News Release

SPIRENT COMMUNICATIONS PLC

Half Year Report 2015

London, UK – 5 August 2015: Spirent Communications plc ("Spirent", the "Company" or the "Group") (LSE: SPT), a leading communications technology company, today announces its half year results for the six months ended 30 June 2015.

Results

The results for the first half of 2015 are set out below:

$ million	H1 2015	H1 2014
Reported		
Order intake	**226.2**	217.0
Revenue	**218.7**	221.0
Operating (loss)/profit	**(2.2)**	13.9
Basic (loss)/earnings per share (cents)	**(0.21)**	1.72
Interim dividend per share[1] (cents)	**1.68**	1.68
Free cash flow[2]	**11.1**	19.1
Adjusted		
Operating profit[3]	**6.0**	20.6
Basic earnings per share[3, 4] (cents)	**0.69**	2.50

Notes
1 Dividends are determined in US dollars and paid in sterling at the exchange rate prevailing when the dividend is proposed or declared. The interim dividend declared for 2015 of 1.68 cents per Ordinary Share is equivalent to 1.08 pence per Ordinary Share.
2 Operating cash flow after tax, net interest and net capital expenditure.
3 Before acquisition related costs, acquired intangible asset amortisation and share-based payment.
4 Before tax effect of items in note 3 and prior year taxes.

Financial highlights

- Group order intake up 4% to $226.2 million (H1 2014: $217.0 million).
- Group revenue slightly lower at $218.7 million (H1 2014: $221.0 million) with many orders received too late to be converted into revenue.
- Order book built: book to bill ratio of 103 (H1 2014: 98).
- Adjusted operating profit of $6.0 million (H1 2014: $20.6 million), after further investment in the business. Reported operating loss of $2.2 million (H1 2014: operating profit $13.9 million).

- Closing cash was $97.0 million at 30 June 2015 (31 December 2014: $99.8 million); with free cash generation of $11.1 million (H1 2014: $19.1 million) and dividends paid in the first half year of $13.4 million.
- Interim dividend held at 1.68 cents per Ordinary Share (equivalent to 1.08 pence per Ordinary Share).

Operational highlights

- Networks & Applications gained momentum in the second quarter, with notably strong demand for mobile infrastructure solutions.
- In Wireless & Service Experience, growth in Positioning and Service Experience was offset by softness in Wireless.
- Service Assurance revenues were down, as expected, owing to the timing of orders.
- Regionally, revenues in the Americas were up, but EMEA and APAC were down reflecting the changes above.

Strategic progress

Spirent invests in its solutions portfolio to address key industry trends and has increased sales and marketing spend to win new business. During the first half of 2015 Spirent:

- Won the 2015 Best of Interop Grand Prize at Interop Tokyo for our 400G high speed Ethernet test solutions.
- Brought to market the industry’s first 100G impairment emulator, which verifies the performance of delay-sensitive applications such as video and financial trading.
- Added Wi-Fi RF interface and voice over Wi-Fi (“VoWi-Fi”) capability on Spirent Landslide, enabling operators to validate the performance and scale of VoWi-Fi to voice over LTE (“VoLTE”) handovers.
- Released a comprehensive Diameter performance and scale testing solution which addressed the important issue of predicting and preventing signalling storm outages in mobile networks.
- Received recognition from CIO Review as one of the “20 Most Promising DevOps Companies of 2015” for our CLEAR DevOps Continuous Test solution.
- Were selected by North America’s largest mobile virtual network enabler/aggregator, Prepaid Wireless Wholesale, for our device intelligence solution Tweakker.

- Expanded our leadership in evaluating the user experience of devices and services by opening a new Fit4Launch Lab in Beijing, China.
- Developed the eCall and ERA-GLONASS In-Vehicle Systems Test System to verify the functionality and conformance of in car communications systems.

Outlook

Networks & Applications sees attractive opportunities in high speed Ethernet and wireless infrastructure. Service Assurance is bidding for business which will benefit future trading. Wireless & Service Experience has sound prospects in the live network, user experience and positioning. The global markets for devices and carrier acceptance systems are going through radical technological changes as customer requirements evolve.

We expect the second half to show growth compared to last year and revenues for the full year to be in line with expectations. Despite the low profitability in the first half, the Board will continue, in 2015, to invest in new products and its acquisitions given the opportunities for growth in this time of unparalleled change. As a result we expect profits for the year will be materially below our expectations.

The Board has confidence in the prospects for the Group.

Eric Hutchinson, Chief Executive Officer, commented:

"It is promising to see momentum returning towards the end of the half, and growth in our order intake as a result of the strategic focus, investment and diligent efforts of our people. Multiple new technologies are being developed and key people in the industry are making critical decisions about where to make their future investments which Spirent can help them optimise. While this inevitably means volatility in the short term, particularly in the wireless business, the opportunities are significant for Spirent as we selectively invest in the right areas to address the complex challenges faced by those developing and deploying new technologies."

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Enquiries

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Eric Hutchinson, Chief Executive Officer and Rachel Whiting, Chief Financial Officer, will host a conference call today for analysts and investors to discuss the results in more detail at 10.30am UK time.

To register, please contact FTI Consulting: spirent@fticonsulting.com or +44 (0)20 3727 1000. A recording will be available in the Investors section of the Spirent Communications plc website http://corporate.spirent.com/ later today.

About Spirent Communications plc

Spirent Communications plc is a global leader in test and measurement inspiring innovation within development labs, communication networks and IT organisations. We enable today's communication ecosystem as well as tomorrow's emerging enterprises to deploy life enriching communications networks, devices, services and applications. Further information about Spirent Communications plc can be found at http://corporate.spirent.com/.

Spirent Communications plc Ordinary Shares are traded on the London Stock Exchange (ticker: SPT). The Company operates a Level 1 American Depositary Receipt ("ADR") programme with each ADR representing four Spirent Communications plc Ordinary Shares. The ADRs trade in the US over-the-counter ("OTC") market under the symbol SPMYY and the CUSIP number is 84856M209. Spirent ADRs are quoted on the Pink OTC Markets electronic quotation service which can be found at http://www.otcmarkets.com/otc-pink/home.

Cautionary statement regarding forward-looking statements

This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

OVERVIEW

For the first half year of 2015 order intake was $226.2 million and revenue was $218.7 million (first half 2014: $217.0 million and $221.0 million, respectively). Revenue was slightly disappointing given the order intake with many orders received too late to convert to sales. Given the lower than expected revenue, together with our continued investment in the business, adjusted operating profit was $6.0 million for the first half of 2015 compared with $20.6 million in the first half of 2014. Reported operating loss was $2.2 million (first half 2014: profit $13.9 million). We ended the first half with a robust order book which will result in an improved performance in the second half year.

For the first six months order intake and revenue in Networks & Applications rose by 6 per cent and 3 per cent, respectively, compared with the first half of 2014, with notably strong demand for our mobile infrastructure solutions.

In Wireless & Service Experience, order intake and revenue both decreased by 2 per cent over 2014; growth in our Positioning and Service Experience revenues was offset by softness in Wireless caused by a major customer spending significantly less than in the prior year as well as consolidation of the ecosystem and increased competition in our markets. As a result of this weakness we took action to reduce the cost base in June by approximately $6.0 million per annum at a cost of $0.4 million incurred in the first half of 2015.

In Service Assurance, revenue was down 14 per cent, exacerbated by the first half of 2014 benefitting from the shipment of $12.0 million for our Tech-X Flex field test product compared with $5.7 million in the first half of 2015.

