

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **0-31641**

SUPERCONDUCTIVE COMPONENTS, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

31-1210318

(I.R.S. Employer
Identification No.)

2839 Charter Street, Columbus, Ohio 43228

(Address of principal executive offices, including zip code)

(614) 486-0261

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. YES NO

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

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 3,427,915 shares of Common Stock, without par value, were outstanding at October 31, 2006.

Transitional Small Business Disclosure Format (Check one): YES NO

FORM 10-QSB

SUPERCONDUCTIVE COMPONENTS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUPERCONDUCTIVE COMPONENTS, INC.

BALANCE SHEETS

	<u>ASSETS</u>	September 30, 2006 (UNAUDITED)	December 31, 2005
CURRENT ASSETS			
Cash		\$ 1,368,743	1,161,369
Accounts receivable			
Trade, less allowance for doubtful accounts of \$25,000		388,783	243,130
Contract		52,760	50,710
Other		2,074	13,749
Inventories		675,713	584,140
Prepaid expenses		33,872	11,748
Total current assets		<u>2,521,945</u>	<u>2,064,846</u>
 PROPERTY AND EQUIPMENT, AT COST			
Machinery and equipment		2,599,148	2,221,298
Furniture and fixtures		23,643	23,643
Leasehold improvements		290,979	284,072
Construction in progress		741	101,075
		<u>2,914,511</u>	<u>2,630,088</u>
Less accumulated depreciation		<u>(1,956,484)</u>	<u>(1,814,959)</u>
		<u>958,027</u>	<u>815,129</u>
 OTHER ASSETS			
Deposits		15,031	10,765
Intangibles		31,666	33,982
Total other assets		<u>46,697</u>	<u>44,747</u>
TOTAL ASSETS		<u>\$ 3,526,669</u>	<u>2,924,722</u>

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

SUPERCONDUCTIVE COMPONENTS, INC.

BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, <u>2006</u>	December 31, <u>2005</u>
	(UNAUDITED)	
CURRENT LIABILITIES		
Capital lease obligation, current portion	\$ 63,618	\$ 39,949
Accounts payable	320,597	295,640
Accrued contract expenses	94,300	145,104
Accrued personal property taxes	18,000	35,000
Deferred revenue	581,759	-
Accrued expenses	96,209	105,773
Total current liabilities	1,174,483	621,466
 CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION		
	136,147	71,381
 COMMITMENTS AND CONTINGENCIES		
	-	-
 SHAREHOLDERS' EQUITY		
Convertible preferred stock, Series B, 10% cumulative, nonvoting, no par value, \$10 stated value, optional redemption at 103%; 25,185 issued and outstanding	353,850	334,961
Common stock, no par value, authorized 15,000,000 shares; 3,427,115 and 3,425,915 shares issued and outstanding	8,998,619	9,047,550
Additional paid-in capital	997,574	1,010,719
Accumulated deficit	(8,134,004)	(8,161,355)
	2,216,039	2,231,875
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,526,669	\$ 2,924,722

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

SUPERCONDUCTIVE COMPONENTS, INC.

STATEMENTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005 AND
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2006	2005	2006	2005
SALES REVENUE	\$ 2,064,497	\$ 953,494	\$ 4,381,462	\$ 2,064,122
CONTRACT RESEARCH REVENUE	-	67,717	42,092	245,683
	2,064,497	1,021,211	4,423,554	2,309,805
 COST OF SALES REVENUE	 1,595,490	 736,336	 3,383,627	 1,586,752
COST OF CONTRACT RESEARCH	-	8,466	17,407	82,556
	1,595,490	744,802	3,401,034	1,669,308
 GROSS MARGIN	 469,007	 276,409	 1,022,520	 640,497
GENERAL AND ADMINISTRATIVE EXPENSES	221,759	184,743	667,013	560,487
RESEARCH AND DEVELOPMENT EXPENSES	58,582	46,481	144,974	146,817
SALES AND PROMOTIONAL EXPENSES	76,066	56,584	210,162	167,518
	112,600	(11,399)	371	(234,325)
INCOME (LOSS) FROM OPERATIONS				
OTHER INCOME (EXPENSE)				
Interest income	11,448	803	32,501	1,473
Interest expense	(4,861)	(27,193)	(10,367)	(67,402)
Gain (loss) on disposal of equipment	-	-	-	250
Miscellaneous, net	(2,655)	(234)	4,846	(702)
	3,932	(26,624)	26,980	(66,381)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	116,532	(38,023)	27,351	(300,706)
INCOME TAX EXPENSE	-	-	-	-
NET INCOME (LOSS)	116,532	(38,023)	27,351	(300,706)
DIVIDENDS ON PREFERRED STOCK	(6,296)	(6,297)	(18,888)	(18,889)
INCOME (LOSS) APPLICABLE TO COMMON SHARES	\$ 110,236	\$ (44,320)	\$ 8,463	\$ (319,595)
EARNINGS PER SHARE - BASIC AND DILUTED (Note 5)				
NET INCOME (LOSS) PER COMMON SHARE BEFORE DIVIDENDS ON PREFERRED STOCK				
Basic	\$ 0.03	\$ (0.02)	\$ 0.01	\$ (0.12)
Diluted	\$ 0.03	\$ (0.02)	\$ 0.01	\$ (0.12)
NET INCOME (LOSS) PER COMMON SHARE AFTER DIVIDENDS ON PREFERRED STOCK				
Basic	\$ 0.03	\$ (0.02)	\$ 0.00	\$ (0.13)
Diluted	\$ 0.03	\$ (0.02)	\$ 0.00	\$ (0.13)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	3,425,980	2,467,686	3,425,937	2,448,906
Diluted	3,907,837	2,467,686	3,946,035	2,448,906

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

SUPERCONDUCTIVE COMPONENTS, INC.

