014	1,192,256
	1,190,014	1,192,256
OTHER ASSETS:		
Other assets	25,413	25,098
	25,413	25,098
Total assets	$ 4,248,025	$ 3,818,845

The accompanying notes and should be read in conjunction with the financial statements.

IEH CORPORATION

BALANCE SHEETS

As of December 28, 2007 and March 30, 2007

	December 28, 2007 (Unaudited)	March 30, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts receivable financing (Note 6)	$ 697,493	$ 477,38
Notes payable, equipment, current portion (Note 8)	1,307	3,13
Loans payable- officer (Note 9)	47,000	91,00
Accrued corporate income taxes	35,206	5,80
Accounts payable	508,223	588,80
Pension plan payable, current portion (Note 10)	--	20,00
Other current liabilities (Note 7)	225,199	148,17
Total current liabilities	1,514,428	1,334,30
LONG-TERM LIABILITIES:		
Notes payable, equipment, less current portion (Note 8)	--	52
Total long-term liabilities	--	52
Total liabilities	1,514,428	1,334,82
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value; 10,000,000 shares authorized; 2,303,468 shares issued and outstanding at December 28, 2007 and March 30, 2007	23,035	23,03
Capital in excess of par value	2,744,573	2,744,57
Retained earnings (Deficit) (Note 11)	(34,011)	(283,58
Total stockholders' equity	2,733,597	2,484,02
Total liabilities and stockholders' equity	$ 4,248,025	$ 3,818,84

The accompanying notes should be read in conjunction with the financial statements.

IEH CORPORATION

STATEMENT OF OPERATIONS
(Unaudited)

	Nine Months Ended		Three Months Ended	
	Dec. 28, 2007	Dec. 29, 2006	Dec. 28, 2007	Dec. 29, 2006
REVENUE, net sales	$5,511,577	$4,575,509	$1,935,092	$1,532,584
COSTS AND EXPENSES				
Cost of products sold	4,009,085	3,405,727	1,371,164	1,146,868
Selling, general and administrative	920,290	829,941	318,592	280,283
Interest expense	151,541	50,866	36,397	18,698
Depreciation and amortization	150,660	149,113	49,980	49,704
	5,231,576	4,435,647	1,776,133	1,495,553
OPERATING INCOME	280,001	139,862	158,959	37,301
OTHER INCOME	383	918	231	132
INCOME BEFORE INCOME TAXES	280,384	140,780	159,190	37,163
PROVISION FOR INCOME TAXES	30,807	19,600	9,600	3,600
NET INCOME	$ 249,577	$ 121,180	$ 149,590	$ 33,563
BASIC AND DILUTED EARNINGS PER SHARE	$ .11	$ .05	$ .06	$ .01
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (in thousands)	2,303	2,303	2,303	2,303

The accompanying notes should be read in conjunction with the financial statements.

IEH CORPORATION

STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash
(Unaudited)

	Nine Months Ended	
	Dec. 28, 2007	Dec. 29, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 249,577	$ 121,180
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	150,660	149,113
Changes in assets and liabilities:		
(Increase) in accounts receivable	(136,450)	(68,601)
(Increase) decrease in inventories	(253,868)	84,223
(Increase) in prepaid expenses and other current assets	(60,925)	(31,581)
(Increase) in other assets	(314)	(1,712)
(Decrease) in accounts payable	(80,582)	(60,487)
Increase (decrease) in other current liabilities	77,024	(6,333)
Increase (decrease) in accrued corporate income taxes	29,406	(33,697)
(Decrease) in due to pension plan payable	(20,000)	(31,000)
Total adjustments	(295,049)	(75)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(45,472)	121,105
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(148,418)	(128,743)
NET CASH (USED) BY INVESTING ACTIVITIES	$(148,418)	$(128,743)

The accompanying notes should be read in conjunction with the financial statements.

IEH CORPORATION

STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash

(Unaudited)

	Nine Months Ended	
	Dec. 28, 2007	Dec. 29, 2006
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	$ (2,352)	$ (2,352)
Proceeds from accounts receivable financing	220,106	33,516
(Repayment) of loans payable - officer	(44,000)	(28,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	173,754	3,164
(DECREASE) IN CASH	(20,136)	(4,474)
CASH, beginning of period	34,908	8,742
CASH, end of period	$ 14,772	$ 4,268
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the three months for:		
Interest	$ 66,488	$ 45,405
Income Taxes	$ 11,812	$ 5,621

The accompanying notes should be read in conjunction with the financial statements.

IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1- INTERIM RESULTS AND BASIS OF PRESENTATION:

The accompanying unaudited financial statements as of December 28, 2007 and December 29, 2006 and for the nine months then ended have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Items 303 and 310 of Regulation S-B. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of December 28, 2007 and December 29, 2006 and the results of operations and cash flows for the

nine months then ended. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results for the nine months ended December 28, 2007, are not necessarily indicative of the results to be expected for any subsequent quarter or the entire fiscal year. The balance sheet at March 30, 2007 has been derived from the audited financial statements at that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. The Company believes, however, that the disclosures in this report are adequate to make the information presented not misleading in any material respect. The accompanying financial statements should be read in conjunction with the audited financial statements of IEH Corporation as of March 30, 2007 and notes thereto included in the Company's report on Form 10-KSB as filed with the Securities and Exchange Commission.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business:

The Company is engaged in the design, development, manufacture and distribution of high performance electronic printed circuit connectors and specialized interconnection devices. Electronic connectors and interconnection devices are used in providing electrical connections between electronic component assemblies. The Company develops and manufactures connectors, which are designed for a variety of high technology and high performance applications, and are primarily utilized by those users who require highly efficient and dense (the space between connection pins with the connector) electrical connections.

The Company is continuously redesigning and adapting its connectors to meet and keep pace with developments in the electronics industry and has, for example, developed connectors for use with flex-circuits now being used in aerospace programs, computers, air-borne communications systems, testing systems and other areas. The Company also services its connectors to meet specified product requirements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Revenue Recognition:

Revenues are recognized at the shipping date of the Company's products. The Company has historically adopted the shipping terms that title to merchandise passes to the customer at the shipping point (FOB Shipping Point). At this juncture, title has passed, the Company has recognized the sale, inventory has been relieved, and the customer has been invoiced. The Company does not offer any discounts, credits or other sales incentives.

The Company's policy with respect to customer returns and allowances as well as product warranty is as follows:

The Company will accept a return of defective product within one year from shipment for repair or replacement at the Company's option. If the product is repairable, the Company at its own cost, will repair and return it to the customer. If unrepairable, the Company will either offer an allowance against payment or will reimburse the customer for the total cost of product. The Company's experience has been that a loss from returns is extremely remote. Accordingly, the Company's management does not believe that an allowance for loss from returns is necessary.

Most of the Company's products are custom ordered by customers for a specific use. The Company provides engineering services as part of the relationship with its customers in developing the custom product. The Company is not obligated to provide such engineering service to its customers. The Company does not charge separately for these services.

Inventories:

Inventories are stated at cost, on a first-in, first-out basis, which does not exceed market value.

The Company manufactures products pursuant to specific technical and contractual requirements. The Company historically purchases material in excess of its requirements to avail itself of favorable pricing as well as the possibility of receiving additional orders from customers. This excess may result in material not being used in subsequent periods, which may result in this material being deemed obsolete.

The Company annually reviews its purchase and usage activity of its inventory of parts as well as work in process and finished goods to determine which items of inventory have become obsolete within the framework of current and anticipated orders. The Company based upon historical experience has determined that if a part has not been used and purchased or an item of finished goods has not been sold in three years, it is deemed to be obsolete. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost. A periodic adjustment, based upon historical experience is made to inventory in recognition of this impairment.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Concentration of Credit Risk:

The Company maintains cash balances at one financial institution. Amounts on deposit are insured by the Federal Deposit Insurance Corporation up to $100,000 in the aggregate. There were no uninsured balances at either December 28, 2007 or March 30, 2007.

Property, Plant and Equipment:

Property, plant and equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the Double Declining Balance method over the estimated useful lives (5-7 years) of the related assets.

Maintenance and repair expenditures are charged to operations, and renewals and betterments are capitalized. Items of property, plant and equipment, which are sold, retired or otherwise disposed of, are removed from the asset and accumulated depreciation or amortization accounts. Any gain or loss thereon is either credited or charged to operations.

Income Taxes:

The Company follows the policy of treating investment tax credits as a reduction in the provision for federal income tax in the year in which the credit arises or may be utilized. Deferred income taxes arise from temporary differences resulting from different depreciation methods used for financial and income tax purposes. The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes".

Net Income Per Share:

The Company has adopted the provisions of SFAS No. 128, "Earnings Per Share", which requires the disclosure of "basic" and "diluted" earnings (loss) per share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. Diluted earnings per share is similar to basic earnings per share except that the weighted average number of common shares outstanding is increased to reflect the dilutive effect of potential common shares, such as those issuable upon the exercise of stock or warrants, as if they had been issued. For the nine months ended December 28, 2007 and December 29, 2006, there were no items of potential dilution that would impact on the computation of diluted earnings or loss per share.

Fair Value of Financial Instruments:

SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," requires that an entity recognize all derivatives as either assets or liabilities in the statements of financial position and measure those instruments at fair value.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Fair Value of Financial Instruments: (continued)

The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values. These financial instruments include cash, accounts receivable, accounts payable and borrowings. Fair values were assumed to approximate carrying values for these

financial instruments since they are short-term in nature and their carrying amounts approximate fair value or they were receivable or payable on December 28, 2007.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual amounts could differ from those estimates.

Impairment of Long-Lived Assets:

SFAS No. 144, "Accounting for The Impairment or Disposal of Long-Lived Assets," requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has adopted SFAS No. 144. There were no long-lived asset impairments recognized by the Company for the nine months ended December 28, 2007 and December 29, 2006 respectively.