Regionally, revenue improved in the Americas by 6 per cent whilst Asia Pacific and EMEA were down by 10 and 9 per cent, respectively, in the first half of 2015 reflecting the changes noted above.

Basic loss per share was 0.21 cents (first half 2014: basic earnings per share 1.72 cents) and adjusted basic earnings per share was 0.69 cents (first half 2014: 2.50 cents).

Free cash flow was $11.1 million (first half 2014: $19.1 million). Cash and cash equivalents closed at $97.0 million (31 December 2014: $99.8 million).

The Board has declared an interim dividend of 1.68 cents per Ordinary Share. In sterling, the currency in which this dividend will be paid, this is equivalent to 1.08 pence per Ordinary Share (first half 2014: 0.99 pence) at an exchange rate of $1.56:£1.

Strategic update

Further progress was made during the first half of 2015 in a number of the strategic areas identified by the Board as important in the realisation of Spirent's vision, which is to be recognised as the leading experts in test methodologies and solutions for data communications. These include high speed Ethernet, virtualization, software-defined networking, network functions virtualization, wireless infrastructure test and assurance, both cellular and Wi-Fi, cyber security testing, test automation, wireless development and interoperability testing and data analytics. We have extended our leadership in key leading edge technologies, including high speed Ethernet, software-defined networking and network functions virtualization.

We have invested in sales, marketing and support to forge broader and deeper relationships with our customers to work with them to anticipate and address their complex testing needs both in the lab and in live networks.

Outlook

Networks & Applications sees attractive opportunities in high speed Ethernet and wireless infrastructure. Service Assurance is bidding for business which will benefit future trading. Wireless & Service Experience has sound prospects in the live network, user experience and positioning. The global markets for devices and carrier acceptance systems are going through radical technological changes as customer requirements evolve.

We expect the second half to show growth compared to last year and revenues for the full year to be in line with expectations. Despite the low profitability in the first half, the Board will continue, in 2015, to invest in new products and its acquisitions given the opportunities for growth in this time of unparalleled change. As a result we expect profits for the year will be materially below our expectations.

The Board has confidence in the prospects for the Group.

OPERATIONAL REVIEW

Networks & Applications – 49% of Group revenue

$ million	**H1 2015**	H1 2014	Change (%)
Revenue	**107.5**	104.0	3
Operating profit	**1.7**	0.3	>100
Return on sales (%)	**1.6**	0.3	

Performance highlights

- Increased momentum with 6% growth in order intake, although many orders were received too late to be converted into revenue.
- Growth of 28% in wireless infrastructure solution orders.
- Success with software-defined networking (“SDN”) and network functions virtualization (“NFV”) test solutions at leading network equipment vendors.

Market conditions

The growth of cloud services from bandwidth-hungry content and hosting services and applications, to “always-connected” social media on smartphones drives innovation at a rapid pace for Spirent’s Networks & Applications customers. Service providers worldwide are investing in their networks to keep up with the performance demands of these cloud services. We saw expansion in demand for 100G Ethernet testing by data center network equipment suppliers to validate increased capacity and density as they move to four 25G lanes from ten 10G lanes per 100G interface.

As 4G LTE rolls out globally, there is wider commercial deployment of Voice over LTE (“VoLTE”), more 3G and LTE connected vehicles and an increase in Internet of Things (“IoT”) applications using direct cellular connections. Each of these brings revenue opportunities for service providers as well as scale and performance demands for mobile networks. These trends take scale and stress levels on physical and virtual mobile infrastructures to new highs, driving demand for our wireless infrastructure test solutions.

Service providers and enterprises are spending on network security in response to high profile network security incidents. This has led to increased demand for our security testing solutions, for example to test and validate new 100G firewalls with advanced threat detection for their security capabilities at peak performance levels.

The IP network industry is in the midst of a revolutionary technology transformation, with virtualization of the compute, storage and network functions enabling technologies such as SDN and NFV to become mainstream. This is driving companies to adopt new processes for developing and delivering the products and services their customers demand. In particular, processes and best practices around Agile development have spawned an explosion in the adoption of DevOps, the aim of which is to create much tighter linkages between developers, operations and testers through the use of automation and communication.

Revenue and profitability

High activity levels at the end of the period helped to increase order intake by 6 per cent to $119.6 million from $112.8 million in the first half of 2014. Revenue was up 3 per cent to $107.5 million (first half 2014: $104.0 million) as many orders were received too late in the period to ship. This in turn resulted in the book to bill ratio rising to 111 (first half 2014: 108).

The trends discussed above drove strong demand for our wireless infrastructure test solutions, which grew by 28 per cent over the first half of 2014 and we also achieved growth for our new virtual and NFV solutions in development applications.

Gross margin improved to 69.5 per cent (first half 2014: 67.3 per cent) due to a positive product mix.

The division reported an operating profit of $1.7 million compared with $0.3 million in the first half of 2014. This was after increased investment in sales and marketing of $4.0 million.

Product development

Spirent has leadership in high speed Ethernet, winning a major award for the industry's first interoperability demonstration at a public forum of two vendors' 400G Ethernet implementations. In addition, we launched a 100G test solution supporting the latest optical transceivers which will further drive 100G adoption with its small form factor and support of 25G lanes over short distances.

In the area of cellular and Wi-Fi convergence we expanded our market with the launch of a Wi-Fi RF interface and voice over Wi-Fi ("VoWi-Fi") capability on Spirent Landslide, enabling carriers to validate performance and scale of VoWi-Fi to VoLTE handovers. We increased our focus on the important issue of predicting and preventing signalling storm outages, caused by "always-connected" social media apps and smartphones that disconnect to save battery life, with the release of a comprehensive Diameter performance and scale testing solution for mobile operators.

A major software release of our Avalanche security performance test solutions, focussed on ease-of-use of security test methodologies, now enables more service providers and enterprises to comprehensively validate their network perimeter devices' security performance.

The release of our CLEAR DevOps Continuous Test Solution for accelerating product development and delivery in DevOps environments has been met with great enthusiasm, including recognition from CIO Review as one of the "20 Most Promising DevOps Companies of 2015".

Wireless & Service Experience – 39% of Group revenue

$ million	**H1 2015**	H1 2014	Change (%)
Revenue	**84.3**	85.7	(2)
Operating profit	**4.7**	10.2	(54)
Return on sales (%)	**5.6**	11.9	

Performance highlights

- Performance affected by softness in Wireless which more than offset growth in Positioning and Service Experience.
- Wireless impacted by significant reduction in spend at a major customer in Asia, consolidation of the mobile device ecosystem and intense competition.
- Cost reduction actions taken in Wireless in June 2015; cost $0.4 million with annualised cost savings of $6 million.

Market conditions

Several important market dynamics are stimulating the development of new innovative products and services, while the segment becomes more concentrated and competitive. The economic pressure on top-tier global smartphone vendors continued in the first half of 2015, with the ongoing commoditisation of smartphone platforms and local smartphone vendors gaining market share in key growth markets such as China and India.

While device vendors and operators expect significant reductions in the operating and capital expense required to develop and deploy devices, applications and networks, they are increasingly interested in accelerating the development and launch of new services and applications to grow revenue. Their desire is to understand and improve their customers' experience and the business impact, since customer churn remains a significant concern for operators.

In the first half of 2015 Spirent benefitted from the development phase of important 4G LTE services and the focus on the user experience of those services, especially VoLTE and other IMS-enabled services such as Rich Communication Suite ("RCS"). Enhancements to 4G technology (LTE-Advanced) such as carrier aggregation were widely deployed to improve performance, spectrum utilization and coverage. The industry is also on a fast track to develop the definition and requirements for "5G" mobile networking.

