

International Electronics, Inc. News Release

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INTERNATIONAL ELECTRONICS, INC. REPORTS RESULTS FOR THE THIRD QUARTER OF FISCAL 2006

CANTON, MA, July 13, 2006 -- International Electronics, Inc. (IEI) (OTCBB: IEIB) today reported financial results for its third quarter ended May 31, 2006.

Net sales for the three months ended May 31, 2006 were \$3,376,110, a 2% increase from \$3,299,133 for the same prior year period. Gross profit for the third quarter of fiscal 2006 was \$1,637,078, or 48% of net sales compared with \$1,474,573, or 45% of net sales, for the comparable quarter of fiscal 2005. The loss before taxes for the third quarter of fiscal 2006 was (\$85,835) versus (\$136,196) for the comparable 2005 period. The net loss for the third quarter of fiscal 2006 was (\$85,835), or (\$0.05) per basic share, compared with a net loss of (\$136,196), or (\$0.08) per basic share, for the third quarter of 2005.

Net sales for the nine-month period ended May 31, 2006 were \$10,255,068, an increase of 13% from \$9,077,154 for the same period of fiscal 2005. Gross profit for the first nine months of fiscal 2006 was \$4,715,192, producing a margin of 46% of net sales, compared with \$4,033,996, or 44% of net sales, for the same period of fiscal 2005. The loss before taxes for the first nine months of fiscal 2006 was (\$488,287), compared with a loss before taxes of (\$760,422) for the comparable period of fiscal 2005. The net loss for the first nine months of fiscal 2006 was (\$488,287), or (\$0.28) per basic share, compared with a net loss of (\$760,422), or (\$0.44) per basic share, for the same fiscal 2005 period.

"We are encouraged by the progress we continue to make," said John Waldstein, President and CEO of IEI. "Net sales and gross profit both continue to trend upward. This is a validation of our strategy to invest in new products and increased sales and marketing programs to enhance our position as one of the premier access control companies.

“Our flagship product line, the eMerge Browser Managed Security Platform, continues to do well as more dealers adopt it as their product of choice in security management. Our core access control systems and stand-alone access products continue to track positively to last year’s sales. We continue to offer complete solutions for access control to our customers from stand-alone products where we have been considered the leader in the market to now, more expansive systems.”

About International Electronics, Inc.

International Electronics, Inc. (IEI), an ISO9001:2000 certified manufacturer, designs, manufactures, markets and sells electronic access control equipment and browser-managed security platforms used in residential and commercial security systems and wireless access control and fleet management systems for industrial mobile asset applications. IEI’s products include its Door-Gard™ and Secured Series™ access control lines, its LS line of integrated battery operated door locks, its eMerge™ browser-managed access and security management products and its line of PowerKey™ industrial access control and fleet management products. IEI markets its security management and access control products to leading distribution and electronic security installation companies, and its PowerKey™ products directly to material handling equipment users worldwide. For more information about IEI visit www.ieib.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 (the “Act”): This news release contains forward looking information within the meaning of the Act and the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended including statements that include the words “believes”, “expects”, or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of IEI, to differ materially from those expressed or implied by such forward-looking statements. Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve risks and uncertainties. These risk factors are identified in our Form 10-KSB for the year ended August 31, 2005, which is on file with the Securities and Exchange Commission.

INTERNATIONAL ELECTRONICS, INC.

Financial Highlights (Unaudited)

CONSOLIDATED STATEMENTS OF OPERATIONS DATA

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>5/31/06</u>	<u>5/31/05</u>	<u>5/31/06</u>	<u>5/31/05</u>
Net sales	\$3,376,110	\$3,299,133	\$10,255,068	\$9,077,154
Gross profit	1,637,078	1,474,573	4,715,192	4,033,996
Loss from operations	(84,758)	(137,681)	(490,351)	(763,253)
Loss before income taxes	(85,835)	(136,196)	(488,287)	(760,422)
Net loss	(\$85,835)	(\$136,196)	(\$488,287)	(\$760,422)
Basic and diluted loss per share	(\$0.05)	(\$0.08)	(\$0.28)	(\$0.44)
Shares used in computing net loss per share:	1,738,931	1,729,531	1,738,522	1,729,531

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>5/31/06</u>	<u>8/31/05</u>
ASSETS		
Cash and cash equivalents	\$867,069	\$1,165,847
Other current assets	<u>3,450,694</u>	<u>2,891,506</u>
Total current assets	4,317,763	4,057,353
Property and equipment, net	640,250	605,874
Other assets	<u>21,221</u>	<u>6,055</u>
	<u>\$4,979,234</u>	<u>\$4,669,282</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	\$3,280,755	\$2,493,108
Total shareholders' equity	<u>1,698,479</u>	<u>2,176,174</u>
	<u>\$4,979,234</u>	<u>\$4,669,282</u>

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