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED)

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ <u>27,351</u>	\$ <u>(300,706)</u>
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and accretion	158,009	151,798
Amortization	2,316	2,316
Stock based compensation expense	5,744	-
Gain on disposal of equipment	-	(250)
Inventory reserve	(410)	(9,968)
Provision for doubtful accounts	-	10,513
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(136,027)	(129,983)
Inventories	(91,163)	(52,361)
Prepaid expenses	(22,124)	(19,725)
Other assets	(4,266)	-
Increase (decrease) in liabilities:		
Accounts payable	24,957	194,163
Accrued expenses and deferred revenue	501,907	(193,145)
Total adjustments	<u>438,943</u>	<u>(46,642)</u>
Net cash provided by (used by) operating activities	<u>466,294</u>	<u>(347,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of equipment	-	250
Purchases of property and equipment	<u>(164,155)</u>	<u>(43,648)</u>
Net cash used in investing activities	<u>(164,155)</u>	<u>(43,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	300,000
Payments related to registration of common stock	(50,131)	-
Proceeds from exercise of common stock options	1,200	-
Proceeds from sale of common stock	-	136,000
Principal payments on capital lease obligations	<u>(45,834)</u>	<u>(24,973)</u>
Net cash (used in) provided by financing activities	<u>(94,765)</u>	<u>411,027</u>

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

SUPERCONDUCTIVE COMPONENTS, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)

NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
NET INCREASE IN CASH	\$ 207,374	\$ 20,281
CASH - Beginning of period	<u>1,161,369</u>	<u>190,063</u>
CASH - End of period	<u>\$ 1,368,743</u>	<u>\$ 210,344</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years for:		
Interest, net	\$ 10,367	\$ 3,140
Income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES		
Property and equipment purchased by capital lease	\$ 134,268	\$ -

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

SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Business Organization and Purpose

Superconductive Components, Inc. (the "Company") is an Ohio corporation that was incorporated in May 1987. The Company was formed to develop, manufacture and sell materials using superconductive principles. Operations have since been expanded to include the manufacture and sale of non-superconductive materials. The Company's domestic and international customer base is primarily in the thin film battery, high temperature superconductor, photonics and optical coatings industries.

Note 2. Summary of Significant Accounting Policies

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the results of operations for the periods presented have been included. The financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2005. Interim results are not necessarily indicative of results for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Equipment purchased with grant funding

In 2004, the Company received funds of \$517,935 from the Ohio Department of Development's Third Frontier Action Fund (TFAF) for the purpose of purchasing equipment related to the grant's purpose. The Company elected to record the funds received as a liability; therefore, the equipment is not reflected in the Company's financial statements. As equipment was purchased, the liability initially created when the cash was received was reduced with no revenue recognized or equipment recorded on the balance sheet. In 2005 the Company purchased equipment in the amount of \$25,945 that was reimbursed by TFAF in the first quarter of 2006. As of September 30, 2006, the Company had disbursed the entire amount received. The grant provides that as long as the Company performs in compliance with the grant, the Company retains the rights to the equipment. Management anticipates that the Company will be in compliance with the requirements of the grant and, therefore, expects to retain the equipment at the end of the grant in 2007.

Reclassification

Certain amounts in the prior year financial statements pertaining to research and development have been reclassified to conform to the current year presentation.

SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

Stock Based Compensation

During 2005 the Company accounted for stock based compensation using the intrinsic value method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees." The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard "Accounting for Stock Based Compensation" (SFAS 123), which established accounting and disclosure requirements using a fair value based methodology. SFAS 123 allowed the intrinsic value method to be used, and required disclosure of the impact to the financial statements of utilizing the intrinsic value versus the fair value based method on a pro forma basis, as set forth in the table below. For all periods prior to January 1, 2006, the Company utilized the fair value method as provided for in SFAS 123 to account for stock based compensation to non-employees.

The Company's pro forma information for the nine months ended September 30, 2005, in accordance with the provisions of SFAS 123 is provided below. For purposes of pro forma disclosures, stock based compensation was amortized to expense on a straight-line basis over the vesting period.

		For the nine months ended Sept. 30,	
		<u>2006</u>	<u>2005</u>
Net income (loss) applicable to			
common shares:			
As reported	\$	8,463	\$ (319,595)
Deduct: total stock-based compensation expense			
determined under the fair value method for all			
awards, net of related tax benefits		-	(9,514)
Pro forma net income (loss) under SFAS #123	\$	8,463	\$ (329,109)
Basic and diluted income (loss) per share:			
As reported	\$	0.00	\$ (0.13)
Pro forma under SFAS 123	\$	0.00	\$ (0.13)

For the nine months ended September 30, 2005, there was no stock based employee compensation cost included in the determination of net loss as reported.

Recently Issued Accounting Standards - In December 2004, the FASB issued SFAS 123 (Revised), "Shared Based Payment" (SFAS 123R). SFAS 123R replaced SFAS 123, and superseded APB Opinion No. 25. Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS 123R and related interpretations using the modified-prospective transition method. Under this method, compensation cost recognized in the first nine months of 2006 includes (a) compensation cost for all stock-based awards granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123 and (b) compensation cost for all stock-based awards granted on or subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. Stock based compensation expense recognized for the nine

**SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 2. Summary of Significant Accounting Policies (continued)

months ended September 30, 2006 was \$5,744, which is included in the operating expenses in the accompanying statements of operations.

In December 2005, the Board of Directors approved the acceleration of vesting of unvested stock options previously awarded to employees and officers of the Company. As a result of this action, options to purchase 149,500 shares of common stock that would otherwise have vested over the next one to five years became fully vested. The decision to accelerate the vesting of these options was considered to be in the best interest of the Company's shareholders and was made primarily to reduce non-cash compensation expense that would have been recorded in future periods following the adoption of FAS 123R.