Wireless machine-to-machine ("M2M") connectivity grew as IoT became a reality and began to change the way in which people live, from smart homes to connected vehicles.

There is a growing awareness of the vulnerabilities and potential threats to global navigation satellite systems ("GNSS"), and related positioning, navigation & timing applications which will increase dramatically over the next few years. These trends are expected to expose more vulnerabilities of receivers, systems and applications. The industry requires solutions that enable it to develop robust products and systems and to detect, analyse, and deal with these threats. GNSS usage is increasing in commercial application segments in which the manufacturers are generally not GNSS technology experts. This requires them to use our proven development tools and systems to support product and application development and operation.

Revenue and profitability

In the Wireless & Service Experience division, order intake and revenue were both down 2 per cent at $89.6 million (first half 2014: $91.3 million) and $84.3 million (first half 2014:

$85.7 million), respectively. The book to bill ratio for the first half of 2015 was 106 (first half 2014: 107).

Demand for our Positioning products and Service Experience solutions was good but was offset by weakness in Wireless. Demand for our Wireless products has been affected by a major customer in Asia not repeating its high level of spend in the first half of 2014, as well as consolidation of the wireless device ecosystem and intense competition in our markets. Although we saw reduced spend at many Wireless customers, our business with Asian technology and chipset providers grew, especially in the Greater China region. Positioning revenue was aided by business placed by US Government procurement vendors for our high-end tailored solutions. Service Experience has benefitted from test campaigns with the deployment of new handsets and services, the opening of our Fit4Launch Lab in Beijing, and the release of our new video solution (called "Chromatic").

Gross margin for the division was lower at 66.8 per cent (first half 2014: 67.2 per cent) due to product and services mix and to the lower sales volume.

The division reported an operating profit of $4.7 million compared with $10.2 million in the first half of 2014 as a result of the lower sales volume and reduction in gross margin. Cost reduction actions were taken in June 2015 at a cost of $0.4 million in order to improve the profitability of this division; the annualised cost savings from these actions are expected to be in the region of $6 million.

Product development

We are developing the Elevate Test Framework, a powerful network of resources designed to address the increasingly complex testing challenges and scale demands which incorporates the ProLab test suite, an asset which was added to the Spirent portfolio with the acquisition of the Radvision Technology Business Unit in July 2014.

We expanded our 8100 Carrier Acceptance and Conformance test portfolio with the addition of two new solutions: the 8100 X-series and 8100 Q-series. These new offerings address the critical need in the industry to cost-effectively address the growing capacity crunch in device performance testing as a result of the surge in new technologies and services.

Our Service Experience business opened a new Fit4Launch test lab in Beijing, China, enabling operators and manufacturers in the APAC region to evaluate the user experience of the latest generation of IP-enabled services and devices, including VoLTE. Service Experience also released a new Chromatic video test solution and VoLTE end-to-end test solution.

In the first half of 2015, our Positioning business developed a new solution to test and calibrate timing receivers for the telecommunications industry in collaboration with Calnex, our Edinburgh-based partner.

In Automotive we developed an eCall and ERA-GLONASS In-Vehicle Systems Test System to verify the functionality and protocol conformance of these technologies in vehicles. ECall and ERA GLONASS will shortly be mandatory in new vehicles in Europe and Russia and are expected to save many lives. We also developed the Automotive Record and Playback Test System to help drive innovation and improvements in the rapidly evolving vehicle navigation and connected car ecosystem.

Service Assurance – 12% of Group revenue

$ million	**H1 2015**	H1 2014	Change (%)
Revenue	**26.9**	31.3	(14)
Operating profit	**1.7**	13.8	(88)
Return on sales (%)	**6.3**	44.1	

Performance highlights

- Revenue distorted by phasing of delivery of Tech-X Flex units to a major North American service provider.
- Performance impacted by revenue reduction, lower gross margin and investment in the new and existing businesses.
- Completed development of our TestCenter Live virtual probe and our 100G probe, which are now in trials at major operators.

Market conditions

Mobile network operators are rolling out LTE networks and VoLTE services. RCS is also beginning to roll out and ‘5G’ technologies are on the horizon. A new generation of service assurance offerings is needed to exploit the new benefits of NFV and SDN technology, providing innovative performance management systems and troubleshooting systems for these new services.

Overall, service provider spending remains cautious. Major carriers shifted their focus to research and evaluation of virtualization and how best to evolve their networks to incorporate its benefits. These trends resulted in a pause in investment in traditional service assurance solutions by some key customers and early stage growth in demand for virtualized solutions.

To maintain a consistent, cost-efficient service and maximize their top-line, mobile operators are moving beyond device management to obtain intelligence on the limitations and potential of every device on their network. The device intelligence solutions acquired by Spirent with Mobilethink in September 2014 enables us to address this challenge. Our Tweakker Device Intelligence Cloud solution uses highly accurate device intelligence data trusted by over 100 carriers. Accurate device data is particularly important in the mobile virtual network operator (“MVNO”) segment because many customers bring their own devices into the MVNO’s network. In the first half of 2015, North America’s largest mobile virtual network enabler/aggregator Prepaid Wireless Wholesale, selected our Tweakker device intelligence solution and is offering Tweakker’s device intelligence cloud service to US-based MVNOs; like MVNOs worldwide, the challenge facing these carriers is that different devices have different instructions for programming data and multimedia messaging services.

Revenue and profitability

Revenue was distorted by the phasing of deliveries of our Tech-X Flex units in our core Service Assurance business. In the first half of 2014 a large order of $12.0 million was shipped compared with $5.7 million to the same major US service provider customer in the first half of 2015. Consequently, revenue was lower in 2015 at $26.9 million compared with $31.3 million in the first half 2014. The 2015 shipment is in partial fulfilment of the large order for $16.0 million received in 2014, the balance of which will ship in the second half of

2015. The new businesses acquired in 2014 contributed an additional $4.0 million of revenue in the first half of 2015 compared with the first half of 2014.

We have won new business for our software solutions which will be recognised as revenue in 2016 and beyond.

Gross margin was 73.6 per cent (first half 2014: 74.8 per cent) due to a different product mix and the lower sales volume.

The division reported an operating profit of $1.7 million compared with $13.8 million in the first half of 2014 due to the reduction in revenue, lower gross margin and the investments we are making in our 2014 acquisitions and in the core Service Assurance business.

Product development

In the first half of 2015 we completed the development of our TestCenter Live virtual probe, which is in trials at two major operators, and our 100G probe, which is already operating in one major operator.

Our Customer Experience Management solution “InTouch” collects and stores all customer interactions with telecom networks. This data is used to analyse the quality of the customer’s experience, improving customer loyalty and reducing operational expenses by solving customer satisfaction issues and more efficiently resolving network performance problems. Spirent entered the market with the acquisition of DAX Technologies in February 2014. In this half year, we continued to invest in new application development, with a focus on VoLTE, and to increase the scalability and cost-effectiveness of the solutions. We delivered the VoLTE application to a large US carrier network for end-to-end visibility for rapid technical support.

