

IEH CORPORATION
Form 10-Q
February 01, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 23, 2011

£ **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
(State or other jurisdiction of incorporation or organization)

13-5549348
(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.

Indicate by check mark whether the registrant: (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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES NO

2,303,468 shares of Common Shares, par value \$.01 per share, were outstanding as of December 23, 2011.

IEH CORPORATION

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Exhibit 101.INS XBRL Instance Document*

Exhibit 101.SCH XBRL Taxonomy Extension Schema*

Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document*

Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document*

Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document*

Exhibit 101.DEF XBRL Taxonomy Extension Definition Label Document*

*Submitted electronically herewith.

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As of December 23, 2011 and March 25, 2011

	Dec. 23, 2011 (Unaudited)	March 25, 2011
ASSETS		
CURRENT ASSETS:		
Cash	\$418,277	\$157,049
Accounts receivable, less allowances for doubtful accounts of \$11,562 at December 23, 2011 and March 25, 2011	1,551,619	1,986,799
Inventories (Note 3)	4,317,800	3,713,372
Excess payments to accounts receivable factor (Note 6)	103,366	78,898
Prepaid expenses and other current assets (Note 4)	493,565	247,088
Total Current Assets	6,884,627	6,183,206
	1,326,885	1,268,890

PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization of \$7,357,128 at December 23, 2011 and \$7,244,628 at March 25, 2011 (Note 5)

	1,326,885	1,268,890
OTHER ASSETS:		
Other assets	26,645	27,887
	26,645	27,887
Total Assets	\$8,238,157	\$7,479,983

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

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IEH CORPORATION

BALANCE SHEETS (Continued)

As of December 23, 2011 and March 25, 2011

	Dec. 23, 2011 (Unaudited)	March 25, 2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 160,527	\$ 356,225
Accrued corporate income taxes	—	3,752
Workers compensation insurance assessments- current portion (Note 8)	47,638	47,638
Other current liabilities (Note 7)	471,561	364,465
Total Current Liabilities	679,726	772,080
LONG-TERM LIABILITIES:		
Workers compensation insurance assessments- net of current portion (Note 8)	77,332	113,061
Total Long-Term Liabilities	77,332	113,061
Total Liabilities	757,058	885,141
STOCKHOLDERS' EQUITY:		
Common stock, \$.01 par value; 10,000,000 shares authorized; 2,303,468 shares issued and outstanding at December 23, 2011 and March 25, 2011	23,035	23,035
Capital in excess of par value	2,744,573	2,744,573
Retained earnings (Note 9)	4,713,491	3,827,234
Total Stockholders' Equity	7,481,099	6,594,842
Total Liabilities and Stockholders' Equity	\$ 8,238,157	\$ 7,479,983

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

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IEH CORPORATION

STATEMENT OF OPERATIONS*(Unaudited)*

For the Nine and Three Months Ended December 23, 2011 and December 24, 2010

	Nine Months Ended		Three Months Ended	
	Dec. 23, 2011	Dec. 24, 2010	Dec. 23, 2011	Dec. 24, 2010
REVENUE, net sales	\$9,872,665	\$10,237,382	\$3,048,415	\$3,569,855
COSTS AND EXPENSES				
Cost of products sold	6,464,286	6,515,838	1,958,770	2,241,610
Selling, general and administrative	1,625,728	1,495,126	549,347	519,214
Interest expense	30,794	31,007	8,370	13,782
Depreciation	112,500	112,500	37,500	37,500
	8,233,308	8,154,471	2,553,987	2,812,106
OPERATING INCOME	1,639,357	2,082,911	494,428	757,749
OTHER INCOME	—	461	—	149
INCOME BEFORE INCOME TAXES	1,639,357	2,083,372	494,428	757,898
PROVISION FOR INCOME TAXES	753,100	1,080,342	213,100	360,000
NET INCOME	\$886,257	\$1,003,030	\$281,328	\$397,898
BASIC AND DILUTED EARNINGS PER SHARE (Note 2)	\$.38	\$.44	\$.12	\$.17
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.

