IEC ELECTRONICS CORP
Form 10-Q
July 23, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 26, 2009

OR

¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____ to ____

Commission File Number 0-6508

IEC ELECTRONICS CORP.

(Exact name of registrant as specified in its charter.)

Delaware	13-3458955
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

105 Norton Street, Newark, New York 14513
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (315) 331-7742

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 x 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 (sec. 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 ¨

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 x	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 x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (excludes treasury shares):

Common Stock, $0.01 Par Value - 8,549,113 shares as of July 21, 2009.

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Part 1. Financial Information
Item 1 — Financial Statements

IEC ELECTRONICS CORP. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 26, 2009 AND SEPTEMBER 30, 2008
(in thousands)

	JUNE 26, 2009 (Unaudited)	SEPTEMBER 30, 2008
ASSETS		
CURRENT ASSETS:		
Cash (see note #9 page 13)	$ -	$ -
Accounts receivable (net of allowance for doubtful Accounts of $128 and $145 respectively)	9,976	10,345
Inventories	6,592	6,230
Deferred income taxes	1,908	1,908
Other current assets	116	61
Total Current Assets	18,592	18,544
FIXED ASSETS:		
Land and land improvements	742	742
Building and improvements	4,339	4,368
Machinery and equipment	9,846	8,567
Furniture and fixtures	4,105	4,083
Sub-Total Gross Property	19,032	17,760
Less Accumulated Depreciation	(17,088)	(16,907)
Net Fixed Assets	1,944	853
NON-CURRENT ASSETS:		
Deferred income taxes	13,557	14,727
Other Non Current Assets	50	60
Total Non-Current Assets	13,607	14,787
Total Assets	$ 34,143	$ 34,184
LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES:		
Short term borrowings	$ 1,197	$ 1,098
Accounts payable	4,214	6,125
Accrued payroll and related expenses	970	808
Other accrued expenses	398	603
Customer Deposits (see Note #2)	292	664
Total current liabilities	7,071	9,298
Long term debt	7,864	8,910
Total Liabilities	14,935	18,208
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, Authorized - 500,000 shares; Issued and outstanding - none	-	-

Common stock, $.01 par value, Authorized - 50,000,000 shares; Issued - 9,549,420 and 9,326,582 shares	95	93
Treasury Shares at Cost 1,012,873 and 412,873	(1,413)	(223)
Additional paid-in capital	40,490	40,124
Accumulated deficit	(19,964)	(24,018)
Total shareholders' equity	19,208	15,976
Total liabilities and shareholders’ equity	$ 34,143	$ 34,184

The accompanying notes are an integral part of these financial statements.

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IEC ELECTRONICS CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 26, 2009 AND JUNE 27, 2008
(in thousands, except share and per share data)

	3 MONTHS ENDED JUNE 26, 2009 (Unaudited)	3 MONTHS ENDED JUNE 27, 2008 (Unaudited)
Net sales	$ 17,346	$ 11,888
Cost of sales	14,556	10,475
Gross profit	2,790	1,413
Selling and administrative expenses	1,463	828
Operating profit	1,327	585
Interest and financing expense	90	106
Other (Income)/Expense	(151)	302
Net Income before income taxes	1,388	177
Provision for/(benefit from) income tax (see tax expense comment page 14)	485	(691)
Net Income	$ 903	$ 868
Net Income per common and common equivalent share:		
Basic	$ 0.11	$ 0.10
Diluted	$ 0.10	$ 0.09
Weighted average number of common and common equivalent shares outstanding:		
Basic	8,524,317	8,708,537
Diluted	9,322,368	9,455,970

The accompanying notes are an integral part of these financial statements.

IEC ELECTRONICS CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED JUNE 26, 2009 AND JUNE 27, 2008
(in thousands, except share and per share data)

	9 MONTHS ENDED JUNE 26, 2009 (Unaudited)	9 MONTHS ENDED JUNE 27, 2008 (Unaudited)
Net sales	$ 49,538	$ 34,988
Cost of sales	41,908	31,046
Gross profit	7,630	3,942
Selling and administrative expenses	4,214	2,580
Operating profit	3,416	1,362
Interest and financing expense	304	281
(Gain)/Loss on disposal of fixed assets	(5)	(2)
Other (Income)/Expense	(212)	301
Net Income before income taxes	3,329	782
Provision for/(benefit from) income tax (see tax expense comment page 15)	(724)	(1,181)
Net Income	$ 4,053	$ 1,963
Net Income per common and common equivalent share:		
Basic	$ 0.46	$ 0.23
Diluted	$ 0.43	$ 0.21
Weighted average number of common and common equivalent shares outstanding:		
Basic	8,745,240	8,437,789
Diluted	9,386,616	9,194,454

The accompanying notes are an integral part of these financial statements.