FINANCIAL REVIEW

Key financial performance indicators

	H1 2015	H1 2014	Change (%)
Book to bill ratio[1]	**103**	98	
Revenue ($ million)	**218.7**	221.0	(1)
Operating profit[2] ($ million)	**6.0**	20.6	(71)
Return on sales[2] (%)	**2.7**	9.3	
Adjusted basic earnings per share[3] (cents)	**0.69**	2.50	(72)
Free cash flow[4] ($ million)	**11.1**	19.1	(42)

Notes
1 The ratio of orders booked to revenue in the period.
2 Before acquisition related costs, acquired intangible asset amortisation and share-based payment.
3 Adjusted basic earnings per share is based on adjusted earnings as set out in note 6 of the Notes to the half year condensed consolidated financial statements.
4 Operating cash flow after tax, net interest and net capital expenditure.

Revenue and order intake

Order intake was 4 per cent higher overall for the Group at $226.2 million (first half 2014: $217.0 million) and the book to bill ratio for the Group was 103 (first half 2014: 98). This was driven by our Networks & Applications division which saw increased momentum towards the end of the first half of 2015, growing order intake 6 per cent over the first half of 2014.

In Wireless & Service Experience order intake was down 2 per cent, and excluding the effect of the 2014 acquisitions by 7 per cent organically, as strength due to US government contracts for our Positioning products and growth in our Service Experience solutions was more than offset by weakness in Wireless.

In Service Assurance order intake grew by $4.1 million principally due to the contribution from the 2014 acquisition of Device Intelligence (“Mobilethink”). The software and service contracts of this business will benefit revenue in 2016 and future years.

Revenue at $218.7 million (first half 2014: $221.0 million) mostly followed the trends in orders above, however, as activity improved late in the period the strength in order intake could not all be converted into revenue particularly within our Networks & Applications division. In addition, the results of the Service Assurance division are distorted by the large shipment of $12.0 million for our Tech-X Flex field test product recognised in the first half of 2014 which compares with $5.7 million shipped in partial fulfilment of the $16.0 million order received in 2014.

Geographically, revenue increased 6 per cent period-on-period in the United States, due to increased demand in Networks & Applications, government orders in Positioning and growth in Service Experience. In Asia Pacific and Rest of World revenue was down 8 per cent over the first half of 2014. Growth in China in Wireless & Service Experience and in India in Networks & Applications was more than offset by a reduction in spend by some of our major customers in Korea and Japan. Europe experienced a weak first half with revenue down by 11 per cent, although the level of business in EMEA improved in the second quarter, following a slow first quarter.

$ million	**H1 2015**	**%**	H1 2014	%
United States	**121.2**	**55**	114.3	52
Asia Pacific, Rest of World	**72.1**	**33**	78.2	35
Europe	**25.4**	**12**	28.5	13
	218.7	**100**	221.0	100

Operating profit

Adjusted operating profit before acquisition related costs, acquired intangible asset amortisation and share-based payment, was $6.0 million compared with $20.6 million for the first half of 2014. The reported result was an operating loss of $2.2 million compared with an operating profit of $13.9 million for the first half of 2014. Return on sales based on adjusted operating profit, was 2.7 per cent (first half 2014: 9.3 per cent).

A reconciliation is set out below:

$ million	**H1 2015**	H1 2014
Adjusted operating profit	**6.0**	20.6
Acquisition related costs	**-**	(1.0)
Acquired intangible asset amortisation	**(7.5)**	(5.5)
Share-based payment	**(0.7)**	(0.2)
Reported operating (loss)/profit	**(2.2)**	13.9

Cost of sales and operating expenses

Gross margin was 69.0 per cent (first half 2014: 68.3 per cent) and remained robust in our Networks & Applications division but was slightly down in Wireless & Service Experience and Service Assurance due to volume and product mix.

The investment in product development increased to $60.1 million (first half 2014: $55.3 million) and selling and distribution costs increased to $63.2 million (first half 2014: $53.0 million). Some of this can be attributed to the overheads of the 2014 acquisitions but we also made some additional investments in sales and marketing, specifically, to support new product releases, build on the global opportunities provided by our 2014 acquisitions and to enable us to implement a new customer relationship management software platform.

Administration costs of $29.7 million (first half 2014: $28.8 million) included acquired intangible asset amortisation of $7.5 million (first half 2014: $5.5 million), reflecting the additional charge for the 2014 acquisitions, share-based payment of $0.7 million (first half 2014: $0.2 million) and in the first half of 2014 acquisition related costs of $1.0 million. Excluding these items, administration costs were $21.5 million compared with $22.1 million in the first half of 2014. We took actions in Wireless towards the end of the first half year to reduce our operating expenses at a cost of $0.4 million which are expected to generate annualised cost savings of approximately $6.0 million and we will continue to review our cost structure on an ongoing basis.

Within administration costs corporate overheads were lower at $2.1 million (first half 2014: $3.7 million), due to the release of $1.1 million in relation to lease and environmental provisions that were settled during the period at less than had been anticipated.

Finance income and costs

For the first half of 2015 finance income was $0.2 million (first half 2014: $0.2 million). There was a $0.3 million charge for interest on the net defined benefit pension plan obligation (first half 2014: $0.2 million).

Tax

The normalised tax credit, excluding a prior year tax credit of $0.5 million, was $0.6 million for the first half of 2015 compared with a charge of $3.8 million for the first half of

2014 excluding a prior year tax credit of $0.4 million. This gives an effective tax rate of 26.1 per cent of pre-tax loss, compared with 27.3 per cent of pre-tax profit for the first half of 2014. The effective tax rate expected for the full year is approximately 25 per cent.

Earnings per share

Basic loss per share was 0.21 cents compared with basic earnings per share of 1.72 cents for the first half of 2014. Basic earnings per share as adjusted for acquisition related costs, acquired intangible asset amortisation and share-based payment was 0.69 cents compared with 2.50 cents for the first half of 2014. There were 610.5 million weighted average Ordinary Shares in issue (first half 2014: 611.9 million).

Cash flow

Cash inflow from operations for the Group before tax was $17.2 million (first half 2014: $36.1 million). Free cash flow was $11.1 million in the first half of 2015 (first half 2014: $19.1 million). Tax refunds of $3.1 million were received during the period (first half 2014: tax paid $3.4 million). Net capital expenditure of $9.5 million was lower in the first half of 2015 than in the same period in 2014 of $13.8 million, as 2014 includes the cost of a new facility.

Free cash flow is set out below:

$ million	**H1 2015**	H1 2014
Cash inflow	**17.2**	36.1
Tax received/(paid)	**3.1**	(3.4)
Net cash inflow from operating activities	**20.3**	32.7
Net interest income	**0.3**	0.2
Net capital expenditure	**(9.5)**	(13.8)
Free cash flow	**11.1**	19.1

The final dividend for 2014 of $13.4 million was paid in May 2015. There were no share repurchases or acquisitions of businesses during the period (first half 2014: share repurchase $16.4 million; cash consideration for acquisitions $39.3 million).

Cash and cash equivalents closed at $97.0 million at 30 June 2015 (31 December 2014: $99.8 million) and there was no debt.

Defined benefit pension plans

The Group operates two funded defined benefit pension plans which are in the United Kingdom. Both of these schemes were closed some time ago to new entrants.

The accounting valuation of the funded defined benefit pension plans at 30 June 2015 gave rise to a net deficit of $17.3 million compared with a net deficit of $13.7 million at 31 December 2014. The higher deficit was principally due to an increase in the plans' liabilities due to changes in the underlying assumptions partially offset by employer contributions into the plans. The valuation is based on the actuarial valuation dated 1 April 2012 and the triennial actuarial valuation as at 1 April 2015 is now underway.

In addition there is a liability for an unfunded plan of $0.8 million (31 December 2014: $0.8 million).

