News Release

SPIRENT COMMUNICATIONS PLC

HALF-YEAR REPORT 2010

London, UK – 5 August 2010: 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 4 July 2010.

Financial highlights

- Order intake up 24%, resulting in a book to bill of 104.
- Operating profit growth of 36% to $49.0 million on revenue increase of 9% to $227.2 million.
- Return on sales increased to 22% from 17%.
- Basic earnings per share rose 12% to 5.08 cents. Adjusted earnings per share up 36% to 4.92 cents after adjusting for change in tax rate.
- Interim dividend increased by 18% to 1.10 cents per share (equivalent to 0.69 pence per share, 25% up on the first half of 2009).

Operational highlights

- Spirent has seen positive trends in the test and measurement market driven by expansion in data connectivity:
  - necessity for anytime, anywhere, always-on internet access on any device and across any network;
  - exponential growth in wireless data traffic due to expansion in the use of smartphones and download of applications;
  - shift within enterprise IT environments to virtualization and cloud computing.
- Increasing demand for Spirent test solutions to serve:
  - development of higher speed Ethernet-based data switching devices for deployment in data centers for virtualization and cloud computing;
  - LTE wireless network roll outs and device development;
  - expansion of mobile backhaul networks.

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Registered in England Number 470893 | Registered at the above office

- Spirent's product innovations, accomplishments and launch of new solutions include:
  - launch of performance, security and scalability test solution for cloud computing;
  - enhancements to Spirent's high performance 40G Ethernet data center test solution;
  - LTE device test from Spirent selected by Verizon Wireless;
  - high speed 3G data test solution for wireless devices selected by China Telecom;
  - test solution launched to address Wi-Fi positioning applications.

Outlook

Driven by our market leading diversified test and measurement solutions portfolio, we expect to see growth in the second half-year. We will thoughtfully manage costs through the ongoing economic recovery and look forward to building on the positive momentum experienced during the first half of the year.

Bill Burns, Chief Executive Officer, commented:

"The positive momentum we have seen over the last three quarters is based on sound trends in our industry driven by the requirement for anytime, anywhere higher speed data connectivity and the demand by users for increased levels of quality of service. We have established a substantial and leading test and measurement business serving the telecommunications and information technology industries, which is now beginning to realise its potential. Within the test and measurement industry we have been delivering best in class profitability for some time and have now coupled this with growth in top line bookings and revenue. As a result Spirent is well placed to achieve profitable growth during the second half-year."

Results summary

$ million	**First half 2010**	First half 2009	Change (%)
Reported			
Revenue	**227.2**	208.7	9
Operating profit	**49.0**	36.1	36
Profit before tax	**48.8**	35.5	37
Basic earnings per share (cents)	**5.08**	4.53	12
Interim dividend per share[1] (cents/pence)	**1.10/0.69**	0.93/0.55	18/25
Free cash flow[2]	**33.4**	40.7	(18)
Adjusted			
Adjusted basic earnings per share[3] (cents)	**4.92**	3.63	36

Notes
1 Dividends are determined in US dollars and paid in sterling at the exchange rate prevailing when the dividend is declared.
2 Operating cash flow after tax, net interest and net capital expenditure.
3 Adjusted basic earnings per share for the first half of 2009 is based on an effective tax rate of 32%, being the rate applicable for the first half of 2010. See note 6 to the half-year condensed consolidated financial statements.

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Enquiries

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The Company will host a results presentation today at 9.15am for 9.30am UK time at RBS, 250 Bishopsgate, London EC2M 4AA. A simultaneous webcast of the presentation will be available in the Investors section of the Spirent Communications plc website www.spirent.com.

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. The Systems group develops power control systems for electrical vehicles in the mobility and industrial markets. Further information about Spirent Communications plc can be found at www.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 www.pinksheets.com.

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.

HALF-YEAR REPORT 2010

Group financial performance

Spirent delivered a strong financial performance for the first half of 2010 as we executed successfully on our strategy of investing in growing and emerging test and measurement markets to drive bookings and revenue growth. Recovery in the markets we serve has continued as anticipated into the first half of 2010 and Spirent has delivered results at the top end of expectations. Order intake was up 24 per cent over the first half of 2009 and revenue was up 9 per cent, resulting in a book to bill ratio of 104 compared with 91 in the first half of 2009. This increased spending confirms the strength of Spirent's market leading solutions and validates our investment in innovation.

Our well positioned solutions portfolio coupled with market recovery allow us to deliver shareholder return which is amongst the best in our industry. Operating profit rose 36 per cent on increased revenue and sustained cost management. Basic earnings per share increased to 5.08 cents from 4.53 cents, an increase of 12 per cent. 2009 benefitted from an abnormally low tax rate due to the availability of tax losses brought forward; on a comparable basis adjusted earnings per share was up 36 per cent period-on-period.