IEC ELECTRONICS CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JUNE 26, 2009 AND JUNE 27, 2008
(in thousands)

	9 MONTHS ENDED JUNE 26, 2009 (Unaudited)	9 MONTHS ENDED JUNE 27, 2008 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 4,053	$ 1,963
Non-cash adjustments:		
Compensation Expense – Stock Options	121	143
Depreciation/Amortization	215	404
Issuance of director's fees in stock	27	15
(Gain)/Loss on sales of fixed assets	(5)	(2)
Deferred Tax Expense	(724)	(1,181)
Changes in operating assets and liabilities:		
Accounts receivable	369	(1,337)
Inventories	(361)	(1,968)
Other assets	(55)	32
Accounts payable	(1,911)	(812)
Accrued expenses	(42)	177
Customer Deposits	(373)	-
Net cash flows from operating activities	1,314	(2,566)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash investment into Subsidiary	-	(5,500)
Cash received from Subsidiary	-	544
Purchases of plant, property & equipment	(1,301)	(1,185)
Proceeds from the sale of property	11	2,002
Capitalized acquisition costs paid	-	(54)
Net cash flows from investing activities	(1,290)	(4,193)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments under loan agreements/notes payable	(852)	(729)
Borrowings/(Payments) Line of Credit	(79)	5,485
Proceeds from Equipment Financing	828	2,000
Proceeds from exercise of stock options	79	67
Capitalized financing costs paid	-	(64)
Net cash flows from financing activities	(24)	6,759
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	$ -	$ -
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 337	$ 281
Income taxes	$ 18	$ 2

Supplemental Disclosures of Non-Cash Adjustments:

Seller Notes adjusted through Deferred Tax Assets (related to acquisition agreement)	$	844	$	-
Treasury Stock Adjusted through Deferred Tax Assets (related to settlement agreement)	$	1,050	$	-
Return of Exercised Options to Treasury	$	140	$	-

The accompanying notes are an integral part of these financial statements.

IEC ELECTRONICS CORP. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 26, 2009

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Business

IEC Electronics Corp.,("IEC", "We", "Our", the “Company”), is a premier provider of electronic manufacturing services to advanced technology companies. We specialize in the custom manufacture of high reliability, complex circuit cards, system level assemblies and a wide array of custom cable/wire harness assemblies. We excel where quality and on-time delivery is paramount and where low to medium volume, high mix production is the norm. We utilize state-of-the art, automated manufacturing and reliability testing equipment and have created a “high intensity response culture” to react to our customers’ ever-changing needs. As a true extension of our customers’ operations, we have applied industry leading Six Sigma and Lean Manufacturing principles to eliminate waste and lower our customers’ total cost of ownership. While many EMS services are viewed as a commodity, we have truly set ourselves apart through an uncommon mix of unique features including:

§ A world class Technology Center that combines a dedicated prototype manufacturing center with an on-site Materials Analysis Lab (headed by a staff PhD) for the seamless introduction of complex electronics

§ A sophisticated Lean/Sigma continuous improvement program supported by four certified Six Sigma Blackbelts delivering best-in-class results

§ Industry-leading Web Portal providing real-time access to a wide array of critical customer data

§ In-house custom functional test development to support complex system-level assembly, test, troubleshoot and end-order fulfillment

Fiscal Calendar

The Company’s fiscal quarters end on the last Friday of the final month of each quarter, except that our fiscal year ends on September 30.

Change of Name of Wholly Owned Subsidiary

Effective June 17, 2009 the name of IEC Electronics’ wholly owned subsidiary, formerly known as Val-U-Tech Corp., was changed to IEC Electronics Wire and Cable, Inc. (“Wire and Cable”)

Consolidation

The consolidated financial statements include the accounts of IEC and its wholly owned subsidiary, IEC Electronics Wire and Cable, Inc. (“Wire and Cable”), from May 31, 2008. All significant inter-company transactions and accounts have been eliminated.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation. Customer deposits for raw materials, previously shown as offsets to inventory, have been reclassified on the balance sheet as Other Current Liabilities.

Allowance for Doubtful Accounts

The Company establishes an allowance for uncollectable trade accounts receivable based on the age of outstanding invoices and management's evaluation of collectability of outstanding balances.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost and are depreciated over various estimated useful lives using the straight-line method. Maintenance and repairs are charged to expense as incurred; renewals and improvements are capitalized. At the time of retirement or other disposition of property, plant, and equipment, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in other income.

Revenue Recognition

The Company's net revenue is derived from the sale of electronic products built to customer specifications. The Company also derives revenue from design services and repair work. Revenue from sales is generally recognized, net of estimated product return costs, when goods are shipped; title and risk of ownership have passed; the price to the buyer is fixed or determinable; and recovery is reasonably assured. Service related revenues are recognized upon completion of the services. The Company assumes no significant obligations after product shipment.

Stock Based Compensation

The Company accounts for stock based compensation under SFAS No. 123(R), Share-Based Payment. SFAS No. 123(R) requires the measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost will be recognized over the period during which an employee is required to provide service in exchange for the award. SFAS No. 123(R) also requires an entity to calculate the pool of excess tax benefits available to absorb tax deficiencies recognized subsequent to adoption of SFAS No. 123(R) (“APIC pool”). SFAS No.123(R) also amends SFAS No. 95, Statement of Cash Flows, to require that excess tax benefits that had been reflected as operating cash flows be reflected as financing cash flows. See Note #5 for additional information on stock-based compensation.

Income Tax/Deferred Tax Policy

We account for income taxes in accordance with the provisions of SFAS No. 109, Accounting for Income Taxes (“SFAS 109”), which require recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differing treatment of items for financial reporting and income tax reporting purposes. The deferred tax balances are adjusted to reflect tax rates by tax jurisdiction, based on currently enacted tax laws, which will be in effect in the years in which the temporary differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized.