Dividend

The Board has declared an interim dividend of 1.68 cents per Ordinary Share (first half 2014: 1.68 cents). This is equivalent to 1.08 pence per Ordinary Share at an exchange rate of $1.56:£1. The payment will be approximately $10.3 million. The dividend will be paid to Ordinary shareholders on 11 September 2015 and to ADR holders on 18 September 2015. The dividend is payable to all shareholders on the Register of Members at the close of business on 14 August 2015.

Risks and uncertainties

The principal risks and uncertainties affecting the Spirent Communications Group in respect of the remaining six months of the year to 31 December 2015 remain those as identified on pages 24 to 27 of the Annual Report 2014. A copy of the Annual Report 2014 is available on the Company's website at http://corporate.spirent.com/.

In summary the principal risks and uncertainties are as follows:

Risk	Description
Macro-economic and industry sector	Spirent is a global business exposed to the current world economic conditions. The business is also exposed to government spending priorities, principally in the United States.
Technology change	Spirent sells complex solutions in industries that are characterised by rapid technological changes. Keeping at the forefront of these key future technologies is critical to our success and to ensure that we remain competitive in our markets. In addition, it is critical that our product development investment is directed at the right areas to enable Spirent to develop those solutions that our customers need in a timely manner. Spirent's success is dependent in part on proprietary technology which may be infringed by others inadvertently or otherwise. Protecting the Group's proprietary technology is important to enabling Spirent to compete successfully.
Customer dependence	The Group sells its solutions and services to a wide range of companies and seeks to continually expand its customer base. In some of our markets certain customers have a dominant market share, which makes doing business with these customers critical to the success of our business. In addition, many of the companies with which we do business are some of the largest global telecommunications corporations and therefore meeting our development obligations, producing high quality products, and in an appropriate time scale, are vital to Spirent's reputation and success. The industry continues to experience consolidation which can disrupt the spending patterns of those customers affected.
Competition	All Spirent's businesses operate in highly competitive markets which experience rapid technological changes. The Group faces competition from new market start-ups as well as the more established and well-resourced companies. Industry consolidation amongst our direct competitors may bring about a shift in competitive advantages.
Acquisitions	A key element of Spirent's strategy is to acquire new capabilities and technologies, and this may be through acquisition. Integration of acquisitions can be a complex process and the results expected from acquisitions may not be achieved due to problems encountered in integration, changes in market conditions or sometimes deficiencies arising in the due diligence processes. Underperformance will impact the Group's results and may lead to impairment of goodwill and/or intangible assets.

Risk	Description
Business continuity	Operational risks are present in the Group’s businesses. These risks include the risk of failed internal and external processes and systems, human error and external events, such as a natural disaster. Contract manufacturers are used for the manufacture of a substantial amount of Spirent’s products. The incidence of Cyber security crime is on the rise. Spirent is dependent on its information technology systems for both internal and external communications as well as for its day-to-day operations.
Our people	Spirent is its employees. So attracting and retaining highly qualified and skilled employees is essential in enabling the Group to deliver on its strategy and to the success of the business.

Condensed consolidated income statement

$ million	Notes	**First half 2015**	First half 2014
Continuing operations			
Revenue	3,4	**218.7**	221.0
Cost of sales		**(67.9)**	(70.0)
Gross profit		**150.8**	151.0
Product development	3	**(60.1)**	(55.3)
Selling and distribution		**(63.2)**	(53.0)
Administration		**(29.7)**	(28.8)
Operating (loss)/profit	3	**(2.2)**	13.9
Finance income		**0.2**	0.2
Finance costs		**(0.3)**	(0.2)
(Loss)/profit before tax	3	**(2.3)**	13.9
Tax	5	**1.1**	(3.4)
(Loss)/profit for the period		**(1.2)**	10.5
Attributable to:			
Owners of the parent Company		**(1.3)**	10.5
Non-controlling interest		**0.1**	-
(Loss)/profit for the period		**(1.2)**	10.5
(Loss)/earnings per share (cents)	6		
Basic		**(0.21)**	1.72
Diluted		**(0.21)**	1.71

Condensed consolidated statement of comprehensive income

$ million	**First half 2015**	First half 2014
(Loss)/profit for the period	**(1.2)**	10.5
Other comprehensive (loss)/income		
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	**(2.4)**	0.7
Items that will not subsequently be reclassified to profit or loss:		
Re-measurement of the net defined benefit pension liability	**(4.9)**	(7.8)
Income tax effect	**1.0**	1.6
	(3.9)	(6.2)
Other comprehensive loss net of tax	**(6.3)**	(5.5)
Total comprehensive (loss)/income for the period	**(7.5)**	5.0
Attributable to:		
Owners of the parent Company	**(7.6)**	5.0
Non-controlling interest	**0.1**	-
Total comprehensive (loss)/income for the period	**(7.5)**	5.0

Condensed consolidated balance sheet

$ million	Notes	**30 June 2015**	Restated[1] 30 June 2014	Audited 31 December 2014
Assets				
Non-current assets				
Intangible assets		**262.3**	233.9	273.3
Property, plant and equipment		**50.7**	43.5	52.2
Trade and other receivables		**3.6**	4.4	4.2
Cash on deposit		**0.1**	-	-
Defined benefit pension plan surplus	8	**1.1**	0.9	0.8
Deferred tax		**24.1**	21.5	20.5
		341.9	304.2	351.0
Current assets				
Inventories		**26.6**	26.3	26.5
Trade and other receivables		**116.4**	103.8	122.9
Current tax asset		**2.0**	-	6.7
Cash and cash equivalents		**97.0**	168.4	99.8
		242.0	298.5	255.9
Total assets		**583.9**	602.7	606.9
Liabilities				
Current liabilities				
Trade and other payables		**(124.9)**	(118.9)	(127.2)
Financial liabilities	9	**(2.6)**	-	-
Current tax		**(3.4)**	(4.9)	(3.9)
Provisions		**(3.0)**	(4.2)	(6.7)
		(133.9)	(128.0)	(137.8)
Non-current liabilities				
Trade and other payables		**(12.9)**	(16.1)	(12.6)
Financial liabilities	9	**-**	(3.1)	(2.7)
Deferred tax liability		**(2.1)**	-	(2.5)
Defined benefit pension plan deficit	8	**(19.2)**	(10.5)	(15.3)
Provisions		**(1.6)**	(0.3)	(1.6)
		(35.8)	(30.0)	(34.7)
Total liabilities		**(169.7)**	(158.0)	(172.5)
Net assets		**414.2**	444.7	434.4
Capital and reserves				
Share capital	11	**32.0**	34.9	31.8
Share premium account		**31.7**	34.5	31.5
Capital redemption reserve		**20.6**	22.6	20.6
Other reserves		**1.7**	(6.0)	2.1
Translation reserve		**16.7**	24.0	19.1
Retained earnings		**311.3**	334.7	329.2
Total equity attributable to owners of the parent Company		**414.0**	444.7	434.3
Non-controlling interest		**0.2**	-	0.1
Total equity		**414.2**	444.7	434.4

Note
1 See note 2 of the Notes to the half year condensed consolidated financial statements.