Note 3. Common Stock and Stock Options

The following stock options were granted under the 2006 Stock Option Plan during the nine months ended September 30, 2006:

<u>Grant Date</u>	<u># Options Granted</u>	<u>Option Price</u>
June 19, 2006	42,500	\$3.25

The cumulative status at September 30, 2006 and 2005 of options granted and outstanding, as well as options which became exercisable in connection with the Stock Option Plan is summarized as follows:

Employee Stock Options

	<u>Stock Options</u>	<u>Average Exercise Price</u>
Outstanding at December 31, 2004	311,250	\$ 1.89
Granted	40,000	2.40
Forfeited	(23,000)	2.00
Outstanding at September 30, 2005	328,250	\$ 1.95
Outstanding at December 31, 2005	328,250	\$ 1.95
Granted	42,500	3.25
Exercised	(1,200)	1.00
Forfeited	(15,000)	2.13
Outstanding at September 30, 2006	354,550	\$ 2.10

SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3. Common Stock and Stock Options (continued)

Non-Employee Director Stock Options

	<u>Stock Options</u>	<u>Average Exercise Price</u>
Outstanding at December 31, 2004	164,000	\$ 2.01
Granted	50,000	2.40
Expired	(17,000)	2.11
Outstanding at September 30, 2005	197,000	2.10
Outstanding at December 31, 2005	247,000	2.48
Outstanding at September 30, 2006	247,000	\$ 2.48

The exercise prices for all outstanding stock options ranged from \$1.00 to \$4.00 at September 30, 2006. The weighted average option price for all options outstanding is \$2.26 with a weighted average remaining contractual life of 6.5 years.

The weighted average fair values at date of grant for all options granted during 2006 and 2005 were \$3.03 and \$2.28, respectively, and were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	<u>2006</u>	<u>2005</u>
Expected life in years	10.0	10.0
Interest rate	5%	5%
Volatility	110.76%	116.63%
Dividend yield	0%	0%

Due to minimal historical exercise data, the Company used the option contract term as the expected life. The approximate interest rate was based on the implied yield available on U.S. Treasury bills. The Company used the historical price volatility of the Company's stock price beginning in 2000 for purposes of determining the expected volatility factor. The Company does not expect to pay dividends on its common stock; therefore, a dividend yield of zero was used in the model.

Note 4. Inventory

Inventory is comprised of the following:

	<u>Sept. 30,</u>	<u>December 31,</u>
	<u>2006</u>	<u>2005</u>
	(unaudited)	
Raw materials	\$ 392,096	\$ 286,089
Work-in-progress	184,945	201,441
Finished goods	187,523	185,871
Inventory reserve	(88,851)	(89,261)
	\$ 675,713	\$ 584,140

SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5. Earnings Per Share

Basic income (loss) per share is calculated as income available to common stockholders divided by the weighted average of common shares outstanding. Diluted earnings per share is calculated as diluted income (loss) available to common stockholders divided by the diluted weighted average number of common shares. Diluted weighted average number of common shares has been calculated using the treasury stock method for Common Stock equivalents, which includes Common Stock issuable pursuant to stock options and Common Stock warrants. At September 30, 2005, all Common Stock options and warrants were anti-dilutive due to the net loss. The following is provided to reconcile the earnings per share calculations:

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Income (loss) applicable to common shares	<u>\$110,236</u>	<u>\$(44,320)</u>	<u>\$8,463</u>	<u>\$(319,595)</u>
Weighted average common shares outstanding – basic	3,425,980	2,467,686	3,425,937	2,448,906
Effect of dilutions - stock options /warrants	<u>481,857</u>	-	<u>520,098</u>	-
Weighted average shares outstanding – diluted	<u>3,907,837</u>	<u>2,467,686</u>	<u>3,946,035</u>	<u>2,448,906</u>

Note 6. Capital Requirements

The Company's accumulated deficit since inception was \$8,134,004 (unaudited) at September 30, 2006. The losses have been financed primarily from additional investments and loans by major shareholders and private offerings of common stock and warrants to purchase common stock. The Company cannot assure that it will be able to raise additional capital in the future to fund its operations.

As of September 30, 2006, cash on-hand was \$1,368,743. Management believes, based on forecasted sales and expenses, that funding will be adequate to sustain operations at least through September 30, 2007. During 2005 the Company raised additional funds through offerings of debt and equity. The Company received debt financing of \$300,000 in 2005. Of this \$300,000 received, \$100,000 was repaid to the lender and \$200,000 was converted into shares of the Company's common stock in 2005.

SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Requirements (continued)

In November of 2004 a director agreed to loan the Company up to \$200,000 for working capital, to be drawn by the Company in increments of \$50,000. The interest rate was Huntington National Bank's prime rate plus 2%, which accrued and compounded monthly. The loan was secured by the Company's assets and perfected by the filing of a UCC-1 financing statement. For each \$50,000 increment drawn on the loan the director received 5,000 warrants to purchase the Company's common stock, without par value, at a purchase price of \$2.50 per share and exercisable until November 1, 2009. The loan was drawn on the following schedule: November 3, 2004, \$100,000; January 7, 2005, \$50,000; and April 1, 2005, \$50,000. The loan balance (principal and accrued interest) was repaid in October 2005 and the UCC-1 financing statement was terminated.

In April of 2005, the same director who agreed to provide a loan to the Company in November 2004, agreed to provide an additional \$200,000 convertible secured loan to the Company for working capital. The interest rate of 10% accrued and compounded monthly. The loan was drawn on the following schedule: April 14, 2005, \$100,000; and May 20, 2005, \$100,000. Because the Company completed equity financing of at least \$500,000 during the fourth quarter of 2005, the principal and accrued interest totaling \$209,110 automatically converted on the same basis as the new financing to 104,555 shares of common stock (\$2.00 per share) and warrants to purchase an aggregate of 26,139 shares of the Company's common stock at a purchase price of \$3.00 per share exercisable until October 2010.

