

## **International Electronics, Inc. News Release**

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### **International Electronics Reports Results for First Quarter of Fiscal 2006**

**CANTON, MA. January 17, 2006** – International Electronics, Inc. (OTCBB:IEIB), a leading manufacturer of electronic access control and asset management products for industrial and commercial applications, today reported quarterly financial results for the period ending November 30, 2005.

Net sales for the three months ended November 30, 2005 were \$3,368,960, an increase of 23 percent compared with net sales of \$2,736,053 for the same period of the prior year. Gross profit for the first quarter of fiscal 2006 was \$1,432,618, or 43 percent of revenues, compared to \$1,153,336 or a 42 percent gross profit for the first quarter of fiscal 2005. The loss before income taxes for the first quarter of 2006 was (\$256,400) compared to a loss before income taxes of (\$447,608) for the comparable fiscal 2005 quarter. The net loss for the first quarter of 2006 was (\$256,400), or (\$0.15) per diluted share, compared with a net loss of (\$447,608), or (\$0.26) per diluted share, for the same fiscal 2005 period.

"The Company continues to believe that the markets and the opportunities afforded it by the development of the eMerge™ and the PowerKey™ product lines are significant," said John Waldstein, company President and CEO. "While pleased with the revenue growth year over year, we understand the requirement to move to profitability as we grow each of these opportunities.

"During the first quarter, we continued to focus on dealer acquisition for our eMerge™ browser managed security product line," said Waldstein. "The eMerge™ product line is receiving a very positive response with security dealers and end users, especially with the dealers who carry this groundbreaking security system. During the quarter we focused much of our efforts at eMerge™ dealer development so that qualified dealers are able to recommend and quote this product to their customers. It is a process that we hope will benefit us in the long run as our dealers realize the potential of eMerge™ and their customers achieve greater success using it."

eMerge™ is an all-in-one browser-managed security platform that has integrated applications, including access control, video and alarm monitoring. With its

embedded software, it has a lower cost of ownership and is easier to install and maintain than conventional security systems.

As of August 12, 2005, shares of International Electronics, Inc. were traded in the Over the Counter Bulletin Board ("OTCBB") under the symbol IEIB.

***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](http://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.**  
**Consolidated Financial Highlights (Unaudited)**

**CONSOLIDATED STATEMENTS OF OPERATIONS DATA**

**For the Three Months Ended**

	<b><u>11/30/05</u></b>	<b><u>11/30/04</u></b>
Net sales	\$3,368,960	\$2,736,053
Gross profit	1,432,618	1,153,336
Loss from operations	(259,131)	(448,513)
Loss before income taxes	(256,400)	(447,608)
Net loss	(\$256,400)	(\$447,608)
Basic and diluted net loss per share	(\$0.15)	(\$0.26)
Shares used in computing net loss per share	<u>1,737,505</u>	<u>1,729,531</u>

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b><u>11/30/05</u></b>	<b><u>8/31/05</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$753,592	\$1,165,847
Other current assets	<u>3,273,667</u>	<u>2,891,506</u>
Total current assets	4,027,259	4,057,353
Net property and equipment	643,811	605,874
Other assets	<u>6,055</u>	<u>6,055</u>
	<u>\$4,677,125</u>	<u>\$4,669,282</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Total current liabilities	\$2,746,759	\$2,493,108
Total shareholders' equity	<u>1,930,366</u>	<u>2,176,174</u>
	<u>\$4,677,125</u>	<u>\$4,669,282</u>

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