Reporting Comprehensive Income:

The Company has adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income". This Statement established standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in an entity's financial statements. This Statement requires an entity to classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of balance sheet. There were no material items of comprehensive income to report for the nine months ended December 28, 2007 and December 29, 2006 respectively.

Segment Information:

The Company has adopted the provisions of SFAS No. 131, "Disclosures About Segment of An Enterprise and Related Information." This Statement requires public enterprises to report financial and descriptive information about its reportable operating segments and establishes standards for related disclosures about product and services, geographic areas, and major customers. The adoption of SFAS No. 131 did not affect the Company's presentation of its results of operations or financial position.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Research and Development:

The Company provides personalized engineering services to its customers

by designing connectors for specific customer applications. The employment of electromechanical engineers is the anticipated cornerstone of the Company's future growth. The Company maintains a testing laboratory where its engineers experiment with new connector designs based on changes in technology and in an attempt to create innovative, more efficient connector designs.

The Company did not expend any funds on customer sponsored research and development during the nine months ended December 28, 2007 and December 29, 2006. In addition, the Company did not receive any revenues related to customer sponsored research and development activities during the nine months ended December 28, 2007 and December 29, 2006.

Effect of New Accounting Pronouncements:

Effective April 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes- an interpretation of FASB Statement No. 109", which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement No.109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement disclosures of tax positions taken or expected to be taken in an income tax filing. The evaluation of a tax position is a two step process. The first step requires an entity to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. The second step requires an entity to recognize in the financial statements each tax position that meets the more likely than not criteria, measured at the largest amount of benefit that has a greater than fifty percent likelihood of being recognized. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting for interim periods, disclosure and transition.

The Company believes that with its adoption of FIN 48, that the income tax positions taken by it did not have a material effect on the financial statements for the nine months ended December 28, 2007.

In December 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", which enhances existing guidance for measuring assets and liabilities using fair value. This Standard provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company does not believe that SFAS No. 157 will have a material impact on its financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Effect of New Accounting Pronouncements: (continued)

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159") "The Fair Value Option for Financial Assets and Financial Liabilities", providing companies with an option to report selected financial assets and liabilities at fair value. The Standard's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. It also requires entities to display the fair value of those assets and liabilities for which the Company has chosen to use fair value on the face of the balance sheet. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company does not believe that SFAS No. 159 will have a material impact on its financial statements.

Note 3 - INVENTORIES:

Inventories are stated at cost, on a first-in, first-out basis, which does not exceed market value.

The Company manufactures products pursuant to specific technical and contractual requirements. The Company historically purchases material in excess of its requirements to avail itself of favorable pricing as well as the possibility of receiving additional orders from customers. This excess may result in material not being used in subsequent periods, which may result in this material being deemed obsolete.

The Company annually reviews its purchase and usage activity of its inventory of parts as well as work in process and finished goods to determine which items of inventory have become obsolete within the framework of current and anticipated orders. The Company based upon historical experience has determined that if a part has not been used and purchased or an item of finished goods has not been sold in three years, it is deemed to be obsolete. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost. A periodic adjustment, based upon historical experience is made to inventory in recognition of this impairment.

Inventories are comprised of the following:

	Dec. 28, 2007	March 30, 2007
Raw materials	$1,014,994	$ 873,958
Work in progress	428,183	368,675
Finished goods	384,323	330,999
	$1,827,500	$1,573,632

IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS:

Prepaid expenses and other current assets are comprised of the following:

	Dec. 28, 2007	March 30, 2007
Prepaid insurance	$ 18,197	$ 1,636
Prepaid corporate taxes	7,681	9,744
Other current assets	46,427	--
	$ 72,305	$ 11,380

Note 5 - PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are as follows:

	Dec. 28, 2007	March 30, 2007
Computers	$ 212,321	$ 210,321
Leasehold improvements	585,831	585,831
Machinery and equipment	4,898,392	4,810,708
Tools and dies	2,038,923	1,980,189
Furniture and fixture	155,935	155,935
Website development cost	7,550	7,550
	7,898,952	7,750,534
Less: accumulated depreciation and amortization	6,708,938	6,558,278
	$1,190,014	$1,192,256

Note 6 - ACCOUNTS RECEIVABLE FINANCING:

The Company entered into an accounts receivable financing agreement whereby it can borrow up to eighty percent of its eligible receivables (as defined in the agreement) at an interest rate of 2 1/2 % above JP Morgan Chase's publicly announced rate of 7.25% at December 28, 2007. However, the agreement does stipulate that the minimum interest rate is 12% per annum. The agreement has an initial term of one year and will automatically renew for successive one-year terms, unless terminated by the Company or Lender upon receiving sixty days prior notice. The loan is secured by the Company's accounts receivable and inventories. The balance due under this agreement as of December 28, 2007 was $697,493. The balance due as of March 30, 2007 was $477,387.