Condensed consolidated cash flow statement

$ million	Notes	**First half 2015**	First half 2014
Cash flows from operating activities			
Cash flow from operations	10	**17.2**	36.1
Tax received/(paid)		**3.1**	(3.4)
Net cash inflow from operating activities		**20.3**	32.7
Cash flows from investing activities			
Interest received		**0.3**	0.2
Transfer (to)/from long term deposit		**(0.1)**	0.1
Purchase of intangible assets		**-**	(0.3)
Purchase of property, plant and equipment		**(10.0)**	(14.2)
Proceeds from sale of property, plant and equipment		**0.5**	0.7
Acquisition of subsidiaries and businesses		**-**	(38.9)
Net cash used in investing activities		**(9.3)**	(52.4)
Cash flows from financing activities			
Dividend paid	7	**(13.4)**	(12.3)
Repayment of borrowings		**-**	(0.1)
Share repurchase		**-**	(16.4)
Net cash used in financing activities		**(13.4)**	(28.8)
Net decrease in cash and cash equivalents		**(2.4)**	(48.5)
Cash and cash equivalents at the beginning of the year		**99.8**	216.2
Effect of foreign exchange rate changes		**(0.4)**	0.7
Cash and cash equivalents at the end of the period		**97.0**	168.4

Condensed consolidated statement of changes in equity

$ million	Share capital	Share premium account	Capital redemption reserve	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2014 (audited)	34.4	33.5	21.3	(3.2)	23.3	343.1	452.4	-	452.4
Profit for the period	-	-	-	-	-	10.5	10.5	-	10.5
Other comprehensive (loss)/income	-	-	-	-	0.7	(6.2)	(5.5)	-	(5.5)
Total comprehensive income	-	-	-	-	0.7	4.3	5.0	-	5.0
Share-based payment	-	-	-	-	-	0.2	0.2	-	0.2
Tax on share incentives	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Share cancellation	(0.5)	-	0.5	-	-	-	-	-	-
Share repurchase	-	-	-	-	-	(15.6)	(15.6)	-	(15.6)
Share buyback obligation	-	-	-	-	-	18.2	18.2	-	18.2
Equity dividends	-	-	-	-	-	(12.3)	(12.3)	-	(12.3)
Other movements (restated)[1]	-	-	-	-	-	(3.1)	(3.1)	-	(3.1)
Exchange adjustment	1.0	1.0	0.8	(2.8)	-	-	-	-	-
At 30 June 2014 (restated)[1]	34.9	34.5	22.6	(6.0)	24.0	334.7	444.7	-	444.7
At 1 January 2015 (audited)	**31.8**	**31.5**	**20.6**	**2.1**	**19.1**	**329.2**	**434.3**	**0.1**	**434.4**
(Loss)/profit for the period	**-**	**-**	**-**	**-**	**-**	**(1.3)**	**(1.3)**	**0.1**	**(1.2)**
Other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**(2.4)**	**(3.9)**	**(6.3)**	**-**	**(6.3)**
Total comprehensive (loss)/ income	**-**	**-**	**-**	**-**	**(2.4)**	**(5.2)**	**(7.6)**	**0.1**	**(7.5)**
Share-based payment	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**	**-**	**0.7**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**(13.4)**	**(13.4)**	**-**	**(13.4)**
Exchange adjustment	**0.2**	**0.2**	**-**	**(0.4)**	**-**	**-**	**-**	**-**	**-**
At 30 June 2015	**32.0**	**31.7**	**20.6**	**1.7**	**16.7**	**311.3**	**414.0**	**0.2**	**414.2**

Note
1 See note 2 of the Notes to the half year condensed consolidated financial statements.

Notes to the half year condensed consolidated financial statements

1 General information

The half year condensed consolidated financial statements do not constitute statutory accounts within the meaning of the Companies Act 2006. The comparative financial information for the year to 31 December 2014 is based on the statutory accounts for that period, which have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement made under Section 498(2) or (3) of the Companies Act 2006.

The half year condensed consolidated financial statements are unaudited but have been reviewed by the auditor. A copy of their review report is included at the end of this report.

The half year condensed consolidated financial statements for the period ended 30 June 2015 were approved by the directors on 5 August 2015.

2 Accounting policies

The accounting policies adopted are consistent with those applied in the consolidated financial statements for the year ended 31 December 2014.

Basis of preparation
The half year condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board and endorsed by and adopted for use in the European Union. This condensed set of half year financial statements has also been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

Critical accounting estimates and judgements
The preparation of the half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half year condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

Restatement at 30 June 2014
The fair value of the put option in respect of the 2014 acquisition of Testing Technologies IST GmbH was based on preliminary information at 30 June 2014 which was subsequently updated. The balance sheet has been restated at 30 June 2014 for this updated information. The financial effect of the restatement is to reduce the fair value of financial instruments from $4.1 million to $3.1 million and to reduce other movements on retained earnings from a charge of $4.1 million to $3.1 million. There is no effect on the income statement.

Going concern
At 30 June 2015 the Group had cash balances of $97.0 million and no debt.

The directors are satisfied that the Group has adequate financial resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, and having assessed the principal risks faced by the Group, the going concern basis of accounting continues to be used in the preparation of the condensed financial statements.

Adoption of new and current standards
During the period the Group adopted a number of interpretations and amendments to Accounting Standards, none of which had a material impact on the consolidated financial statements of the Group.

3 Operating segments

The Group is organised into three reportable operating segments, Networks & Applications, Wireless & Service Experience and Service Assurance. The Group evaluates segment operating profit before exceptional items, acquisition related costs, acquired intangible asset amortisation and share-based payment.

$ million	Networks & Applications	Wireless & Service Experience	Service Assurance	Corporate	Total
First half 2015					
Revenue					
External revenue	**107.5**	**84.3**	**26.9**	**-**	**218.7**
Loss before tax					
Total reportable segment profit/(loss)	**1.7**	**4.7**	**1.7**	**(2.1)**	**6.0**
Acquired intangible asset amortisation					**(7.5)**
Share-based payment					**(0.7)**
Operating loss					**(2.2)**
Finance income					**0.2**
Finance costs					**(0.3)**
Loss before tax					**(2.3)**
Other information					
Product development	**29.5**	**21.2**	**9.4**	**-**	**60.1**
Property, plant and equipment additions	**6.5**	**2.9**	**0.6**	**-**	**10.0**
Intangible asset amortisation – other	**-**	**0.5**	**-**	**-**	**0.5**
Depreciation	**4.9**	**4.9**	**0.6**	**0.1**	**10.5**

3 **Operating segments** continued

$ million	Networks & Applications	Wireless & Service Experience	Service Assurance	Corporate	Total
First half 2014					
Revenue					
External revenue	104.0	85.7	31.3	-	221.0
Profit before tax					
Total reportable segment profit/(loss)	0.3	10.2	13.8	(3.7)	20.6
Acquisition related costs					(1.0)
Acquired intangible asset amortisation					(5.5)
Share-based payment					(0.2)
Operating profit					13.9
Finance income					0.2
Finance costs					(0.2)
Profit before tax					13.9
Other information					
Product development	28.8	21.1	5.4	-	55.3
Intangible asset additions (excluding goodwill)	-	0.3	-	-	0.3
Property, plant and equipment additions	4.2	7.0	3.0	-	14.2
Intangible asset amortisation – other	-	0.8	-	-	0.8
Depreciation	4.8	4.2	0.4	0.1	9.5

There was no inter-segment revenue in any of the above periods.

4 Geographical information

$ million	First half 2015	First half 2014
Revenue by market		
United States	**121.2**	114.3
Asia Pacific, Rest of World	**72.1**	78.2
Europe	**25.4**	28.5
	218.7	221.0

Europe includes United Kingdom revenue of $4.0 million (first half 2014: $5.6 million).