In the fourth quarter of 2005, the Company completed a private placement to accredited investors. The investors purchased 986,555 shares of common stock at a price of \$2.00 per share and warrants to purchase an additional 246,639 shares of common stock at \$3.00 per share until October 14, 2010. The Company received \$1,386,000 in cash from certain investors for 693,000 shares of common stock and warrants to purchase 173,250 shares of Common Stock. Four other investors cancelled indebtedness owed by the Company in the aggregate amount of \$587,110 in exchange for 293,555 shares of common stock and warrants to purchase 73,389 shares of common stock. The indebtedness cancelled was as follows: (i) the Estate of Edward R. Funk cancelled indebtedness of \$188,411.71 in exchange for 94,000 shares of common stock, warrants to purchase 23,500 shares of common stock at \$3.00 per share exercisable until October 2010, and payment of \$411.71; (ii) the Estate of Ingeborg V. Funk cancelled \$100,980.21 of indebtedness in exchange for 50,000 shares of common stock, warrants to purchase 12,500 shares of common stock at \$3.00 per share exercisable until October 2010, and payment of \$980.21; (iii) Porter, Wright, Morris & Arthur LLP (PWMA) cancelled \$90,000 of indebtedness for legal fees in exchange for 45,000 shares of common stock and warrants to purchase an additional 11,250 shares of common stock at \$3.00 per share exercisable until October 2010; and (iv) a director cancelled \$209,110 of a secured loan in exchange for 104,555 shares of common stock and warrants to purchase an additional 26,139 shares of common stock at \$3.00 per share exercisable until October 2010 (as described in preceding paragraph).

SUPERCONDUCTIVE COMPONENTS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Requirements (continued)

The Company has incurred substantial operating losses through September 30, 2006, and numerous factors may make it necessary for the Company to seek additional capital. In order to support the initiatives envisioned in its business plan, the Company may need to raise additional funds through public or private financing, collaborative relationships or other arrangements. Its ability to raise additional financing depends on many factors beyond its control, including the state of capital markets, the market price of its common stock and the development or prospects for development of competitive products by others. Because the common stock is not listed on a major stock exchange, many investors may not be willing or allowed to purchase it or may demand steep discounts. The necessary additional financing may not be available or may be available only on terms that would result in further dilution to the current owners of the common stock.

Part I. Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Financial Statements and Notes contained herein.

Except for the historical information contained herein, the matters discussed in this Quarterly Report on Form 10-QSB include certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding the Company's and management's intent, belief, and expectations, such as statements concerning the Company's future profitability and operating and growth strategy. Words such as "believe," "anticipate," "expect," "will," "may," "should," "intend," "plan," "estimate," "predict," "potential," "continue," "likely" and similar expressions are intended to identify forward-looking statements. Investors are cautioned that all forward-looking statements contained in this Quarterly Report on Form 10-QSB and in other statements the Company makes involve risks and uncertainties including, without limitation, the factors set forth under the caption "Risk Factors" included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005, and other factors detailed from time to time in the Company's other filings with the Securities and Exchange Commission. One or more of these factors have affected, and in the future could affect the Company's business and financial condition and could cause actual results to differ materially from plans and projections. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, there can be no assurance that any of the forward-looking statements included in this Quarterly Report on Form 10-QSB will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the Company's objectives and plans will be achieved.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statements are made or reflect the occurrence of unanticipated events, unless necessary to prevent such statements from becoming misleading. New factors emerge from time to time and it is not possible for management to predict all factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

Superconductive Components, Inc. ("SCI" or the "Company"), dba SCI Engineered Materials, an Ohio corporation, was incorporated in 1987, to develop, manufacture and market products based on or incorporating high temperature superconductive ("HTS") materials. The Company manufactures ceramic and metal targets for a variety of industrial applications including: Photonics/Optical, Thin Film Batteries and, to a lesser extent HTS. Photonics/Optical currently represents the Company's largest market for its targets. Thin Film Battery is a developing market where manufacturers of batteries use the Company's targets to produce very small power supplies, with small quantities of stored energy. The production and sale of HTS materials was the initial focus of the Company's operations and materials continue to be a part of the Company's development efforts.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Executive Summary

For the three months ended September 30, 2006, the Company had revenues of \$2,064,497. This was an increase of \$1,043,286, or 102.2%, over the three months ended September 30, 2005. The third quarter revenue for 2006 was a record and the fifth consecutive quarter that product revenue exceeded \$1,000,000.

For the nine months ended September 30, 2006, the Company had revenues of \$4,423,554. This was an increase of \$2,113,749, or 91.5%, over the same period in 2005.

For the nine months ended September 30, 2006, the Company recorded net income applicable to common shares of \$8,463 compared to a net loss of \$(319,595) for the same period in 2005. The Company adopted SFAS 123R effective January 1, 2006. SFAS 123R requires compensation costs related to share based payment transactions to be recognized in the financial statements. Included in expenses for 2006 is non-cash compensation expense to employees related to the granting of stock options. This expense totaled \$5,744 through September 30, 2006. The net income applicable to common shares would have been \$14,207 through September 30, 2006 without this expense. Earnings Before Interest, Taxes, Deprecation and Amortization (EBITDA) was \$165,542 during the nine months ending September 30, 2006 versus \$(80,662) during the same period last year.

Orders received in the third quarter of 2006 were \$3,532,000, which was \$2,528,000 or 251.8% more than the third quarter of 2005. Orders received in the first nine months of 2006 totaled \$7,253,000, which was \$4,769,000, or 192.0% higher than the same period in 2005. The orders received through September 2006 exceeded the amount of orders received for all of 2005, which was \$3,459,000. The growth in orders is primarily due to increased demand from current customers coupled with business from new customers.