Note 7 - OTHER CURRENT LIABILITIES:

Other current liabilities are comprised of the following:

	Dec. 28, 2007	March 30, 2007
Payroll and vacation accruals	$ 196,109	$ 124,044
Sales commissions	15,412	21,381
Other	13,678	2,750
	$ 225,199	$ 148,175

Note 8 - NOTES PAYABLE EQUIPMENT:

The Company financed the acquisition of new equipment by issuing notes payable. The notes were payable over a sixty month period. The balance remaining at December 28, 2007 amounted to $1,307. The interest rate on the remaining note is 22%.

Aggregate future principal payments are as follows:

Fiscal Year Ending March:

2008	$ 784
2009	523
	$ 1,307

Note 9 - RELATED PARTIES TRANSACTIONS:

During the year ended March 26, 2004, two of the Company's officers loaned the Company a total of $52,000 on a non-interest bearing basis. The Company used these funds as a source of additional working capital.

During the year ended March 25, 2005, one of these officers loaned the Company an additional $135,744 on a non-interest bearing basis as well. These funds were also used by the Company for working capital requirements. Through the period ended March 31, 2006, the Company had repaid $108,744 of the total funds loaned to it. During the year ended March 30, 2007, one of the officers loaned the company an additional $88,000 on a non-interest bearing basis. During the same period the Company repaid $76,000 of the loans made to it. The balance, due to the one officer at March 30, 2007 was $91,000.

During the nine months ended December 28, 2007, the Company repaid $44,000 of the loans made to it. As of December 28, 2007 the balance due to one of these officers was $47,000.

IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 10 - PENSION PLAN-SALARIED PERSONNEL:

On June 30, 1995, the Company applied to the Pension Benefit Guaranty Corporation ("PBGC") to have the PBGC assume all of the Company's responsibilities and liabilities under its Salaried Pension Plan. On April 26, 1996, the PBGC determined that the Salaried Pension Plan did not have sufficient assets available to pay benefits, which were and are currently due under the terms of the Plan.

The PBGC further determined that pursuant to the provisions of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), that the Plan must be terminated in order to protect the interests of the Plan's participants. Accordingly, the PBGC proceeded pursuant to ERISA to have the Plan terminated and the PBGC appointed as statutory trustee, and to have July 31, 1995 established as the Plan's termination date.

The Company and the PBGC negotiated a settlement on the entire matter and on July 2, 2001, an agreement was reached whereby the Company's liability to the PBGC was reduced to $244,000. The Company will make monthly payments to the PBGC as follows:

September 1, 2003 to August 1, 2004	$2,000 per month
September 1, 2004 to August 1, 2006	$3,000 per month
September 1, 2006 to August 1, 2007	$4,000 per month

Additionally, the Company had made balloon payments of $25,000 each on January 1, 2004, May 1, 2004, May 1, 2005 and January 1, 2006.

The Company also granted the PBGC a lien on the Company's machinery and equipment.

As a result of this agreement the amount due the PBGC was restated to $244,000. The balance due the PBGC was satisfied on September 1, 2007.

Note 11- CHANGES IN STOCKHOLDERS' EQUITY:

The accumulated deficit decreased by $249,577, which represents the net income for the nine months ended December 28, 2007.

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IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 12- 2001 EMPLOYEE STOCK OPTION PLAN:

Under this Plan, the exercise price of an option designated as an Incentive Stock Option shall not be less than the fair market value of the Company's common stock on the day the option is granted. In the event an option designated as an incentive stock option is granted to a ten percent (10%) shareholder, such exercise price shall be at least 110 Percent (110%) of the fair market value or the Company's common stock and the option must not be exercisable after the expiration of

five years from the day of the grant.

Exercise prices of non-incentive stock options may be less than the fair market value of the Company's common stock.

The aggregate fair market value of shares subject to options granted to a participant(s), which are designated as incentive stock options, and which become exercisable in any calendar year, shall not exceed $100,000. As of December 28, 2007 no options had been granted under this Plan.

Note 13 - CASH BONUS PLAN:

In 1987, the Company adopted a cash bonus plan ("Cash Bonus Plan") for Executive Officers. Contributions to the Cash Bonus Plan are made by the Company only after pre-tax operating profits exceed $150,000 for a fiscal year, and then to the extent of 10% of the excess of the greater of $150,000 or 25% of pre-tax operating profits. The Company accrued $40,000 for the nine months ended December 28, 2007. For the year ended March 30, 2007, the contribution was $20,000.

Note 14 - COMMITMENTS:

The Company leases its facility under a renewed tenure lease agreement, which expires on August 23, 2011. The Company is obligated under this lease at minimum annual rentals as follows:

Fiscal year ending March:

2008	$ 42,096
2009	168,384
2010	168,384
2011	112,256
	$ 491,120

The rental expense for the nine months ended December 28, 2007 and December 29, 2006 was $108,801 and $106,102, respectively.