In light of our financial achievements in the first half of 2010 the Board has declared an interim dividend of 1.10 cents per Ordinary Share, an increase of 18 per cent in US dollar terms. In sterling, the currency in which this dividend will be paid, this represents an increase of 25 per cent at an exchange rate of $1.59:£1 compared with the first half of 2009.

Outlook

Driven by our market leading diversified test and measurement solutions portfolio, we expect to see growth in the second half-year. We will thoughtfully manage costs through the ongoing economic recovery and look forward to building on the positive momentum experienced during the first half of the year.

BUSINESS REVIEW
Communications

$ million	**First half 2010**	First half 2009	Change (%)
Revenue			
Performance Analysis	**170.3**	153.8	11
Service Assurance	**27.7**	27.4	1
Communications	**198.0**	181.2	9
Operating profit			
Performance Analysis	**41.5**	32.9	26
Service Assurance	**6.1**	3.9	56
Communications	**47.6**	36.8	29
Return on sales (%)			
Performance Analysis	**24.4**	21.4	
Service Assurance	**22.0**	14.2	
Communications	**24.0**	20.3	

In Spirent's Communications group, Performance Analysis saw order intake rise 26 per cent over the comparative period of 2009 when activity levels were at the lowest point in the recessionary cycle. Performance Analysis sales were up 11 per cent. These encouraging signs point to a recovery in the market and underline our ability to serve the needs of our customers and the industry. Operating profit for Performance Analysis increased by 26 per cent to $41.5 million from $32.9 million in the first half of 2009 on increased revenue and maintained cost control.

The increase in activity was driven principally by demand for our Networks & Applications test solutions (previously known as Broadband). We have secured significant wins as a result of new product introductions and an increase in customer investment in test solutions required by the expansion in worldwide data connectivity. In Wireless, we saw growth from our UMTS, RF performance and LTE test solutions, tempered in part by the expected decline in CDMA test products. There was strong recovery in order intake in the first half of 2010 for our Positioning test solutions. Positioning sales were lower, since in the first half of 2009 we shipped out of order book.

While sales were flat for our Service Assurance division, operating profit has increased by 56 per cent over the first half of 2009, largely due to gross margin improvement as a result of an increased proportion of software revenue. We expect to see a more usual sales mix during the second half of the year.

Market and trends

Subscribers to communication services have high expectations for today's as well as tomorrow's emerging service offerings, including faster wireless internet access, new applications based on improved global navigation technologies, cloud computing applications, and improved video content delivery platforms. These higher expectations are driven by changes in consumer lifestyle and enterprise customers demanding anytime, anywhere, always-on internet access and the need for faster, more reliable delivery of services and applications, regardless of the network and across any device. Spirent is at the heart of these critical evolutions in networks and technologies creating solutions which put these promises to the test.

Current trends include:

- Wireless technology is facilitating many of these new service offerings. Service providers are already experiencing exponential growth of network traffic due to the continuing expansion of smartphone usage, the introduction of affordable netbook and tablet devices and the downloading of billions of applications from online stores. As a result, service providers are moving to fourth generation wireless ("LTE") networks and introducing new mobile devices to take advantage of these trends. While LTE improves the user experience through higher speed data throughput, implementing this new technology comes with its own set of challenges including the increased complexity of maintaining both new LTE and existing CDMA and UMTS networks. The wireless infrastructure is also having to evolve in order to handle the growing volume of mobile data traffic. Service providers recognise the need to increase their mobile backhaul network capacity to meet the growth in wireless service offerings at the highest levels of quality.
- Application adoption such as location based services ("LBS") is driving bandwidth demand across communication networks. The growing sophistication of global satellite navigation technologies and higher speed wireless networks are increasing the pervasiveness of Global Situation Awareness offerings such as location based advertising, in-building navigation and social media.
- Enterprise networks are experiencing change with the increased adoption of data center consolidation, virtualization and cloud computing, all focused on operating more efficiently and cost effectively. These networks are also seeing increased levels of complexity using high speed Ethernet architectures designed to help facilitate a growing appetite to move data and video swiftly and reliably.

- While cloud computing delivers significant cost savings, there is an increased vulnerability from security threats. Organisations, service providers as well as network equipment manufacturers must be prepared to address these security concerns.
- Video is playing a key role in supporting a mobile workforce and employees who are located outside of traditional offices. By 2015, it is expected that more than 200 million workers globally will run corporate supplied videoconferencing from their desktops, according to research firm Gartner.
- Unified communication and collaboration are also driving the integration of previously fragmented applications and networks within the enterprise with a move toward a single architecture that delivers email, instant messaging, video sharing, social networks and media sharing.

All these trends are driving and will continue to drive demand for our market leading Performance Analysis and Service Assurance test, measurement and diagnostic solutions. We are well positioned to take advantage of the growing and emerging opportunities within the communication test and measurement markets. We are excited to play a role in enabling network equipment manufacturers to innovate more quickly and efficiently while allowing communication service providers to adopt new technologies, add new services, expand capacity and ensure Quality of Service ("QoS") and Quality of Experience ("QoE") for their customers.