RESULTS OF OPERATIONS

Nine months ended September 30, 2006 (unaudited) compared to nine months ended September 30, 2005 (unaudited):

Revenues

Revenues for the nine months ended September 30, 2006 were \$4,423,554, compared to \$2,309,805, for the same period last year, an increase of \$2,113,749 or 91.5%.

Product revenues for the nine months ended September 30, 2006 increased to \$4,381,462, from \$2,064,122 for the same period last year, or an increase of 112.3%. The increase in revenues for the first nine months of 2006 was due to the return of a major customer and the addition of another major customer following the receipt by the Company of ISO 9001:2000 certification in the second quarter of 2005. Also, the addition of other new customers since the third quarter of 2005 has contributed to increased revenues. Revenues included the ongoing purchase of commodities whose prices have historically experienced periods of significant fluctuation. These changes are regularly reflected in the Company's selling prices.

Contract research revenues were \$42,092 for the nine months ended September 30, 2006, as compared to \$245,683 for the same period last year. The decrease was due to the completion of work performed on a Phase II Small Business Innovation Research grant for \$523,612 from the United States Department of Energy that was awarded in 2003. This award was to develop an

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

advanced method to manufacture continuous reacted lengths of High Tc Superconductor: Bismuth Strontium Calcium Copper Oxide – 2212 Wire. The work on this contract was completed in 2005. Revenues of \$0 and \$231,738 from this grant were included in the first nine months of 2006 and 2005, respectively.

The Company received notification in 2005 from the United States Department of Energy of a Notice of Financial Assistance Award in the amount of \$99,793. This award provided support for Phase I of an SBIR entitled “Feasibility of Cost Effective, Long Length, BSCCO 2212 Round Wires, for Very High Field Magnets Beyond 12 Tesla at 4.2 Kelvin.” The work on the contract has been completed. Revenues for this award of \$42,092 were recognized during the first nine months of 2006 and \$57,701 in revenues were recognized in the second half of 2005.

Gross Margin

Total gross margin for the nine months ended September 30, 2006 was \$1,022,520, or 23.1% of total revenue, compared to \$640,497, or 27.7% of total revenue, for the same period of 2005. Gross margin on product revenue was 22.8% for the nine months ended September 30, 2006, versus 23.1% for the same period of 2005. The slight decline was due to product mix of higher value product with lower gross margin commodities. Gross margin on contract research revenue was 58.6% and 66.4% for the nine months ended September 30, 2006 and 2005, respectively. The decrease was due to the completion of the Phase II grant.

Selling Expense

Selling expense for the nine months ended September 30, 2006 increased to \$210,162, from \$167,518 for the same period of 2005, an increase of 25.5%. The increase was due to the implementation of an incentive compensation program.

General and Administrative Expense

General and administrative expense for the nine months ended September 30, 2006 increased to \$667,013, from \$560,487 for the same period of 2005, an increase of 19.0%. The increase was due to increased wages, higher public relations and legal expenses and implementation of an incentive compensation program.

Research and Development Expense

Research and development expense for the nine months ended September 30, 2006 was \$144,974, compared to \$146,817 for the same period of 2005, a decrease of 1.3%. The slight decrease was due to a change in focus from R&D to manufacturing Photonics products.

Interest Income and Expense

Interest income was \$32,501 and \$1,473 for the nine months ended September 30, 2006 and 2005, respectively. This was due to an increase in cash from the private equity placement in the fourth quarter of 2005 and also an increase in revenues during the fourth quarter of 2005 and the first nine months of 2006.

Interest expense was \$10,367 and \$67,402 for the nine months ended September 30, 2006 and 2005, respectively. Interest expense to related parties was \$0 and \$64,263 for the nine months ended September 30, 2006, and 2005, respectively. The decrease was due to the elimination of interest expense to related parties on a note that was repaid, and another note that converted to equity in October of 2005.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

INCOME (LOSS) APPLICABLE TO COMMON SHARES

Income (loss) applicable to common shares was \$8,463 and \$(319,595) for the nine months ended September 30, 2006 and 2005, respectively. Net income (loss) per common share based on the income (loss) applicable to common shares for the nine months ended September 30, 2006 and 2005 was \$0.00 and \$(0.13), respectively. The income (loss) applicable to common shares includes the net income (loss) from operations and the accretion of Series B preferred stock dividends. The net income (loss) per common share before dividends on preferred stock was \$.01 and \$(0.12) for the nine months ended September 30, 2006 and 2005, respectively.

Dividends on the Series B preferred stock accrue at 10% annually on the outstanding shares. Accrued dividends on the Series B preferred stock totaled \$18,888 and \$18,889 for the nine months ended September 30, 2006 and 2005, respectively.

Basic earnings per common share for the nine months ended September 30, 2006 were \$0.00 per share with 3,425,937 average common shares outstanding as compared to \$(0.13) per share and 2,448,906 weighted average common shares outstanding for the nine months ended September 30, 2005.

Diluted earnings per common share for the nine months ended September 30, 2006 were \$0.00 per share with 3,946,035 average common shares outstanding as compared to \$(0.13) per share and 2,448,906 weighted average common shares outstanding for the nine months ended September 30, 2005. For the nine months ended September 30, 2005, all outstanding common stock equivalents were anti-dilutive due to the net loss.