Note 14 - COMMITMENTS: (continued)

The Company has a collective bargaining multi-employer pension plan ("Multi-Employer Plan") with the United Auto Workers of America, Local 259 ("UAW"). Contributions are made by the Company in accordance with a negotiated labor contract and are based on the number of covered employees employed per month. With the passage of the Multi-Employer Pension Plan Amendment Act of 1990 (the "Act"), the Company may become subject to liabilities in excess of contributions made under the collective bargaining agreement. Generally, these are contingent upon termination, withdrawal, or partial withdrawal from the Multi-Employer

Plan. The Company has not taken any action to terminate, withdraw or partially withdraw from the Multi-Employer Plan, nor does it intend to do so in the future. Under the Act, liabilities would be based upon the Company's proportional share of the Multi-Employer Plan's unfunded vested benefits which is currently not available. The amount of accumulated benefits and net assets of such Plan also is not currently available to the Company. The total contributions charged to operations under the provisions of the Multi-Employer Plan were $59,127 and $49,301 for the nine months ended December 28, 2007 and December 29, 2006, respectively.

In 1992, the Company had been in arrears with respect to its contributions to the Multi-Employer Plan in the amount of $186,467. The Company and the UAW entered into a verbal agreement whereby the Company would continue making current contributions as well as making periodic payments to satisfy the outstanding arrears obligation to the Multi-Employer Plan. The outstanding obligation was satisfied by the Company on July 12th, 2007. Under the terms of this verbal agreement, the Company was not obligated to pay interest until the arrears was satisfied.

The UAW and the Company agreed in October 2007 that the total amount of interest due would be $85,000. The Company paid the $85,000 to the UAW in October 2007 and satisfied its indebtedness.

IEH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements contained in this report which are not historical facts may be considered forward-looking information with respect to plans, projections, or future performance of the Company as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those projected. The words "anticipate", "believe", "estimate", "expect", "objective", and "think" or similar expressions used herein are intended to identify forward-looking statements. The forward-looking statements are based on the Company's current views and assumptions and involve risks and uncertainties that include, among other things, the effects of the Company's business, actions of competitors, changes in laws and regulations, including accounting standards, employee relations, customer demand, prices of purchased raw material and parts, domestic economic conditions, including housing starts and changes in consumer disposable income, and foreign economic conditions, including currency rate fluctuations. Some or all of the facts are beyond the Company's control.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related footnotes which provide additional information concerning the Company's financial activities and condition.

Critical Accounting Policies

The Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements, and revenues and

expenses during the periods reported. Actual results could differ from those estimates. The Company believes the following are the critical accounting policies, which could have the most significant effect on the Company's reported results and require the most difficult, subjective or complex judgments by management.

- Impairment of Long-Lived Assets:
  The Company reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. The Company makes estimates of its future cash flows related to assets subject to impairment review.

- Inventory Valuation:
  Raw materials and supplies are valued at the lower of first-in, first-out cost or market. Finished goods and work in process are valued at the lower of actual cost, determined on a specific identification basis, or market. The Company estimates which materials may be obsolete and which products in work in process or finished goods may be sold at less than cost, and adjusts their inventory value accordingly. Future periods could include either income or expense items if estimates change and for differences between the estimated and actual amount realized from the sale of inventory.

Critical Accounting Policies (continued)

- Income Taxes:
  The Company records a liability for potential tax assessments based on its estimate of the potential exposure. Due to the subjectivity and complex nature of the underlying issues, actual payments or assessments may differ from estimates. Income tax expense in future periods could be adjusted for the difference between actual payments and the Company's recorded liability based on its assessments and estimates.

- Revenue Recognition:
  Revenues are recognized at the shipping date of the Company's products. The Company has historically adopted the shipping terms that title to merchandise passes to the customer at the shipping point (FOB Shipping Point). At this juncture, title has passed, the Company has recognized the sale, inventory has been relieved, and the customer has been invoiced. The Company does not offer any discounts, credits or other sales incentives.

  The Company's policy with respect to customer returns and allowances as well as product warranty is as follows:

  The Company will accept a return of defective product within one year from shipment for repair or replacement at the Company's option. If the product is repairable, the Company at its own cost will repair and return it to the customer. If unrepairable, the Company will either offer an allowance against payment or will reimburse the customer for the total cost of the product. The

Company's experience has been that a loss from returns is extremely remote, accordingly the Company's management does not believe that an allowance for loss from returns is necessary.

Most of the Company's products are custom ordered by customers for a specific use. The Company provides engineering services as part of the relationship with its customers in developing the custom product. The Company is not obligated to provide such engineering service to its customers. The Company does not charge separately for these services.

- Research & Development:
  The Company provides personalized engineering services to its customers by designing connectors for specific customer applications. The employment of electromechanical engineers is the anticipated cornerstone of the Company's future growth. The Company maintains a testing laboratory where its engineers experiment with new connector designs based on changes in technology and in an attempt to create innovative, more efficient connector designs.