Earnings Per Share

Net income (loss) per common share is computed in accordance with SFAS No. 128, "Earnings Per Share". Basic earnings per common share are calculated by dividing income available to common shareholders by the weighted-average number of common shares outstanding for each period. Diluted earnings per common share are calculated by adjusting the weighted-average shares outstanding assuming conversion of all potentially dilutive stock options, warrants and convertible securities.

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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unaudited Financial Statements

The accompanying unaudited financial statements for the three and nine months ended June 26, 2009, have been prepared in accordance with generally accepted accounting principles for interim financia1 information. In the opinion of management, all adjustments considered necessary for a fair presentation, which consist solely of normal recurring adjustments, have been included. The accompanying financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's September 30, 2008 Annual Report on Form 10-K. Subsequent events were evaluated through July 23, 2009, the date these financial statements were issued.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2006, the Emerging Issues Task Force (“EITF”) reached a consensus on EITF Issue No. 06-4 Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements (“EITF 06-4”), which requires the Company to recognize a postretirement liability for the discounted future benefit obligation that the Company will have to pay upon the death of the underlying insured employee. EITF 06-4 is effective for financial statements issued for fiscal years beginning after December 15, 2007. As such, the Company adopted this provision in the current period. Adoption of EITF Issue No. 06-4, “Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements”, did not have a significant effect on the Company’s consolidated financial statements.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 157, "Fair Value Measurements”. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. As such, the Company adopted this provision in the current period. Adoption of Statement of Financial Accounting Standard (“SFAS”) No. 157, "Fair Value Measurements”, did not have a significant effect on the Company’s consolidated financial statements. The Company will defer the adoption of SFAS No. 157 for its non-financial assets and non-financial liabilities until the year ended September 30, 2010, as permitted under FASB Staff Position 157-2, “Effective Date of FASB Statement No. 157”. The Company is currently evaluating the impact of SFAS 157 but does not expect it to have a material effect on its consolidated financial statements.

In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115”. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. SFAS 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. As such, the Company adopted this provision in the current period. Adoption of Statement of Financial Accounting Standard (“SFAS”) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115”, did not have a significant effect on the Company’s consolidated financial statements.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (“SFAS”) No. 141(R), “Business Combinations”. SFAS 141(R) establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ended September 30, 2010. The Company is currently evaluating the impact of SFAS 141(R) but does not expect it to have a material effect on its consolidated financial statements.

In December 2007, the SEC issued Staff Accounting Bulletin No. 110 (“SAB 110”). SAB 110 permits companies to continue to use the simplified method, under certain circumstances, in estimating the expected term of “plain vanilla” options beyond December 31, 2007. SAB 110 updates guidance provided in SAB 107 that previously stated that the Staff would not expect a company to use the simplified method for share option grants after December 31, 2007. SAB 110 did not have a significant effect on the Company’s consolidated financial statements.

In May 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No.165, "Subsequent Events" (“SFAS 165”). SFAS 165 establishes requirements for subsequent events. SFAS 165 is effective for interim or annual periods ending after June 15, 2009. The Company is required to adopt this standard in the current period. Adoption of SFAS 165 did not have a significant effect on the Company's consolidated financial statements.

In June 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("SFAS") No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles". SFAS 168 replaces SFAS 162 and establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company is currently evaluating the impact of SFAS 157 but does not expect it to have a material effect on its consolidated financial statements.

2. INVENTORIES:

Inventories are stated at the lower of weighted average cost (first-in, first-out) or market. The Company regularly assesses slow-moving, excess and obsolete inventory and maintains a balance sheet reserve against these risks. The major classifications of inventories are as follows at period end (in thousands):

	June 26, 2009	September 30, 2008
Raw Materials	$ 3,611	$ 3,775
Work-in-process	2,541	1,743
Finished goods	440	712
	$ 6,592	$ 6,230

The Company negotiates deposits from customers covering its raw material exposure when the customer significantly delays its original shipping date. These customer deposits, when received, are carried as other current liabilities on the balance sheet but effectively reduce a portion of the Company's raw material inventory. Current customer deposits total $292,000.

3. CREDIT FACILITIES:

The Company has a $14.2 million senior secured loan agreement (Credit Agreement) and Sale Leaseback agreement with Manufacturers and Traders Trust Company (M&T Bank). The following is a summary of the credit and sale leaseback agreements:

§ A revolving credit facility up to $9.0 million, available for direct borrowings. The facility is based on a borrowing base formula equal to the sum of 85% of eligible receivables and 35% of eligible inventory. As of June 26, 2009, outstanding loans under the revolving credit facility were $4.9 million. The credit facility matures on May 30, 2013. Interest on the revolver is either prime or a stated rate over LIBOR, whichever is lower based on certain ratios. Our current interest rate on our revolving line balance is 2.49%.

§ A $1.7 million term loan amortized equally over 60 months beginning June 2008. IEC's interest rate is fixed at 6.7%. The remaining balance as of June 26, 2009 was $0.9 million inclusive of an accelerated payment of $0.5 million made during the fourth quarter of fiscal 2008.

§ An available $1.5 million equipment line of credit. The capital credit facility is amortized equally over 60 months and matures on May 30, 2013. Interest on the equipment line is either prime or a stated rate over LIBOR, whichever is lower based on certain ratios at the time of borrowing. Using this capital credit line the company was able to secure additional interest rate subsidies from New York State's Linked Deposit Program and has used a total of $0.8 million of the $1.5 million available line as of June 26, 2009. For the quarter ended June 26, 2009 the weighted average interest rate on capital financing was 3.26%.