The following schedule represents the outstanding common shares of the Company during the period of 2006 through 2016 assuming all outstanding stock options and stock warrants are exercised during the year of expiration. If each shareholder exercises his or her options or warrants, it could increase the Company's common shares by 1,268,537 (37.0%) to 4,695,652 by December 31, 2016. Exercise prices for options and warrants range from \$1.00 to \$4.00 at September 30, 2006. Assuming all such options and warrants are exercised in the year of expiration, the effect on shares outstanding is illustrated as follows:

	Options and Warrants due to expire	Potential Shares Outstanding
2006	-	3,427,115
2007	-	3,427,115
2008	94,930	3,522,045
2009	160,418	3,682,463
2010	459,389	4,141,852
2011	80,000	4,221,852
2012	170,000	4,391,852
2013	31,300	4,423,152
2014	90,000	4,513,152
2015	140,000	4,653,152
2016	42,500	4,695,652

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

LIQUIDITY AND WORKING CAPITAL

At September 30, 2006, working capital was \$1,347,462 compared to \$(337,744) at September 30, 2005. This was due to an increase in cash from the private equity placement in the fourth quarter of 2005, an increase in accounts receivable, and the elimination of obligations due to a note payable-shareholder in the fourth quarter of 2005. The Company provided cash from operations of approximately \$466,000 for the nine months ended September 30, 2006. The Company used cash from operations of approximately \$347,000 for the nine months ended September 30, 2005. Significant non-cash items including depreciation, accretion and amortization, stock based compensation expense, inventory reserve on excess and obsolete inventory, and allowance for doubtful accounts were approximately \$166,000 and \$155,000, for the nine months ended September 30, 2006 and 2005, respectively. Accounts receivable, inventory, prepaid expenses and other assets increased approximately \$254,000 for the nine months ended September 30, 2006 compared to approximately \$202,000 for the same period in 2005. Accounts payable, accrued expenses and deferred revenue increased approximately \$527,000 for the nine months ended September 30, 2006 versus an increase of approximately \$1,000 for the first nine months of 2005.

The Company used cash of approximately \$164,000 and \$43,000 for investing activities for the nine months ended September 30, 2006 and 2005, respectively. The amounts invested were used to purchase machinery and equipment for increased production capacity, new product lines and leasehold improvements for the new facility. Proceeds on sale of equipment totaled \$0 and \$250 for the nine months ended September 30, 2006 and 2005, respectively.

The Company used cash of approximately \$95,000 for financing activities during the nine months ended September 30, 2006. Cash payments to third parties for capital lease obligations approximated \$46,000. Cash payments for services provided for the registration of common stock were \$50,131. Proceeds from the exercise of stock options were \$1,200. The Company incurred new leases of \$134,268 for a forklift and production equipment.

The Company provided cash of approximately \$411,000 for financing activities for the nine months ended September 30, 2005. Cash payments to third parties for capital lease obligations approximated \$25,000. Proceeds from notes payable totaled \$300,000 and proceeds from the sale of common stock were \$136,000.

During the third quarter of 2006, the Company met with the Development Financing Advisory Council (DFAC) of the Ohio Department of Development and applied for a loan from the Innovation Ohio Loan Fund. The DFAC has forwarded the Company's request for a \$631,687 loan at an interest rate of 7.5% plus certain fees over 7 years to the State Controlling Board and recommended the loan be approved at the November 13, 2006 State Controlling Board meeting.

While certain major shareholders of the Company have advanced funds in the form of secured debt, subordinated debt, accounts payable and guaranteeing bank debt in the past, there is no commitment by these individuals to continue funding the Company or guaranteeing bank debt in the future. The Company will continue to seek new debt or equity financing arrangements. However, the Company cannot be certain that it will be successful in efforts to raise additional funds.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

In November 2004, a director agreed to loan the Company up to \$200,000 for working capital, to be drawn by the Company in increments of \$50,000. The interest rate was Huntington National Bank's prime rate plus 2%, accruing and compounding monthly. The loan was secured by a first lien on substantially all of the Company's assets. For each \$50,000 increment drawn on the loan, the director received 5,000 warrants to purchase the Company's common stock at a purchase price of \$2.50 per share exercisable until November 1, 2009. The loan was drawn based on the following schedule: November 3, 2004, \$100,000, January 7, 2005, \$50,000; and April 1, 2005, \$50,000. The entire loan balance (principal and accrued interest) was repaid in October 2005.

In April 2005, the same director who agreed to provide a secured loan for \$200,000 to the Company in November 2004, agreed to provide an additional \$200,000 secured loan to the Company for working capital. The interest rate was 10%, accruing and compounding monthly. On April 14, 2005, \$100,000 was drawn on this loan. \$100,000 was also drawn on the loan on May 20, 2005. By the terms of the loan, because the Company completed an equity financing of at least \$500,000 during 2005, the principal and accrued interest on this loan totaling \$209,110 automatically converted on the same basis as the new financing to 104,555 shares of common stock (\$2.00 per share) and warrants to purchase an aggregate of 26,139 shares of the Company's common stock at a purchase price of \$3.00 per share exercisable until October 2010.

In the fourth quarter of 2005, the Company completed a private placement to accredited investors. The investors purchased 986,555 shares of common stock at a price of \$2.00 per share and warrants to purchase an additional 246,639 shares of common stock at \$3.00 per share until October 14, 2010. The Company received \$1,386,000 in cash from certain investors for 693,000 shares of common stock and warrants to purchase 173,250 shares of Common Stock. Four other investors cancelled indebtedness owed by the Company in the aggregate amount of \$587,110 in exchange for 293,555 shares of common stock and warrants to purchase 73,389 shares of common stock. The indebtedness cancelled was as follows: (i) the Estate of Edward R. Funk cancelled indebtedness of \$188,411.71 in exchange for 94,000 shares of common stock, warrants to purchase 23,500 shares of common stock at \$3.00 per share exercisable until October 2010, and payment of \$411.71; (ii) the Estate of Ingeborg V. Funk cancelled \$100,980.21 of indebtedness in exchange for 50,000 shares of common stock, warrants to purchase 12,500 shares of common stock at \$3.00 per share exercisable until October 2010, and payment of \$980.21; (iii) Porter, Wright, Morris & Arthur LLP (PWMA) cancelled \$90,000 of indebtedness for legal fees in exchange for 45,000 shares of common stock and warrants to purchase an additional 11,250 shares of common stock at \$3.00 per share exercisable until October 2010; and (iv) a director cancelled \$209,110 of a secured loan in exchange for 104,555 shares of common stock and warrants to purchase an additional 26,139 shares of common stock at \$3.00 per share exercisable until October 2010 (as described in preceding paragraph).