IEH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Results of Operations

Comparative Analysis-Nine Months Ended December 28, 2007 and December 29, 2006

The following table sets forth for the periods indicated, percentages for certain items reflected in the financial data as such items bear to the revenues of the Company:

Relationship to Total Revenues

	Dec. 28, 2007	Dec. 29, 2006
Operating Revenues (in thousands)	$ 5,512	$ 4,576
Operating Expenses: (as a percentage of Operating Revenues)		
Costs of Products Sold	72.74%	74.43%
Selling, General and Administrative	16.70%	18.14%
Interest Expense	2.75%	1.11%
Depreciation and amortization	2.73%	3.26%
TOTAL COSTS AND EXPENSES	94.92%	96.94%
Operating Income (loss)	5.08%	3.06%
Other Income	.01%	.02%

Income (loss) before Income Taxes	5.09%	3.08%
Income Taxes	.56%	.43%
Net Income (loss)	4.53%	2.65%

Operating revenues for the nine months ended December 28, 2007 amounted to $5,511,577 reflecting a 20.45% increase versus the nine months ended December 29, 2006 revenues of $4,575,509. The increase in revenues is reflective of the following: during the nine months ended December 28, 2007, the Company began shipping components for medical related equipment. Revenues from this source accounted for approximately 10% of the increase. Additionally the Company started selling higher end connectors to a major customer which accounted for approximately 5% of the increase in revenues over the same nine month period in 2006. Additionally, increases in international sales accounted for approximately 3% of the increase over 2006.

IEH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comparative Analysis-Nine Months Ended December 28, 2007 and December 29, 2006 (continued)

Cost of products sold amounted to $4,009,085 for the nine months ended December 28, 2007, or 72.74% of operating revenues. This reflected a $603,358 or 17.72% increase in the cost of products sold from $3,405,727 or 74.43% of operating revenues for the nine months ended December 29, 2006. The increase in cost of product sold is due primarily to the increase in costs related to the increase in revenues for the nine months ended December 28, 2007.

Selling, general and administrative expenses were $920,290 or 16.70% of operating revenues for the nine months ended December 28, 2007 compared to $829,941 or 18.40% of operating revenues for the nine months ended December 29, 2006. This category of expenses increased by $90,349, or 10.89% from the prior year. The increase can be attributed to an increase in sales salaries, commissions and travel.

Interest expense was $151,541 for the nine months ended December 28, 2007 or 2.75% of operating revenues. For the fiscal nine months ended December 29, 2006, interest expense was $50,866 or 1.11% of operating revenues. The increase of $100,675 or 197.92% reflects primarily payment or interest on union pension arrears during the nine months ended December 28, 2007, the amount of interest paid was $85,000.

Depreciation and amortization of $150,660 or 2.73% of operating revenues was reported for the nine months ended December 28, 2007. This reflects an increase of $1,547 from the prior nine months ended December 29, 2006 of $149,113 or 3.26% of operating revenues.

The Company reported net income of $249,577 for the nine months ended December 28, 2007 representing basic earnings of $.11 per share as compared to net income of $121,180 or $.05 per share for the nine months ended December 29, 2006. The

increase in net income for the current nine month period can be attributed primarily to the new revenues in medical related equipment, higher end connectors to a major customer being sold and the increase in international orders shipped during the nine months ended December 28, 2007.

IEH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comparative Analysis-Three Months Ended December 28, 2007 and December 29, 2006

The following table sets forth for the periods indicated, percentages for certain items reflected in the financial data as such items bear to the revenues of the Company:

Relationship to Total Revenues

	Dec. 28, 2007	Dec. 29, 2006
Operating Revenues (in thousands)	$ 1,935	$ 1,533
Operating Expenses: (as a percentage of Operating Revenues)		
Costs of Products Sold	70.86%	74.83%
Selling, General and Administrative	16.46%	18.29%
Interest Expense	1.88%	1.22%
Depreciation and amortization	2.58%	3.24%
TOTAL COSTS AND EXPENSES	91.78%	97.58%
Operating Income (loss)	8.22%	2.42%
Other Income	--	--
Income (loss) before Income Taxes	8.22%	2.42%
Income Taxes	.50%	.23%
Net Income (loss)	7.72%	2.19%

Operating revenues for the three months ended December 28, 2007 amounted to $1,935,092 reflecting a 26.26% increase versus the three months ended December 29, 2006 revenues of $1,532,584. The increase in revenues is due to the Company shipping components for medical related equipment, higher end connectors to a major customer and an increase in international sales.

Cost of products sold amounted to $1,371,164 for the three months ended December 28, 2007, or 70.86% of operating revenues. This reflected a $224,296 or 19.56%

increase in the cost of products sold from $1,146,868 or 74.83% of operating revenues for the three months ended December 29, 2006. The increase in cost of product sold is due primarily to the increase in costs related to the increase in revenues for the three months ended December 28, 2007.

IEH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comparative Analysis-Three Months Ended December 28, 2007 and December 29, 2006 (continued)

Selling, general and administrative expenses were $318,592 or 16.46% of operating revenues for the three months ended December 28, 2007 compared to $280,283 or 18.29% of operating revenues for the three months ended December 29, 2006. This category of expenses increased by $38,309 or 13.67% from the prior year. The increase can be attributed to an increase in sales salaries, commissions and travel.