§ A $2.0 million Sale Leaseback of the Company's fixed assets amortized equally over 60 months beginning June 27, 2008. Annual payments are fixed and are $388,800 per year with a total for the five years of $1.9 million. At June 26, 2009 our remaining unpaid balance for the lease was $1.5 million.

§ All loans and the Sale-Leaseback are secured by a security interest in the assets of the Company including IEC Electronics Wire and Cable, Inc.

In connection with the acquisition of "Wire and Cable" in May 2008 and the payment of the purchase price to the sellers, a portion of the purchase price was paid in the form of promissory notes (the "Seller Notes") in the aggregate principal amount of $3.8 million with interest at the rate of 4% per annum. Quarterly payments of principal and interest were to be made in 20 equal installments. These payments began September 1, 2008. The Seller Notes were subject to a final reconciliation to determine the total increase or decrease depending upon the sales by "Wire and Cable" to its largest customer in calendar year 2009. The Company waived its right to any further purchase price adjustment under the original acquisition agreement as part of the settlement agreement disclosed in the Company's Current Report on Form 8-K filed on March 23, 2009. As of June 26, 2009 the remaining aggregate principal balance of the Seller Notes was $2.4 million. Each Seller Note is subordinated to the indebtedness of the Company under the Credit Agreement.

The Company's financing agreements contain various affirmative and negative covenants concerning the ratio of "EBITDARS" (Earnings Before Interest, Taxes, Depreciation, Amortization, Rent Expense under the Sale Leaseback and Stock Option Expense) to total debt and to fixed charges, calculated on a twelve month rolling basis. The Company must also maintain a minimum EBITDARS level of $350,000 per individual quarter. The Company was compliant with these covenants as of June 26, 2009. (See Liquidity and Capital Resources section of the Management Discussion and Analysis.)

The Company has outstanding an energy loan ("NYSERDA Loan") from M&T Bank in the principal amount of $0.2 million. The NYSERDA Loan is a low interest loan, subsidized by New York State, to facilitate energy conservation projects. The NYSERDA Loan is for a term of 5 years and has an effective interest rate of 2.08%. The maturity date is May 1, 2013. As amended, the NYSERDA Loan is subject to the same financial covenants as those contained in the Credit Agreement.

Annual debt maturities (in thousands) for the twelve month periods after June 26, 2009 are:

Year 1	Year 2	Year 3	Year 4*
$ 1,197	$ 1,197	$ 1,127	$ 5,540

* includes current revolver balance of $4,913

4. INCOME TAXES:

The provision for (benefit from) income taxes for the quarters ended June 26, 2009 and June 27, 2008 is summarized as follows (in thousands):

	3 Months JUN 26, 2009	3 Months JUN 27, 2008	YTD JUN 26, 2009	YTD JUN 27, 2008
Current Tax Expense				
Federal	28	60	66	281
State / Other	2	11	4	47
Deferred Tax Expense/(Benefit)				
Federal	444	(648)	(549)	(1,282)
State / Other	11	(114)	(245)	(227)
Provision for/(Benefit from)				
Income taxes	485	(691)	(724)	(1,181)

The components of the deferred tax asset at June 26, 2009 and September 30, 2008 are as follows (in thousands):

	June 26, 2009	September 30, 2008
Net operating loss and AMT credit carryovers	$ 14,428	$ 15,598
Accelerated depreciation	596	596
New York State investment tax credits	3,312	3,312
Inventories	140	140
Other	301	301
	18,777	19,947
Remaining Valuation allowance	(3,312)	(3,312)

Current and Long Term Deferred Tax Asset	$	15,465	$	16,635*

* includes deferred tax assets acquired in “Wire and Cable” acquisition (The cost of the acquisition in excess of the fair value of assets acquired was assigned to deferred tax assets.)

The Company has a net operating loss carry-forward of $41.3 million (expiring in years through 2025). The Company has available approximately $5.0 million in New York State investment tax credits (expiring in years through 2017). SFAS 109 requires the Company to establish an asset on the balance sheet to reflect the future value associated with the ability to utilize these losses and credits against future income tax obligations.

At the end of the first quarter of fiscal 2009, and as described in the Company's Quarterly Report on Form 10-Q for the three month period ended December 26, 2008, the Company decreased the Seller Notes by $844,000 based upon the terms and conditions of the "Wire and Cable" acquisition agreement. The offset to the Seller Note decrease was a reduction of the Company's deferred tax asset. Subsequently, during the second quarter of fiscal 2009, as part of its settlement agreement with "Wire and Cable", the Company received back the 500,000 shares of IEC stock, with a value of $1,050,000, that had been issued to the sellers of "Wire and Cable" as part of the purchase price. The settlement agreement with "Wire and Cable" is described in the Company's Current Report on Form 8-K, filed on March 23, 2009. The offset to the increase in treasury stock was an additional reduction of the Company's deferred tax asset. SFAS 109 requires that the company establish an asset on the balance sheet to reflect the future value associated with the Company's ability to utilize its past losses and credits against future income tax obligations. To comply with SFAS 109 the Company performed an interim evaluation of its deferred tax asset valuation allowance and, based upon expected performance, determined that there is a high probability that the majority of the deferred tax asset would be utilized. Accordingly, adjustments to deferred tax assets, as noted above, were credited to income tax expense in the current quarter. A valuation allowance of $3,312,000 remains appropriate due to the Company's probable inability to realize the tax benefits from New York State investment tax credits. These credits fully expire in 2017 and cannot be used until the Company exhausts all of its NY State net operating loss carry-forwards for state taxes. Due to a low allocation of income to New York, our effective state tax rate is minimal. Therefore it is unlikely that the Company will use 100% of its state net operating losses before 2017.