Risk Factors

The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The following factors, as well as the factors listed under the caption "Risk Factors" in the Company's Form 10-KSB filed with the Securities and Exchange Commission on March 27, 2006, have affected or could affect the Company's actual results and could cause such results to differ materially from those expressed in any forward-looking

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

statements made by the Company. Investors should consider carefully these risks and speculative factors inherent in and affecting the business of the Company and an investment in the Company's common stock.

We have experienced significant operating losses in the past and may continue to do so in the future.

We commenced business in May of 1987. Our accumulated deficit since inception was \$8,134,004 (unaudited) at September 30, 2006.

We have financed the losses primarily from additional investments and loans by our major shareholders and private offerings of common stock and warrants to purchase common stock in 2004 and 2005. We cannot assure you, however, that we will be able to raise additional capital in the future to fund our operations.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make judgments, assumptions and estimates that affect the amounts reported in the Financial Statements and accompanying notes. Note 2 to the Financial Statements in the Annual Report on Form 10-KSB for the year ended December 31, 2005 describes the significant accounting policies and methods used in the preparation of the Financial Statements. Estimates are used for, but not limited to, accounting for the allowance for doubtful accounts, inventory allowances, property and equipment depreciable lives, patents and licenses useful lives, and assessing changes in which impairment of certain long-lived assets may occur. Actual results could differ from these estimates. The following critical accounting policies are impacted significantly by judgments, assumptions and estimates used in the preparation of the Financial Statements. The allowance for doubtful accounts is based on our assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than our historical experience, our estimates of the recoverability of amounts due us could be adversely affected. Inventory purchases and commitments are based upon future demand forecasts. If there is a sudden and significant decrease in demand for our products or there is a higher risk of inventory obsolescence because of rapidly changing technology and customer requirements, we may be required to increase our inventory allowances and our gross margin could be adversely affected. Depreciable and useful lives estimated for property and equipment, licenses and patents are based on initial expectations of the period of time these assets and intangibles will provide benefit to our Company. Changes in circumstances related to a change in our business, change in technology or other factors could result in these assets becoming impaired, which could adversely affect the value of these assets.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements including special purpose entities.

Item 3. Controls and Procedures

As of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the period covered by this report in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time period specified by the Securities and Exchange Commission's rules and forms.

Additionally, there were no changes in the Company's internal controls that could materially affect the Company's disclosure controls and procedures subsequent to the date of their evaluation, nor were there any material deficiencies or material weaknesses in the Company's internal controls. As a result, no corrective actions were required or undertaken.

Part II. Other Information

Item 6. Exhibits.

- 31.1 Rule 13a-14(a) Certification of Principal Executive Officer. *
- 31.2 Rule 13a-14(a) Certification of Principal Financial Officer. *
- 32.1 Section 1350 Certification of Principal Executive Officer. *
- 32.2 Section 1350 Certification of Principal Financial Officer. *
- 99.1 Press Release dated November 1, 2006, entitled "Superconductive Components, Inc. Reports Record Third Quarter Revenue." *

*Filed with this report

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.

SUPERCONDUCTIVE COMPONENTS, INC.

Date: November 1, 2006

/s/ Daniel Rooney
Daniel Rooney, President and Chief Executive
Officer
(Principal Executive Officer)

/s/ Gerald S. Blaskie
Gerald S. Blaskie, Vice President and Chief
Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel Rooney, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Superconductive Components, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [reserved];
 - c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 1, 2006

/s/ Daniel Rooney

Daniel Rooney
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gerald S. Blaskie, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Superconductive Components, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) [reserved];
 - c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 1, 2006

/s/ Gerald S. Blaskie
Gerald S. Blaskie
Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Superconductive Components, Inc. (the "Company") on Form 10-QSB for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Rooney, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Daniel Rooney

Daniel Rooney
President and Chief Executive Officer of
Superconductive Components, Inc.
November 1, 2006

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Superconductive Components, Inc. (the "Company") on Form 10-QSB for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald S. Blaskie, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gerald S. Blaskie
Gerald S. Blaskie
Vice President and Chief Financial Officer of
Superconductive Components, Inc.
November 1, 2006

FOR IMMEDIATE RELEASE

For Additional Information
Contact: Robert Lentz
(614) 876-2000

**SUPERCONDUCTIVE COMPONENTS, INC.
REPORTS RECORD THIRD QUARTER REVENUE**

COLUMBUS, Ohio (November 1, 2006) Superconductive Components, Inc. (OTC Bulletin Board: SCCI), dba SCI Engineered Materials, a manufacturer of high quality sputtering targets for select markets in the physical vapor deposition industry, today announced financial results for the three months and nine months ended September 30, 2006.

Third quarter 2006 versus third quarter 2005 highlights included:

- Total revenue increased to \$2,064,497 from \$1,021,211
- Gross profit rose to \$469,007 from \$276,409
- Net income of \$116,532 versus a net loss of \$(38,023)
- Backlog of \$3.4 million at September 30, 2006

Dan Rooney, President and Chief Executive Officer, stated, "The Company's record third quarter revenue reflects solid increases in each of our markets, led by a significant gain in sales to photonic customers. We ended the quarter with a record backlog of \$3.4 million and anticipate sequential quarter growth in revenue and net income. Investments in new equipment have been made throughout 2006 in response to increased demand and we plan to add more equipment in 2007. This will enable us to increase our production capabilities and also gradually enter additional niche markets. These factors are expected to contribute to further improvement in the Company's financial results in 2007."

Mr. Rooney continued, "We are encouraged by recent developments in the emerging Thin Film Battery market. During the third quarter, one of our customers announced the successful completion of a \$34.7 million equity financing to scale their technology and build a state-of-the-art manufacturing facility to ramp to high volume production. This announcement underscores the progress that is being achieved toward commercialization of Thin Film Battery technology. Sales to Thin Film Battery customers have increased during 2006 and orders accelerated during the third quarter."

