

Spirit Avert AG
Churerstrasse 135
CH-8808 Pfäffikon

Ph: +41 55 416 26 61
Fax: +41 55 416 26 37

info@spirtavert.ch
[www@spirtavert.ch](http://www.spirtavert.ch)

SPIRT AVERT INTERIM REPORT

JANUARY - JUNE 2006

INTERIM REPORT 2006

Spirit Avert AG achieves increased net sales and order intake

Spirit Avert AG – the former Nextrom Holding SA - has finalised its restructuring process. A vast network of international branches, subsidiaries and representative offices were either closed or left with former shareholders. Loss making units have no longer any substantial material effects on the bottom line of Spirit Avert.

Management's commitment not only focuses on the fast-growing industrial activities in China. Even higher priority is given to adding new life to the listed vehicle called Spirit Avert.

The Board has reason to believe that details of a substantial capital increase can be reported in the month of September 2006.

During the first half of 2006, Spirit Avert continued to develop its industrial activities in Shanghai. Revenues for manufacturing services rose more than fivefold to CHF 3.7 million (continued operations; end of June 2005: CHF 0.6 million).

Spirit Avert received new orders worth CHF 2.6 million during the first 6 months of 2006 (continued operations; first 6 months 2005: CHF 0.9 million). The order backlog amounted to CHF 2.3 million at the end of June 2006 (continued operations; end of June 2005: CHF 0.9 million). The operating loss of the continued operations for the first six months decreased to CHF 1.1 million (loss from continued operations; end of June 2005: CHF 6.4 million).

As shown in the above-mentioned figures, Spirit Avert has made further progress in focusing on profitability for the continued operations. In a short time span, the new management under the lead of CEO Jürg Leupp has achieved an efficient cost reduction program. Lean processes were introduced and the sales team was able to acquire orders for manufacturing services. As a result, the Chinese operation has won new clients, mainly highly reputed European entities.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed consolidated income statements	Jan-Jun 2006	Jan-Jun 2005
	CHF 1'000	CHF 1'000
Gross sales	3'669	608
Gross profit / (loss)	759	(637)
Operating loss	(1'071)	(1'392)
Loss before tax	(1'072)	(6'354)
Net loss from continued operations	(1'168)	(6'356)
Net loss from discontinued operations	0	(648)
Net loss from continued and discontinued operations	(1'168)	(7'004)
Total basic and diluted loss per bearer share in CHF	(0.46)	(2.79)
Total basic and diluted loss per registered share in CHF	(0.15)	(0.93)

Condensed consolidated balance sheets	Jun 06	Dec 05
	CHF 1'000	CHF 1'000
ASSETS		
Cash and short term deposits	3'077	5'151
Other current assets	2'334	2'837
Long term assets	492	521
Total assets	5'903	8'509
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current finance liabilities		
Other current liabilities	3'447	4'991
Shareholders' equity	2'455	3'518
Total liabilities and shareholders' equity	5'903	8'509

Condensed consolidated cash flow statements	Jan - Jun 2006	Jan - Dec 2005
	CHF 1'000	CHF 1'000
Result before tax	-1'072	-29'703
Adjustments for non cash items	46	14'095
Movement in net working capital	-1'101	5'412
Income tax paid	-110	-5
Net cash used by operating activities	-2'237	-10'201
Net cash from (used in) investing activities	143	-2'612
Interest paid	0	-40
Proceeds from exercised share options	71	366
Net cash from financing activities	71	326
Net change in cash equivalents	-2'023	-12'487
Currency effects on cash	-51	302
Cash at beginning of period	5'151	17'336
Cash at end of period	3'077	5'151