5. STOCK BASED COMPENSATION:

In February 2002, the Company's stockholders approved IEC's 2001 Stock Option and Incentive Plan (the "2001 Plan"). As amended from time to time, the number of shares of common stock authorized for issuance under the 2001 Plan is 3,100,000 shares. Pursuant to the 2001 Plan, officers, key employees, directors and other key individuals may be granted various types of equity awards, including stock options, restricted stock and other stock awards. As of June 26, 2009, there were 476,004 shares remaining available for issuance under the 2001 Plan. The Company issued 20,000 and 78,000 options during the three and nine month periods ending June 26, 2009, respectively. The Company issued 25,000 and 167,500 options during the three and nine month periods ended June 27, 2008, respectively. The fair value of each option issued during these periods was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	3 MO. ENDED JUN 26, 2009	3 MO. ENDED JUN 27, 2008	9 MO. ENDED JUN 26, 2009	9 MO. ENDED JUN 27, 2008
Risk free interest rate	2.5%	2.5%	2.3%	2.7%
Expected term	4.9 years	4.9 years	4.7 years	4.7 years
Volatility	63%	50%	54%	51%
Expected annual dividends	none	none	none	none
Options Granted:				
Wgt.Avg. fair value per share	$ 2.04	$ 0.91	$ 0.92	$ 0.82
Aggregate total value	$ 40,800	$ 22,800	$ 71,680	$ 136,550

6. MAJOR CUSTOMER CONCENTRATIONS:

Five customers accounted for 65% of our revenue during the three month period and 69% during the nine month period ended June 26, 2009. No single customer exceeded 19% of total Company sales revenue for the three month period ended June 26, 2009. No single customer exceeded 18% of total Company sales revenue for the nine month period ended June 26, 2009. For the comparable periods of the prior year our top five customers represented 75% of total sales for the three months ended June 27, 2008 and 68% for the nine months ended June 27, 2008. No single customer exceeded 26% of total Company sales revenue for the three month period ended June 27, 2008. No single customer exceeded 23% of total Company sales revenue for the nine month period ended June 27, 2008.

7. LITIGATION:

There are no legal proceedings pending to which IEC or its subsidiary is a party or of which any of their property is subject. To our knowledge, there are no material legal proceedings to which any director, officer or affiliate of IEC, or any beneficiary owner of more than five percent (5%) of Common Stock, or any associate of any of the foregoing, is a party adverse to IEC or its subsidiary.

8. COMMITMENTS AND CONTINGENCIES:

a.)Equipment leases - The Company is obligated under non-cancelable operating leases, primarily for manufacturing and office equipment. These leases generally contain renewal options and provisions for payment of the lease by the Company for executory costs (taxes, maintenance and insurance). Annual minimum lease obligations for manufacturing and office equipment are approximated as follows:

Fiscal Year	Amount
2009	$ 451,664
2010	451,664
2011	451,664
2012	451,664
2013	321,920
Total minimum lease payments	$ 2,128,576

b.)"Wire and Cable" lease - The Company leases the buildings occupied by "Wire and Cable". The buildings are leased under a non-cancelable operating lease which expires in December 2012. Annual minimum lease obligations on the building are approximated as follows:

Fiscal Year	Amount
2009	$ 176,857
2010	176,857
2011	184,578
2012	187,150
2013	46,788
Total minimum lease payments	$ 772,230

9. CASH:

The Company's cash received is applied against its revolving line of credit on a daily basis reducing interest expense.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information in this Management's Discussion & Analysis should be read in conjunction with the accompanying financial statements and the related Notes to Consolidated Financial Statements. Forward-looking statements in this Management's Discussion and Analysis are qualified by the cautionary statement found on Page 18 of this form 10-Q.

Results of Operations - Three Months Ended June 26, 2009,
Compared to the Three Months Ended June 27, 2008.

Sales (dollars in millions)

For Three Months Ended	June 26, 2009	June 27, 2008
Net sales	$ 17.3	$ 11.9

IEC had a strong third quarter and significantly surpassed the revenue achieved in the same quarter of the prior year. This quarter's $5.4 million increase in Net Sales over the same three month period ended June 27, 2008 represents an improvement of 45%. While the soft economy has impacted some of IEC's customers, others continue to grow. The Company has experienced solid new orders and despite the current recessionary forces in the economy, we expect continued growth in both revenue and profitability through the remainder of fiscal 2009. Sales from "Wire and Cable" were accretive for the quarter and IEC's core business grew by more than 33% over the same quarter of the prior year.

