



## **SBE, Inc.**

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## **SBE, Inc. reports its 2<sup>nd</sup> Quarter, 2005 Results, and an update on New Technology Development**

### **August 5, 2005 - For immediate release:**

**Barre, Vermont:** Today, August 5<sup>th</sup>, 2005, SBE, Inc. (dba SB Electronics) is announcing its results for the 2<sup>nd</sup> quarter of 2005. Sales for the period were \$699,324, a 1.8% increase over the same period last year. For the 1<sup>st</sup> half of 2005, sales were \$1,513,900 up 16.5% over the same period last year. Sales for the quarter, and each month in the quarter, did not produce incremental gains over the previous period and so ended the company's 18 month record of monthly incremental sales increases over the previous month. Sales were also below forecasted levels for the quarter. This was primarily the result of a slowdown in Taser International orders and overall market slowdown of the company's base Orange Drop Business.

The company posted a loss of (\$22,677) for the 2<sup>nd</sup> quarter of 2005 vs. a loss of (\$26,548) for the same period last year. The company benefited from lower raw material costs and better labor productivity vs. 2004 however the loss was not forecasted, as sales, primarily due to Taser, were expected to be higher for the quarter.

The company has also begun investing significantly in its new Power Ring<sup>TM</sup> technology. Currently, our financials are consolidated between the new Power Ring<sup>TM</sup> Division and the Orange Drop Business. Starting with next quarters' financials, the company will be posting Divisional Financials and a consolidated corporate statement. For this past quarter, the company had approximately \$45,000 in expenses in the Power Ring<sup>TM</sup> division and, as of yet, no revenue. The balance of the business was profitable, even with the slow down for the quarter with Taser.

SBE, Inc. continued with its market rollout of new technologies, which will be on-going for the next number of months. The technologies being marketed include: Pulse Power Capacitors, High Voltage Capacitors, and the exciting new Power Ring<sup>TM</sup> technology. R&D has been steady in these areas and the company is now accelerating these efforts with the addition of technical resources, consulting expense, developmental materials, and process development. Numerous patents have been filed and many more are expected as a result of this activity.

Market acceptance of the technology being presented has been very high. Industries where we expect to see design wins occur include Electric Utilities, Industrial Power Generation equipment, Homeland Security, High Energy Physics, and the Electric and Hybrid Vehicle Markets. "Industry acceptance was very high as we unveiled the Power Ring<sup>TM</sup> to the High Energy Physics community this quarter at the 2005 IEEE Pulsed Power Conference" describes Ed Sawyer, President and CEO of SBE Inc., "We expect numerous orders to emerge from this conference as well as the beginning of laying the foundation for technical acceptance of the extraordinary features that the product provides."

SBE, Inc. continues to be involved in very early stage design discussions in the Hybrid Electrical Vehicle market where the unique shape and performance characteristics of the Power Ring<sup>TM</sup> product is gaining increasing interest. We expect to be part of at least one prototype design effort beginning in the 3<sup>rd</sup> quarter of 2005. The interest in the Power Ring<sup>TM</sup> and expectations of production capacity in the future have required that the company begin the development of a scalable production level winding machine to build Power Ring<sup>TM</sup>

Capacitors in large volumes in the future. SBE Inc announced a decision in the 2<sup>nd</sup> quarter to combine efforts with Active Precision, of Burlington, MA to drive this winding technology effort forward. The details are described in a separate Press Release.

SBE, Inc. designs and manufactures Capacitors and Capacitor Assemblies for the Electrical and Electronics Industries from its facilities in Barre, Vermont. Originally a Sprague Electric Plant, SBE has been a leader in the Film Capacitor market for over 50 years producing more than Two Billion Capacitors over the years in the facility. The company continues to produce many of its industry leading standard Orange Drop<sup>®</sup> products while developing exciting new technology in the field of High Energy, Pulse, and High Voltage Capacitors. More information is available on our website at: [www.SBElectronics.com](http://www.SBElectronics.com)