Reconciliation of movements in equity	Bearer shares	Registered shares	Treasury shares	Share premium / Agio	Reserve own Shares	Transl. diff.	Fair value & other reserves	Accum. deficit	Total equity
Balance at 31 December 2004	5'638	1'875	(135)	0	0	0	0	(54'931)	(47'553)
<i>Number of shares</i>	<i>1'879'420</i>	<i>1'875'000</i>	<i>958</i>						
Currency translation adjustment								121	121
Net income directly recognized in equity								121	121
Net loss for the period								(7'004)	(7'004)
Total recognized income and expenses								(6'883)	(6'883)
Waiver of shareholder' loans				67'541					67'541
Exercise of options	51			131					183
<i>Number of options</i>	<i>17'162</i>								
Sale of treasury shares			135					(125)	10
<i>Number of shares</i>			<i>(958)</i>						
Cost of share-based payments								55	55
Balance at 30 June 2005	5'690	1'875	0	67'672	0	0	0	(61'884)	13'353
<i>Number of shares</i>	<i>1'896'582</i>	<i>1'875'000</i>	<i>0</i>						
Currency translation adjustment								1'259	1'259
Transferred to profit or loss								11'379	11'379
Net income directly recognized in equity								12'638	12'638
Net loss for the period								(22'699)	(22'699)
Total recognized income and expenses								(10'061)	(10'061)
Exercise of options	49			124					173
<i>Number of options</i>	<i>16'228</i>								
Cost of share-based payments								53	53
Balance at 31 December 2005	5'738	1'875	0	67'796	0	0	0	(71'892)	3'518
<i>Number of shares</i>	<i>1'912'810</i>	<i>1'875'000</i>	<i>0</i>						
Reclassification				(67'541)	111	(534)	108	67'856	0
Currency translation adjustment								0	0
Net income directly recognized in equity								0	0
Net loss for the period								(1'168)	(1'168)
Total recognized income and expenses								(1'168)	(1'168)
Exercise of options	20			51					71
<i>Number of options</i>	<i>6'703</i>								
Release share premium				(307)				307	0
Release reserve for own shares					(111)			111	0
Adjustment negative goodwill at 30.06.06								34	34
Balance at 30 June 2006	5'759	1'875	0	0	0	(534)	108	(4'752)	2'455
<i>Number of shares</i>	<i>1'919'513</i>	<i>1'875'000</i>	<i>0</i>						

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Accounting policies

The consolidated profit and loss accounts and balance sheets have been prepared by consistently applying the accounting policies detailed in the 2005 consolidated financial statements. The interim financial statements comply with IAS 34.

2. Gross sales by Business Segments

	Jan - Jun 06 CHF 1'000	Jan - Jun 05 CHF 1'000
Manufacturing services	3'669	608
Discontinued operations	0	12'572
Total gross sales	3'669	13'180

3. Segment Operating Result

	Jan - Jun 06 CHF 1'000	Jan - Jun 05 CHF 1'000
Manufacturing services	(317)	(1'001)
Tradable securities	(235)	0
Unallocated holding cost	(519)	(391)
Discontinued operations	0	(6'164)
Operating result	(1'071)	(7'556)

4. Loss per Share

	Jan - Jun 06 CHF 1'000	Jan - Jun 05 CHF 1'000
Loss from continuing operations	(1'168)	(6'356)
Loss from discontinued operations	0	(648)
Loss for the periods	(1'168)	(7'004)

Weighted average number of bearer shares and bearer equivalent shares outstanding

2'538'443

2'512'048

Weighted average number of registered and registered equivalent shares outstanding

7'615'329

7'536'143

Basic and diluted loss per share for continuing operations:

- Bearer shares in CHF

(0.46) (2.53)

- Registered shares in CHF

(0.15) (0.84)

Basic and diluted loss per share for discontinued operations:

- Bearer shares in CHF

0 (0.26)

- Registered shares in CHF

0 (0.09)

Total basic and diluted loss per share:

- Bearer shares in CHF

(0.46) (2.79)

- Registered shares in CHF

(0.15) (0.93)

The weighted average number of shares in issue during the year is calculated as the weighted average number of bearer shares and bearer equivalent registered shares in issue, excluding the average number of bearer shares purchased by the company and held during the period as treasury shares.

5. Stock option plans

The number of outstanding share options as per June 30, 2006 of the April 2003 plan was 65'997 granted to management and 8'700 granted to eligible employees. During the period 6'703 options were exercised.