Gross Profit (dollars in thousands and as a % of Net Sales)

For Three Months Ended	June 26, 2009	June 27, 2008
Gross profit	$ 2,790	$ 1,413
Gross profit percent	16.1%	11.9%

Gross profit as a percentage of sales significantly improved over the comparable quarter of the prior year. The improvement of 4.2 percentage points of gross profit at a higher revenue level demonstrates an increased margin flow-thru on incremental sales and a strong improvement in the quality of earnings. This improvement in gross profit is continued evidence of more efficient labor utilization, a more highly trained workforce, realization of benefits associated with investments in capital equipment, and lean initiatives focused on driving operational efficiencies. We foresee our gross profit percentage normalizing at approximately 15.0% to 16.0% over the balance of the year.

Selling and Administrative Expense (dollars in thousands and as a % of Net Sales)

For Three Months Ended	June 26, 2009	June 27, 2008
Selling and administrative expense	$ 1,463	$ 828
Selling and administrative expense percent	8.4%	7.0%

Selling and administrative expenses as a percentage of sales increased by 1.4% for the three month period ended June 26, 2009 compared to the same period of the prior fiscal year. Costs added to SG&A have been focused on strengthening our Sales and Marketing team, our Finance department and our Information Systems and Technology group. We continue to work toward full integration of "Wire and Cable" into our consolidated business and that effort has required additional expense in areas of quality certifications, systems, and staffing. Selling and administrative expenses for the quarters ended June 26, 2009 and June 27, 2008 included $26K and $52K of non-cash stock option expense respectively.

Interest expense was $90K for the three month period ended June 26, 2009, compared to $106K in the comparable three month period of the prior fiscal year. Total debt has decreased significantly since the acquisition of "Wire and Cable". Additionally, the M&T credit agreement has afforded the Company with much more competitive interest rates in comparison to prior years. We continue to actively manage our debt to reduce interest expense. Strong earnings and prudent working capital management have enabled accelerated reduction of our overall debt. Due to our success in managing debt and our performance relative to bank financial covenants, the Company qualified for an additional 0.25% interest rate reduction with M%T.

Other Income includes a $150K refund of sales tax, penalties and accrued interest from the State of Alabama and the City of Arab, Alabama in settlement of a long standing dispute over a previous use tax assessment.

Income tax expense for the three month period ended June 26, 2009 was $485K. In the comparable quarter of the prior fiscal year we recognized a net benefit from income taxes of $(691K). The credit in the prior year was due to a reversal of a portion of the valuation allowance against our deferred tax assets. GAAP accounting requires the Company to record a tax provision, however, due to our net operating loss carryforward, we will pay minimal taxes for the foreseeable future. Our pre-tax fully diluted earnings per share was $0.15 for the quarter ended June 26, 2009.

Results of Operations - Nine Months Ended June 26, 2009,
Compared to the Nine Months Ended June 27, 2008.

Sales (dollars in millions)

For Nine Months Ended	June 26, 2009	June 27, 2008
Net sales	$ 49.5	$ 35.0

IEC has had three successive strong quarters. Net sales for the nine months ended June 26, 2009 exceeded the revenue achieved in the comparable period of the prior fiscal year by $14.5 million or 41%. While the soft economy has impacted some of IEC's customers, others continue to grow. The Company has experienced solid new orders and despite the recessionary outlook for the economy we expect continued growth in both revenue and profitability through the end of fiscal 2009. Consistent with the narrative for the three months ended June 26, 2009, sales from "Wire and Cable" were accretive for the first nine months of fiscal 2009 and IEC's core business grew by 20% over the same nine month period of the prior year.

Gross Profit (dollars in thousands and as a % of Net Sales)

For Nine Months Ended	June 26, 2009	June 27, 2008
Gross profit	$ 7,630	$ 3,942
Gross profit percent	15.4%	11.3%

Gross profit as a percentage of sales dramatically improved over the comparable nine month period of the prior year. The improvement of 4.1 percentage points of gross profit at a higher revenue level demonstrates an increased margin flow-thru on incremental sales and a strong improvement in the quality of earnings. This improvement in gross profit is evidence of more efficient labor utilization, a more highly trained workforce, realization of benefits associated with investments in capital equipment, strong margins being achieved at "Wire and Cable", and lean initiatives focused on driving operational efficiencies. The "Wire and Cable" operation contributed favorably to our improved gross profit along with a 65% increase in gross profit from IEC's core business. We foresee our gross profit percentage normalizing at approximately 15.0% to 16.0% over the balance of the year.

Selling and Administrative Expense (dollars in thousands and as a % of Net Sales)

For Nine Months Ended	June 26, 2009	June 27, 2008
Selling and administrative expense	$ 4,214	$ 2,580
Selling and administrative expense percent	8.5%	7.4%

Selling and administrative expenses, as a percentage of sales, increased by 1.1% over the comparable nine month period of the prior fiscal year. Costs added to SG&A have been focused on strengthening our Sales and Marketing team, our Finance department and our Information Systems and Technology group. We continue to work toward full integration of "Wire and Cable" into our consolidated business and that effort has required additional expense in areas of quality certifications, systems, and staffing. Selling and administrative expenses for the nine months ended June 26, 2009 and June 27, 2008 included $121K and $143K of non-cash stock option expense respectively.

Interest expense was $304K for the first nine months of fiscal 2009, up from $281K in the comparable nine month period of the prior fiscal year. Total average debt over the comparable nine month periods has increased due to the "Wire and Cable" acquisition. The M&T credit agreement has afforded the Company much more competitive interest rates in comparison to prior years. We continue to actively manage our debt to reduce interest expense. Strong earnings and prudent working capital management have enabled accelerated reduction of our overall debt. Due to our success in managing debt and our performance relative to bank financial covenants, the Company qualified for an additional 0.25% interest rate reduction with M%T.