Interest expense was $36,397 for the three months ended December 28, 2007 or 1.88% of operating revenues. For the fiscal three months ended December 29, 2006, interest expense was $18,698 or 1.22% of operating revenues. The increase of $17,699 or 94.66% reflects primarily an accrual for interest on union pension arrears during the three months ended December 28, 2007 prior to the satisfaction of the interest during the quarter.

Depreciation and amortization of $49,980 or 2.58% of operating revenues was reported for the three months ended December 28, 2007. This reflects an increase of $276 or 1.0% from the prior three months ended December 29, 2006 of $49,704 or 3.24% of operating revenues.

The Company reported net income of $149,590 for the three months ended December 28, 2007 representing basic earnings of $.06 per share as compared to net income of $33,563 or $.01 per share for the three months ended December 29, 2006. The increase in net income for the current three month period can be attributed primarily to the increase in international orders, components for medical related equipment and higher end connectors to a major customer shipped in the current quarter.

Liquidity and Capital Resources

The Company reported working capital of $1,518,170 as of December 28, 2007 compared to a working capital of $1,267,189 as of March 30, 2007. The increase in working capital of $250,981 was attributable to the following items:

Net income	$249,577
Depreciation and amortization	150,660
Capital expenditures	(148,418)
Other transactions	(838)

As a result of the above, the current ratio (current assets to current liabilities) was 2.0 to 1 at December 28, 2007 as compared to 1.95 to 1 at March 30, 2007. Current liabilities at December 28, 2007 were $1,514,428 compared to $1,334,302 at March 30, 2007.

The Company reported $148,418 in capital expenditures for the nine months ended

December 28, 2007 and reported depreciation of $150,660 for the same nine-month period.

The net income of $249,577 for the nine months ended December 28, 2007 resulted in an increase in stockholders' equity to $2,733,597 as compared to stockholders' equity of $2,484,020 at March 30, 2007.

The Company has an accounts receivable financing agreement with a factor, which bears interest at 2.5% above prime. However, the agreement does stipulate that the minimum interest rate is 12% per annum. At December 28, 2007 the amount outstanding with the factor was $697,493 as compared to $477,387 at March 30, 2007. The loan is secured by the Company's accounts receivables and inventories. The factor provides discounted funds based upon the Company's accounts receivables, these funds provide the primary source of working capital for operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Liquidity and Capital Resources (continued)

In the past two fiscal years, management has been reviewing its collection practices and policies for outstanding receivables and has revised its collection procedures to a more aggressive collection policy. As a consequence of this new policy the Company's experience is that its customers have been remitting payments on a more consistent and timely basis. The Company reviews the collectability of all accounts receivable on a monthly basis. The allowance for doubtful accounts is less than 2% of average gross accounts receivable and is considered to be conservatively adequate.

During the year ended March 26, 2004, two of the Company's officers loaned the Company a total of $52,000 on a non-interest bearing basis. The Company used these funds as a source of additional working capital.

During the year ended March 25, 2005, one of these officers loaned the Company an additional $135,744 on a non-interest bearing basis as well. These funds were also used by the Company for working capital requirements. Through the period ended March 31, 2006, the Company has repaid $108,744 of the total funds loaned to it. During the year ended March 30, 2007, one of the officers loaned the Company an additional $88,000 on a non-interest bearing basis. During the same period the Company repaid $76,000 of the loans made to it. The balance due to the one officer at March 30, 2007 was $91,000.

During the nine months ended December 28, 2007, the Company repaid $44,000 of the loans made to it. As of December 28, 2007 the balance due to one of these officers was $47,000.

The Company has a collective bargaining multi-employer pension plan with the United Auto Workers of America, Local 259 ("UAW"). Contributions are made by the Company in accordance with a negotiated labor contract and are based on the number of covered employees employed per month. With the passage of the Multi-Employer Pension Plan Amendment Act of 1990 (the "Act"), the Company may become subject to liabilities in excess of contributions made under the collective bargaining agreement. Generally, these are contingent upon termination, withdrawal, or partial withdrawal from the Multi-Employer Plan. The Company has not taken any action to terminate, withdraw or partially withdraw

from the Multi-Employer Plan, nor does it intend to do so in the future. Under the Act, liabilities would be based upon the Company's proportional share of the Multi-Employer Plan's unfunded vested benefits which is currently not available. The amount of accumulated benefits and net assets of such Plan also is not currently available to the Company. The total contributions charged to operations under the provisions of the Multi-Employer Plan were $59,127 and $49,301 for the nine months ended December 28, 2007 and December 29, 2006, respectively.

In 1992, the Company had been in arrears with respect to its contributions to the Multi-Employer Plan in the amount of $186,467. The Company and the UAW entered into a verbal agreement whereby the Company would continue making current contributions as well as making periodic payments to satisfy the outstanding arrears obligation to the Multi-Employer Plan. The outstanding obligation was satisfied by the Company on July 12th, 2007. Under the terms of this verbal agreement, the Company was not obligated to pay interest until the arrears was satisfied.