5 Tax

$ million	First half 2015	First half 2014
Current income tax		
UK tax	**0.1**	-
Overseas tax	**1.6**	5.5
Amounts overprovided in previous years – UK tax	**-**	(0.4)
Total income tax	**1.7**	5.1
Deferred tax		
Recognition of deferred tax assets	**(0.5)**	(0.9)
Origination and reversal of temporary differences	**(1.8)**	(0.8)
Prior year credit	**(0.5)**	-
Total deferred tax	**(2.8)**	(1.7)
Tax (credit)/charge in the income statement	**(1.1)**	3.4

The effective tax rate for the first half year is 26.1 per cent (first half 2014: 27.3 per cent), being the current year tax (credit)/charge excluding any prior year tax, as a percentage of (loss)/profit before tax.

6 (Loss)/earnings per share

Basic
Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to owners of the parent Company by the weighted average number of Ordinary Shares outstanding during the period.

Diluted
Diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to owners of the parent Company by the weighted average number of Ordinary Shares outstanding during the period plus the weighted average number of Ordinary Shares that would be issued on the conversion of all dilutive potential Ordinary Shares into Ordinary Shares. Since there is a loss for the first half of 2015 employee share incentives are anti-dilutive and therefore the dilutive potential of these is nil in the calculation of basic loss per share.

$ million	**First half 2015**	First half 2014
(Loss)/profit for the period attributable to owners of the parent Company	**(1.3)**	10.5

Number million		
Weighted average number of shares in issue – basic	**610.5**	611.9
Dilutive potential of employee share incentives	**2.3**	1.4
Weighted average number of shares in issue – diluted	**612.8**	613.3

Cents		
(Loss)/earnings per share		
Basic	**(0.21)**	1.72
Diluted	**(0.21)**	1.71

The Group is disclosing adjusted earnings per share for continuing operations attributable to owners of the parent Company in order to provide a measure to enable period-on-period comparisons to be made of its performance. The following items are excluded from adjusted earnings:

- Exceptional items
- Acquisition related costs
- Acquired intangible asset amortisation
- Share-based payment
- Tax effect on the above items
- Prior year tax

		First half 2015		First half 2014
	$ million	**EPS cents**	$ million	EPS cents
(Loss)/profit for the period attributable to owners of the parent Company	**(1.3)**	**(0.21)**	10.5	1.72
Acquisition related costs	**-**		1.0	
Acquired intangible asset amortisation	**7.5**		5.5	
Share-based payment	**0.7**		0.2	
Tax effect on the above items	**(2.2)**		(1.5)	
Prior year tax	**(0.5)**		(0.4)	
Adjusted basic	**4.2**	**0.69**	15.3	2.50
Adjusted diluted		**0.69**		2.49

7 Dividends paid and proposed

	First half 2015		First half 2014	
	Cents per Ordinary Share	**$ million**	Cents per Ordinary Share	$ million
Amounts recognised as distributions to equity in the period				
Final dividend paid for previous year	**2.21**	**13.4**	2.01	12.3
Amounts approved by the directors (not recognised as a liability at the balance sheet date)	**1.68**	**10.3**	1.68	10.3

An interim dividend of 1.68 cents per Ordinary Share (2014: 1.68 cents per Ordinary Share) was declared by the Board on 5 August 2015 and will be paid to Ordinary shareholders on 11 September 2015 and to ADR holders on 18 September 2015. This dividend has not been included as a liability in these financial statements. The dividend is payable to all shareholders on the Register of Members at the close of business on 14 August 2015.

Dividends are declared or proposed in US dollars but will be paid in pounds sterling at the exchange rate prevailing when the dividend is declared or proposed. The exchange rate used for determining the amount of interim dividend to be paid was $1.56:£1.

8 Defined benefit pension plans

The funded defined benefit pension plans are in the United Kingdom. In addition there is a United Kingdom unfunded plan.

The most recent actuarial valuations, at 1 April 2012, of the plans' assets and the present value of the plans' obligations, using the projected unit credit method, have been used and updated at 30 June 2015.

The key financial assumptions are as follows:

%	**First half 2015**	First half 2014	Year 2014
Inflation RPI	**3.1**	3.2	2.9
Inflation CPI	**2.0**	2.1	1.8
Rate of increase in pensionable salaries	**3.0**	3.0	3.0
Rate of increase for pensions in payment			
Pre 2001 service	**3.6**	3.6	3.6
2001 to 5 April 2005 service	**3.0**	3.1	2.8
Post 5 April 2005 service	**2.1**	2.2	2.0
Rate of increase in deferred pensions	**2.0**	2.1	1.8
Rate used to discount plan liabilities	**3.8**	4.2	3.6

An operating charge of $0.3 million (first half 2014: $0.5 million) and finance costs of $0.3 million (first half 2014: $0.2 million) have been recognised.

8 Defined benefit pension plans continued

The assets and liabilities in the funded defined benefit pension plans were as follows:

$ million	**First half 2015**	First half 2014	Year 2014
Fair value of defined benefit pension plans' assets	**278.9**	289.7	279.5
Present value of defined benefit pension plans' obligations	**(296.2)**	(298.4)	(293.2)
Net UK funded defined benefit pension plan deficit on the balance sheet	**(17.3)**	(8.7)	(13.7)

The assets and liabilities on the balance sheet are as follows:

$ million	**First half 2015**	First half 2014	Year 2014
Assets			
UK funded defined benefit pension plan surplus	**1.1**	0.9	0.8
Liabilities			
UK funded defined benefit pension plan deficit	**(18.4)**	(9.6)	(14.5)
UK unfunded plan	**(0.8)**	(0.9)	(0.8)
	(19.2)	(10.5)	(15.3)

9 Financial liabilities

58 per cent of the Ordinary share capital of Testing Technologies GmbH ("Testing Tech") was acquired by Spirent in 2014. The minority stake of 42 per cent is the subject of a put and call option which expires on 31 March 2016. The consideration is based on the 2015 performance of Testing Tech and set at a minimum amount of Euro 1.4 million. A financial liability of Euro 2.4 million ($2.6 million) (30 June 2014: Euro 2.2 million ($3.1 million); 31 December 2014: Euro 2.2 million ($2.7 million)) has been recorded to reflect the fair value of the option, measured at recurring fair value through profit and loss and considered to be categorised within level 3. The fair value of the put option over the non-controlling interest has been measured using discounted cash flows with inputs derived from the projected financial performance, as no observable market data is available. An increase or decrease in the projected financial performance used in the put option measurements by 10 per cent would increase or decrease the liability by $0.2 million in all periods.

The movements are as follows:

$ million	**First half 2015**	Restated First half 2014	Year 2014
At 1 January	**2.7**	-	-
Fair value at acquisition	**-**	3.1	3.1
Fair value adjustment recognised in profit or loss	**0.2**	-	-
Exchange adjustment	**(0.3)**	-	(0.4)
Balance at period end	**2.6**	3.1	2.7

10 Reconciliation of (loss)/profit before tax to cash generated from operations

$ million	**First half 2015**	First half 2014
(Loss)/profit before tax	**(2.3)**	13.9
Adjustments for:		
Finance income	**(0.2)**	(0.2)
Finance expense	**0.3**	0.2
Intangible asset amortisation	**8.0**	6.3
Depreciation of property, plant and equipment	**10.5**	9.5
Loss on the disposal of property, plant and equipment	**0.3**	-
Share-based payment	**0.7**	0.2
Changes in working capital		
Deferred income received	**0.4**	7.3
Decrease/(increase) in receivables	**6.3**	(0.7)
Decrease in inventories	**-**	5.4
Decrease in payables	**(1.3)**	(1.9)
Decrease in provisions	**(3.7)**	(2.0)
Defined benefit pension plan	**(1.8)**	(1.9)
Cash flow from operations	**17.2**	36.1

11 Share capital

Number million	**First half 2015**	First half 2014
Issued and fully paid		
At 1 January	**611.7**	621.4
Cancelled during the period	**-**	(9.7)
Share capital at the end of the period	**611.7**	611.7

There were no share repurchases in the first half of 2015. In the first half of 2014 the Company repurchased 9.7 million shares at a cost of $15.6 million. Shares repurchased were cancelled.