Other Income includes a $150K refund of sales tax, penalties and accrued interest from the State of Alabama and the City of Arab, Alabama in settlement of a long standing dispute over a previous use tax assessment.

Income tax expense for the nine month period ended June 26, 2009 was a net credit of ($724K). This net benefit from income taxes is attributable to the ($1,894K) credit associated with the recognition of the deferred tax asset, offset by year-to-date tax expense of $1,170K. In the nine month period ended June 27, 2008 we recognized a net benefit from income taxes of $(1,181K). In both years the credits were due to a reversal of a portion of the valuation allowance against our deferred tax assets. (See Note #4 to the accompanying Consolidated Financial Statements.)

Liquidity and Capital Resources

Cash Flow provided by (used in) operating activities was $1.3 million for the nine month period ended June 26, 2009 compared to ($2.6) million used in operations during the same nine month period in the prior fiscal year. This represents a $3.9 million increase, year over year, in cash provided by operations for the first nine months. The increase in cash from operations is mainly attributable to significantly improved earnings. Stronger earnings contributed $2.1 million to the favorable cash flow for the first nine months of fiscal 2009 compared to the same period of the prior year. Additionally, increased focus on effective working capital management contributed to the improved cash from operations. In particular, very strong and consistent collection activities drove a reduction in receivables which provided cash from operations of $1.7 million. Inventory used cash through the first nine months of this year albeit $1.7 million less cash used than the same nine month period of fiscal 2008. Payables decreased due to the Company's decision to pay suppliers earlier and take advantage of the earnings improvement from vendor prompt payment discounts. The payables decrease was the equivalent of a $1.6 million use of cash.

Cash Flow provided by (used in) investing activities was ($1.3) million for the nine month period ended June 26, 2009. During the same nine month period of the prior fiscal year we used ($4.2) million to invest. The 2008 investment included our net cash investment in our subsidiary, IEC Electronics Wire and Cable, Inc. as well as investments in machinery and equipment.

Net Cash Flow provided by (used in) financing activities was negligible during the first nine months of fiscal 2009. We continue to utilize our cash provided through operations to pay down our outstanding debt. The net debt pay down of ($0.8) million was offset by our capital asset financing which supplied $0.8 million of cash through our available capital line of credit. The financing, which was obtained at very favorable interest rates due to subsidies from the NY State Linked Deposit Program, enabled the procurement and installation of more state-of-the-art production equipment during the first nine months. During the comparable period of fiscal 2008 we borrowed $6.8 million which included the financing which enabled the acquisition of IEC Electronics Wire and Cable, Inc.

At June 26, 2009, we had a $4.9 million balance outstanding under our revolving credit facility. The maximum borrowing limit under our revolving credit facility is limited to the lesser of (i) $9.0 million or (ii) an amount equal to the sum of 85% of the receivables borrowing base and 35% of the inventory borrowing base. We believe that our liquidity is adequate to cover operating requirements for the next 12 months.

The Company's financing agreements contain various affirmative and negative covenants concerning the ratio of "EBITDARS" (Earnings Before Interest, Taxes, Depreciation, Amortization, Rent Expense under the Sale Leaseback and Stock Option Expense) to total debt and to fixed charges. These are calculated on a twelve month rolling basis. The Company must also maintain a minimum EBITDARS level of $350,000 per individual quarter. The Company was compliant with these covenants as of June 26, 2009. The table below provides details on the Company's performance relative to each of the three covenants for the quarter:

Covenant	Requirement	Actual Performance
Minimum quarterly EBITDARS	≥ $ 350,000	$ 1,693,000
Fixed Charge Coverage	≥ 1.10x	2.73x
Total Debt to EBITDARS	< 3.75x	1.96x

Application of Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for us include revenue recognition, provisions for doubtful accounts, provisions for inventory obsolescence, impairment of long-lived assets, accounting for legal contingencies and accounting for income taxes.

We recognize revenue in accordance with Staff Accounting Bulletin No.101, "Revenue Recognition in Financial Statements." Sales are recorded when products are shipped to customers. Provisions for discounts and rebates to customers, estimated returns and allowances and other adjustments are provided for in the same period the related sales are recorded.

We evaluate our long-lived assets for financial impairment on a regular basis in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." We evaluate the recoverability of long-lived assets not held for sale by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. At the time such evaluations indicate that the future discounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

From time to time we are subject to various legal proceedings and claims, the outcomes of which are subject to significant uncertainty. Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies", requires that an estimated loss from a loss contingency should be accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated.

Disclosure of a contingency is required if there is at least a reasonable possibility that a loss has been incurred. We evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our financial position or our results of operations.

Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could impact our financial position or our results of operations.