2006 Third Quarter Results

Total revenue increased 102% to a record \$2,064,497 for the third quarter 2006 compared to \$1,021,211 for the same period last year. This revenue growth was led by higher sales to photonic, solar and thin film battery customers. Third quarter 2006 revenue included the ongoing purchase of commodities whose prices have historically experienced periods of significant fluctuation. These changes are regularly reflected in the Company's selling prices. There was no contract research revenue for the third quarter 2006 versus \$67,717 the prior year. Orders received in the third quarter 2006 totaled \$3,532,000 compared to \$1,004,000 for the same period in 2005.

Gross profit was \$469,007, or 22.7% of total revenue, for the third quarter 2006 versus \$276,409, or 27.1% of total revenue, for the same period last year. Product mix, which included a greater amount of higher value product with lower gross margin commodities, was the primary factor that contributed to the decline in gross profit margin versus the prior year. General and administrative expenses were \$221,759 for the third quarter 2006 versus \$184,743 a year ago, due to higher incentive compensation and professional fees. Research and development ("R&D") expenses increased to \$58,582 for the third quarter 2006 from \$46,481 for the same period last year due to additional product development expenses for current and future products. Sales and promotional expenses were \$76,066 for the third quarter 2006 versus \$56,584 for the prior year. This increase was attributable to the growth in third quarter 2006 revenue.

Income from operations was \$116,532 for the third quarter 2006 compared to a loss from operations of \$(38,023) for the same period last year.

Income applicable to common shares was \$110,236, or \$0.03 per diluted share, for the third quarter 2006 compared to a loss applicable to common shares of \$(44,320), or \$(0.02) per share, the prior year. Average weighted diluted shares outstanding rose 58% to 3,907,837 for the third quarter 2006 from 2,467,686 for the third quarter 2005. This increase was primarily due to the Company's private equity financing during the second half of 2005.

2006 Nine Month Results

Total revenue increased approximately 91% to \$4,423,554 for the nine months ended September 30, 2006 from \$2,309,805 for the same period last year. Year-to-date 2006 revenue exceeded the amount for the entire Year 2005. Sales have grown significantly due to increased demand from current customers coupled with business from new customers. Revenue for the first nine months of 2006 included the ongoing purchase of commodities whose prices have historically experienced periods of significant fluctuation. These changes are regularly reflected in the Company's selling prices. Contract research revenue declined to \$42,092 for the first nine months of 2006 compared to \$245,683 the prior year due to completion of a Phase II SBIR grant last year.

Gross profit rose 60% to \$1,022,520 for the first nine months of 2006 from \$640,497 for the 2005 year-to-date period. Gross profit margin was 23.1% for the first nine months of 2006 versus 27.7% for the same period in 2005 due to product mix that included higher value product with lower gross margin commodities and lower contract research revenue compared to last year. General and administrative expenses were \$667,013 for the first nine months of 2006 compared to \$560,487 last year. This increase was primarily due to the Company's incentive compensation program and higher professional fees. R&D expenses for the first nine months of 2006 were similar to a year ago. The slight decline is related to completion of a Phase II SBIR in 2005. Sales and promotional expenses were \$210,162 for the first nine months of 2006 compared to \$167,518 for the same period in 2005 primarily due to incentive compensation related to the increase in revenues.

Income from operations was \$371 for the 2006 year-to-date period versus a loss from operations of \$(234,325) last year.

Income applicable to common shares was \$8,463, or \$0.00 per diluted share, for the first nine months of 2006 versus a loss applicable to common shares of \$(319,595), or \$(0.13) per diluted share, for the same period a year ago. Average weighted diluted shares outstanding were 3,946,035 for the first nine months of 2006 or 61% higher than the same period last year, principally due to the Company's private equity financing during the second half of 2005.

Innovation Ohio Fund Loan

During the third quarter 2006 the Company submitted an application pursuant to the Ohio Department of Development's Innovation Ohio Fund Loan program. This program assists existing Ohio companies develop next generation products in industry sectors that include advanced materials. On September 25, 2006, Governor Taft announced that the Development Financing Advisory Council approved a \$631,687 loan request for Superconductive Components, Inc. at an interest rate of 7.5% plus certain fees for a seven-year term. These funds will be used to meet growing customer demand and also enhance the Company's entry into new markets. Final approval of this loan is subject to State Controlling Board approval, which is scheduled to consider this matter on November 13, 2006.

About Superconductive Components, Inc.

Superconductive Components, Inc., dba SCI Engineered Materials, manufactures ceramics and metals for advanced applications such as thin film batteries, superconductors, and advanced optical systems. SCI Engineered Materials also provides materials for thin film applications used in photovoltaic, electronic switches, hardness and decorative coatings. SCI Engineered Materials is a global materials supplier with clients in more than 40 countries. Additional information is available at <http://www.sciengineeredmaterials.com>.

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but are not limited to, all statements regarding intent, beliefs, expectations, projections, forecasts, and plans of the Company and its management, and specifically include statements regarding anticipated improved performance in the third quarter of 2006. These forward-looking statements involve numerous risks and uncertainties, including, without limitation, anticipate sequential quarter growth in revenue and net income, plans to add more equipment in 2007, gradually enter additional niche markets, further improvement in the Company's financial results in 2007 (paragraph 3), the development of the thin film battery market, the impact of competitive products and services, the ability to adapt to technological changes, the availability of capital, and other risks and uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings, including the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005. One or more of these factors have affected, and could in the future affect, the Company's projections. Therefore, there can be no assurances that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company, or any other persons, that the objectives and plans of the company will be achieved. All forward-looking statements made in this press release are based on information presently available to the management of the Company. The Company assumes no obligation to update any forward-looking statements.

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