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IEH CORPORATION

STATEMENT OF CASH FLOWS*(Unaudited)*

For the Nine Months Ended December 23, 2011 and December 24, 2010

	Nine Months Ended	
	Dec. 23, 2011	Dec. 24, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$886,257	\$1,003,030
Adjustments to reconcile net income to net cash provided (used) in operating activities:		
Depreciation	112,500	112,500
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	435,180	(390,947)
(Increase) in inventories	(604,428)	(970,504)
(Increase) decrease in excess payments to accounts receivable factor	(24,468)	224,040
(Increase) in prepaid expenses and other current assets	(246,477)	(1,012,608)
(Increase) decrease in other assets	1,242	(3,090)
Increase (decrease) in accounts payable	(195,698)	(5,106)
(Decrease) in other current liabilities	107,096	101,401
Increase (decrease) in accrued corporate income taxes	(3,752)	1,080,342
(Decrease) in workers compensation assessment	(35,729)	(37,072)
Total adjustments	(454,534)	(901,044)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	431,723	101,986
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(170,495)	(183,727)
NET CASH (USED) BY INVESTING ACTIVITIES	\$(170,495)	\$(183,727)

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

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IEH CORPORATION

STATEMENT OF CASH FLOWS (Continued)*(Unaudited)*

For the Nine Months Ended December 23, 2011 and December 24, 2010

	Nine Months Ended	
	Dec. 23, 2011	Dec. 24, 2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in accounts receivable financing	\$—	\$ 122,383
NET CASH PROVIDED BY FINANCING ACTIVITIES	—	122,383
INCREASE IN CASH	261,228	40,642
CASH, beginning of period	157,049	320,006
CASH, end of period	\$418,277	\$ 360,648
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the nine months for:		
Interest	\$28,535	\$24,882
Income Taxes	\$1,260,731	\$1,026,369

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

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IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

Note 1- INTERIM RESULTS AND BASIS OF PRESENTATION:

The accompanying unaudited financial statements as of December 23, 2011 and December 24, 2010 and for the nine months then ended have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q. 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 23, 2011 and December 24, 2010 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 23, 2011, are not necessarily indicative of the results to be expected for any subsequent quarter or the entire fiscal year. The balance sheet at March 25, 2011 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 GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). 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 and notes thereto of IEH Corporation for the fiscal year ended March 25, 2011 included in the Company’s Annual Report on Form 10-K as filed with the SEC and the attached Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business:

The Company designs, develops and manufactures printed circuit connectors for high performance applications. The Company has also developed a high performance plastic circular connector line. All of the Company’s products utilize the HYPERTAC™ contact design, which is identified by the generic “HYPERBOLOID” in the Company’s catalogs. This is necessary since all other HYPERTAC™ companies have been purchased by a multi-national company. The Company is the only independent producer of HYPERTAC™ in the United States.

The Company's customers consist of OEM's (Original Equipment Manufacturers), companies manufacturing medical equipment, and distributors who resell the Company's products to OEMs. The Company sells its products directly and through regional representatives located in all regions of the United States as well as in Canada, Israel, India, various Pacific Rim countries, South Korea and the European Union (EU).

The customers, the Company services, are in the Government, Military, Aerospace, Medical, Automotive, Industrial, Test Equipment and Commercial Electronics markets. The Company appears on the Military Qualified Product Listing "QPL" to MIL-DTL-55302 and supply

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IEH CORPORATION

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

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

Description of Business: *(continued)*

customer requested modifications to this specification. Sales to the commercial electronic and military markets were 31% and 69%, respectively, of the Company's net sales for the year ended March 25, 2011. The Company's offering of "QPL" items has recently been expanded to include additional products.

Accounting Period:

The Company maintains an accounting period based upon a 52-53 week year, which ends on the nearest Friday in business days to March 31. The year ended March 25, 2011 was comprised of 52 weeks.

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: 0; text-indent: 0"> /s/ Michael S. Egan Michael S. Egan *Chairman and Chief Executive Officer*