Impact of Inflation

To date the impact has been minimal due to the fact that we have been able to adjust many of our bids to reflect inflationary increases in costs; however it is not clear this will continue and in turn could affect our margins.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2006, the Emerging Issues Task Force (“EITF”) reached a consensus on EITF Issue No. 06-4 Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements (“EITF 06-4”), which requires the Company to recognize a postretirement liability for the discounted future benefit obligation that the Company will have to pay upon the death of the underlying insured employee. EITF 06-4 is effective for financial statements issued for fiscal years beginning after December 15, 2007. As such, the Company is required to adopt this provision in the current period. Adoption of EITF Issue No. 06-4, “Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements”, did not have a significant effect on the Company’s consolidated financial statements.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 157, "Fair Value Measurements”. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. As such, the Company is required to adopt this provision in the current period. Adoption of Statement of Financial Accounting Standard (“SFAS”) No. 157, "Fair Value Measurements”, did not have a significant effect on the Company’s consolidated financial statements. The Company will defer the adoption of SFAS No. 157 for its non-financial assets and non-financial liabilities until the year ended September 30, 2010, as permitted under FASB Staff Position 157-2, “Effective Date of FASB Statement No. 157”.

In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115”. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. SFAS 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. As such, the Company is required to adopt this provision in the current period. Adoption of Statement of Financial Accounting Standard (“SFAS”) No. 159, "The Fair Value Option for

Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115", did not have a significant effect on the Company's consolidated financial statements.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations". SFAS 141(R) establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ended September 30, 2010. The Company is currently evaluating the impact of SFAS 141(R) but does not expect it to have a material effect on its consolidated financial statements.

In December 2007, the SEC issued Staff Accounting Bulletin No. 110 (“SAB 110”). SAB 110 permits companies to continue to use the simplified method, under certain circumstances, in estimating the expected term of “plain vanilla” options beyond December 31, 2007. SAB 110 updates guidance provided in SAB 107 that previously stated that the Staff would not expect a company to use the simplified method for share option grants after December 31, 2007. SAB 110 did not have a significant effect on the Company’s consolidated financial statements.

In May 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No.165, "Subsequent Events" (“SFAS 165”). SFAS 165 establishes requirements for subsequent events. SFAS 165 is effective for interim or annual periods ending after June 15, 2009. The Company is required to adopt this standard in the current period. Adoption of SFAS 165 did not have a significant effect on the Company’s consolidated financial statements.

In June 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (“SFAS”) No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles”. SFAS 168 replaces SFAS 162 and establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company is currently evaluating the impact of SFAS 157 but does not expect it to have a material effect on its consolidated financial statements.

Item 3 — Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative Disclosures about Market Risk represents the risk of loss that may impact the consolidated financial position, results of operations or cash flows of IEC due to adverse changes in interest rates. We are exposed to market risk in the area of interest rates. One exposure is directly related to our Revolving Credit borrowings under the Credit Agreement, due to their variable interest rate pricing. Management believes that interest rate fluctuations will not have a material impact on IEC's results of operations.

Item 4T — Controls and Procedures

(a) Evaluation of disclosure controls and procedures

An evaluation was performed under the supervision and with the participation of IEC's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q as required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the business has disclosure controls and procedures which were effective as of the end of the period covered by this Quarterly Report on Form 10-Q to provide reasonable assurance that information required to be disclosed by IEC in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC rules and forms and that such information is accumulated and communicated to our management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding disclosures.

(b) Changes in internal control over financial reporting

In connection with the evaluation described above, our management, including our Chief Executive Officer and Chief Financial Officer, identified no change in our internal control over financial reporting that occurred during our fiscal quarter ended June 26, 2009, that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Forward-looking Statements

Forward-looking statements in this Form 10-Q include, without limitation, statements relating to the Company's plans, future prospects, strategies, objectives, expectations, intentions and adequacy of resources and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements may be identified by their use of words like "plans", "expects", "aims", "believes", "projects", "anticipates", "intends", "estimates", "will", "should", "could", and other expressions that indicate future events and trends. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, the following: general economic and business conditions, the timing of orders and shipments, availability of material, product mix, changes in customer requirements and in the volume of sales to principal customers, competition and technological change, the ability of the Company to assimilate acquired businesses and to achieve anticipated benefits of such acquisitions, the ability of the Company to control manufacturing and operating costs, and satisfactory relationships with vendors. The Company's actual results of operations may differ significantly from those contemplated by such forward-looking statements as a result of these and other factors, including factors set forth in the Company's Annual Report on Form 10-K for the year ended September 30, 2008 and in other filings with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

Item 1 — Legal Proceedings

There are no material, legal proceedings pending to which IEC or its subsidiary is a party or of which any of their property is subject. To our knowledge, there are no material legal proceedings to which any director, officer or affiliate of IEC, or any beneficiary owner of more than five percent (5%) of Common Stock, or any associate of any of the foregoing, is a party adverse to IEC or its subsidiary.

Item 1A – Risk Factors

There are no material changes to the Risk Factors described in Item 1A in our Annual Report on Form 10-K for the fiscal year ended September 30,2008.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds – None

Item 3 — Defaults Upon Senior Securities – None

Item 4 — Submission of Matters to a Vote of Security Holders – None

Item 5 — Other Information - None

Item 6 — Exhibits

The following documents are filed as exhibits to this Report:

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

SIGNATURES

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 thereunto duly authorized.

IEC ELECTRONICS CORP.
REGISTRANT

Dated: July 23, 2009

/s/ W. Barry Gilbert
W. Barry Gilbert
Chairman and
Chief Executive Officer

Dated: July 23, 2009

/s/ Michael Schlehr
Michael Schlehr
Vice President and Chief Financial Officer

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