12 Related party transactions

There have been no related party transactions in the first half of 2015 which have materially affected the financial position or the performance of the Group.

Related parties are consistent with those disclosed in the Group's Annual Report for the year ended 31 December 2014.

13 Capital commitments and contingent liabilities

There are no material capital commitments. There have been no material changes since 31 December 2014 to the Group's indemnities and contingencies.

Statement of directors' responsibilities

The directors confirm that to the best of their knowledge:

The condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the IASB and endorsed and adopted by the EU.

The half year management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2014 Annual Report.

The directors of Spirent Communications plc are as listed in the Spirent Communications plc Annual Report for 31 December 2014 with the exception of Tom Lantzsch who was appointed as a non-executive director on 11 May 2015 and Jonathan Silver who was appointed as a non-executive director on 25 June 2015.

By order of the Board of Spirent Communications plc.

R E Whiting
Chief Financial Officer
5 August 2015

Independent review report to Spirent Communications plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2015 which comprises the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated balance sheet, Condensed consolidated cash flow statement, Condensed consolidated statement of changes in equity, and related notes 1 to 13. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as endorsed by and adopted for use in the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
5 August 2015

Glossary

3G (Third Generation)	Third generation of mobile communications that delivers data rates of hundreds of kilobits per second to tens of megabits per second.
4G (Fourth Generation)	Fourth generation of mobile communications that delivers data rates of tens to hundreds of megabits per second. Future 4G technologies promise data rates in excess of one gigabit per second.
5G (Fifth Generation)	The next major phase of mobile telecommunications standards beyond the current 4G/IMT-Advanced standards.
Agile Software Development	A group of development methods in which requirements and solutions evolve through collaboration between self-organising, cross-functional teams. It promotes adaptive planning, evolutionary development, early delivery, continuous improvement, and encourages rapid and flexible response to change.
Application	A software programme designed to perform a specific function for the end user which uses the services of the computer’s operating system and other supporting programmes. Applications include database programmes, spreadsheets, web browsers, graphics programmes and word processors.
Carrier Aggregation	A technique used in 4G mobile communications that allows expansion of the effective bandwidth delivered to a mobile user terminal by concurrent utilisation of resources across multiple radio carriers.
Cloud	A variety of computing concepts that involve a large number of computers connected through a real-time communication network such as the internet. Often used in reference to network-based services served up by virtual hardware, simulated by software running on one or more physical machines.
Connected Cars	Cars equipped with internet access, and usually also with a wireless local area network, allowing cars to share internet access with other devices both inside as well as outside the vehicle.
Data Center	A centralised location where computing resources critical to an organisation are maintained in a highly controlled environment.
eCall	European initiative to combine mobile communications and satellite positioning to provide rapid assistance to motorists in the event of a collision.
ERA GLONASS	Russian initiative to combine mobile communications and satellite positioning to provide rapid assistance to motorists in the event of a collision.
Ethernet	A family of networking technologies originally developed for local area networks, which migrated to metro area networks and eventually became the dominant standard in wireline networks worldwide.
Global Navigation Satellite Systems (“GNSS”)	The standard generic term for satellite navigation systems that provide autonomous geo-spatial positioning with global coverage. GNSS allows users’ receivers to determine their location to within a few metres by employing a triangulation technique that uses information from multiple satellites.
GLONASS	A global navigation satellite system operated by the Russian Federation. Deployment began in 1976 and, although the system fell into disrepair in the 1990s, full global service was restored in 2011.
Internet of Things (“IoT”)	A network of physical objects or “things” embedded with electronics, software, sensors and connectivity to enable data exchange with the manufacturer, operator and/or other connected devices. Each thing is uniquely identifiable through its embedded computing system but is able to interoperate within existing internet infrastructure.
Internet Protocol (“IP”)	The primary network protocol used on the internet and on other network devices to facilitate and control the flow of data.

Glossary continued

Internet Protocol Multimedia Subsystem (“IMS”)	A standardised next-generation architecture for telecoms operators who want to provide mobile and fixed multimedia services.
In-Vehicle Systems (“IVS”)	Vehicle systems that combine entertainment and information delivery to drivers and passengers.
Lanes	Parallel electrical paths that handle the flow of data in high speed Ethernet applications, due to the inability of the interfaces in devices such as routers and switches to handle a single high speed data stream; for example, 10 lanes of 10 gigabits per second data in place of a single 100 gigabits per second data stream.
Long Term Evolution (“LTE”)	An advanced wireless data communications technology standard (sometimes called “4G”) which is an evolution of 3G UMTS standards. In addition to a new wireless interface specification, LTE uses a simplified flat IP-based network architecture.
LTE-Advanced	An evolution of LTE technology, specified in 3GPP Release 10 and later specifications, regarded by some as the first true 4G technology.
Machine-to-Machine (“M2M”)	A technology that enables automated wireless (or wired) communication between mechanical or electronic devices.
Mobile Virtual Network Enabler/Aggregator (“MVNE/MVNA”)	A company that provides network infrastructure and related services, such as network subsystems, business support systems, provisioning, administration, operations support systems, and/or wholesale mobile and data services to mobile virtual network operators (“MVNOs”).
Mobile Virtual Network Operator (“MVNO”)	A wireless communications services provider that does not own the wireless network infrastructure over which it provides services to its customers.
Network Functions Virtualization (“NFV”)	An initiative to provide a new network production environment which lowers cost, raises efficiency and increases agility by hosting network functions previously carried out by proprietary, dedicated hardware on virtual machines running on industry-standard commodity hardware.
Rich Communication Suite (“RCS”)	Also known as Rich Communication Services, RCS is a platform intended to enable mobile network operators to deliver integrated communication services, beyond voice and SMS, over all-IP networks, including instant messaging or chat, live video and file sharing, across any device on any network.
Software-Defined Network (“SDN”)	An approach to networking in which control is decoupled from hardware and given to a software application called a controller.
Virtualization	Technologies designed to provide a layer of abstraction from the physical characteristics of computing resources to simplify the way in which other systems, applications, or end users interact with those resources.
Voice over LTE (“VoLTE”)	A standards-based scheme adopted by the GSMA, the cellular industry’s association, to provide voice service over data-only LTE networks. VoLTE’s use of an IP Media Subsystem enables voice to be offered as part of a rich communications solution, integrated with services such as messaging, live video sharing and file transfer.
Voice over Wi-Fi (“VoWi-Fi”)	Transmission of IP-based voice communication (“VoIP”) over a Wi-Fi network.
Wi-Fi	A mechanism that enables devices such as personal computers, video game consoles, smartphones or digital audio players to exchange data wirelessly over a computer network and connect to network resources, such as the internet. Coverage ranges from a few rooms to several square miles, depending on the number of access points used.
Wireline	Communication services provided over a physical connection, which may be copper or fibre.