The UAW and the Company agreed to a settlement on the interest for $85,000. That amount was paid to the UAW in October of 2007.

Liquidity and Capital Resources (continued)

On June 30, 1995, the Company applied to the Pension Benefit Guaranty Corporation ("PBGC") to have the PBGC assume all of the Company's responsibilities and liabilities under its Salaried Pension Plan. On April 26, 1996, the PBGC determined that the Salaried Pension Plan did not have sufficient assets available to pay benefits, which were and are currently due under the terms of such Plan.

The PBGC further determined that pursuant to the provisions of the Employment Retirement Income Security Act of 1974, as amended ("ERISA") that the Salaried Pension Plan must be terminated in order to protect the interests of such Plan's participants. Accordingly, the PBGC proceeded pursuant to ERISA to have the Salaried Pension Plan terminated and the PBGC appointed as statutory trustee, and to have July 31, 1995 established as the Salaried Pension Plan's termination date.

The Company and the PBGC agreed to the terms of a settlement of the matter. The agreement is effective July 2, 2001. Under the agreement, the Company and the PBGC agreed on a total sum of $244,000. The Company has agreed to make payments as follows:

September 1, 2003 to August 1, 2004	$2,000 per month
September 1, 2004 to August 1, 2006	$3,000 per month
September 1, 2006 to August 1, 2007	$4,000 per month

Additionally, the Company had made balloon payments of $25,000 each on January 1, 2004, May 1, 2004, May 1, 2005 and January 1, 2006.

The Company granted the PBGC a lien on the Company's machinery and equipment.

As a result of this agreement the amount due the PBGC was restated to $244,000. This liability was satisfied on September 1, 2007.

On September 21, 2001 the Company's shareholders approved the adoption of the Company's 2001 Employees Stock Option Plan ("Employee Option Plan") to provide for the grant of options to purchase up to 750,000 shares of the Company's common stock to all employees, including senior management. No options have been granted under the Employee Option Plan to date.

Options granted to employees under the Employee Option Plan may be designated as options which qualify for incentive stock option treatment under Section 422A of the Internal Revenue Code, or option which do not so qualify. Under this Plan, the exercise price of an option designated as an Incentive Stock Option shall not be less than the fair market value of the Company's common stock on the day the option is granted.

Liquidity and Capital Resources (continued)

In the event an option designated as an incentive stock option is granted to a ten percent (10%) share holder, such exercise price shall be at least 110 Percent (110%) of the fair market value or the Company's common stock and the option must not be exercisable after the expiration of five years from the day of the grant. Exercise prices of non-incentive stock options may be less than the fair market value of the Company's common stock. The aggregate fair market value of shares subject to options granted to its participants, which are designated as incentive stock options, and which become exercisable in any calendar year, shall not exceed $100,000. As of December 28, 2007 no options had been granted under the Employee Stock Option Plan.

In 1987, the Company adopted a cash bonus plan ("Cash Bonus Plan") for Executive Officers. Contributions to the Cash Bonus Plan are made by the Company only after pre-tax operating profits exceed $150,000 for a fiscal year, and then to the extent of 10% of the excess of the greater of $150,000 or 25% of pre-tax operating profits. The Company accrued $40,000 for the Cash Bonus Plan for the fiscal nine months ended December 28, 2007. For the year ended March 30, 2007 the contribution was $20,000.

ITEM 3. CONTROLS AND PROCEDURES

Based on an evaluation of the effectiveness of the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), the Company's Chief Executive Officer and Chief Financial Officer (who is also our controller and principal accounting officer) concluded that, as of the end of the period covered by this Report on Form 10-QSB, the Company's disclosure controls and procedures are effective to ensure that all information required to be disclosed by the Company in this Report that it files or submits under the Exchange Act is, recorded, processed, and reported within the time periods specified within the Securities and Exchange Commission's rules and forms. There have been no

changes in our internal control over financial reporting during the quarter ended December 28, 2007 that have been materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings which may have a material effect upon the Company, its financial condition or operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS; PURCHASES OF EQUITY SECURITIES

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER MATTERS.

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 31.1 Certification Pursuant to Section 302 of the Sarbanes Oxley Act

Exhibit 31.2 Certification Pursuant to Section 302 of the Sarbanes Oxley Act

Exhibit 32.1 Certification Pursuant to Section 906 of the Sarbanes Oxley Act

Exhibit 32.2 Certification Pursuant to Section 906 of the Sarbanes Oxley Act

(b) Reports on Form 8-K during Quarter

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this Report on Form 10-QSB to be signed on its behalf by the undersigned, thereunto duly authorized.

IEH CORPORATION
(Registrant)

February 8, 2008	/s/ Michael Offerman -------------------- Michael Offerman President (Principal Executive Officer)
February 8, 2008	/s/ Robert Knoth ---------------- Robert Knoth Chief Financial Officer/Controller/ Principal Accounting Officer