Accomplishments

Our Performance Analysis division concentrates on the testing of Ethernet, mobility and satellite positioning as well as the applications that enrich these networks. Its solutions test devices and networks from the research and development stage to the launch of communications networks and services.

Spirent's Service Assurance division allows service providers to diagnose, troubleshoot and determine how to resolve issues with networks and systems within the live network. Service providers rely on Spirent to provide centralised and field test tools to improve the QoS and allow technicians to efficiently prevent or resolve issues from the core of the network to inside the consumer's home.

Spirent's vision is to be the global leader in growing and emerging test and measurement markets. In the first half of 2010, in line with our strategy, we delivered a multitude of innovative test solutions which target the needs of our customers enabling us to expand our market leadership.

Wireless device and infrastructure

In the period, our Performance Analysis division was selected by Verizon Wireless to provide test solutions for the devices that will operate its nationwide LTE network; this expands on our existing relationship with Verizon for testing of CDMA and UMTS devices and services into LTE. This test system helps to control operators' operational expenses and maximise revenues from their new LTE services by offering performance testing of LTE and multi-mode (CDMA and/or UMTS networks running simultaneously with LTE networks) mobile devices on a single platform. LTE mobile device manufacturers are also using our solutions to improve LTE device and service performance.

In June, China Telecom selected Spirent's mobile device test solution to test CDMA 3G EV-DO Revision B, the next phase of China Telecom's 3G services roll out. Through the use of our solutions China Telecom is now able to ensure a superior subscriber experience for mobile devices and smartphones on its high speed 3G data network.

During the period, Spirent's Performance Analysis division launched Spirent TestCenter™ Mobile Backhaul, a comprehensive solution to test next-generation IP/Ethernet based mobile backhaul solutions and networks. As equipment manufacturers and service providers turn to Ethernet for mobile backhaul networks, Spirent TestCenter ensures that such networks perform at carrier grade levels prior to deployment. In addition, the Service Assurance division introduced Spirent TestCenter Live, the industry's first integrated 1/10GbE live network test, diagnostics and performance monitoring solution. Selected by multiple providers including a leading North American 4G wireless operator, Spirent TestCenter Live reduces operational costs, increases service quality levels of the Ethernet backhaul and helps deploy services to market faster.

Global satellite navigation

The rapidly growing demand for ubiquitous location based applications is driving the use of Wi-Fi positioning. The use of Wi-Fi positioning, in conjunction with other global satellite navigation technologies, can extend LBS coverage to areas with poor application performance, such as indoor environments and urban streets. To test Wi-Fi positioning capabilities in devices and chipsets, Spirent's Performance Analysis division has introduced the industry's first comprehensive testing solution for Wi-Fi positioning applications.

Data center, virtualization and cloud computing

In the first half-year, Spirent launched the industry's first holistic test methodology to validate the performance, availability, security and scalability ("PASS") of cloud computing applications. The

Spirent PASS methodology validates the QoS and QoE of cloud computing infrastructure including both physical and virtual elements through our flagship Ethernet testing platform Spirent TestCenter.

In May, Spirent Avalanche Virtual, the industry's first cloud computing test solution, was named the 2010 Best of Interop winner in the Performance Optimization category. The solution was recognised for its innovative approach for comprehensive testing of virtualized network appliances as well as cloud based applications across public, private and hybrid cloud computing environments.

Our leadership in Ethernet testing continues as we increase the functionality of Spirent TestCenter, through enhancements to our HyperMetrics™ 40G Ethernet test solution to deliver a cost effective, high performance and high density 40G Ethernet solution to the market. Other test vendors require two separate modules, doubling the cost to deliver the same level of port density as Spirent. The Spirent 40G Ethernet test module has been selected by market leading chipset vendors and data center switch and router manufacturers for next-generation Ethernet testing. Furthermore, our 100G Ethernet solutions have been used by leading service providers across the globe to validate their future high speed Ethernet network deployments.

Live network testing

Our Service Assurance division works with service providers and their technicians to handle additional network complexity inside the consumer's home as well as in the field, helping to resolve issues once a network is operational. Service issues inside and outside the consumer's home are increasingly difficult to troubleshoot and correct without the right field test tools. Spirent Tech-X Flex has been sold to three of the top five cable operators in North America as these organisations seek ways to support troubleshooting and diagnostics of triple play services inside the home and multi-room Digital Video Recording offerings. In addition, a large European service provider chose Spirent's Tech-X Flex field test tools to support Fiber-to-the-Node installations.

Our focus moving forward

As we continue to execute on our strategy of focusing on growing and emerging markets, investing in our solutions portfolio, driving innovation, releasing the 'right solutions' to the market at the 'right time' and leveraging our global reach, we look forward to Spirent delivering further profitable growth to shareholders.

BUSINESS REVIEW
Systems

$ million	**First half 2010**	First half 2009	Change (%)
Revenue	**29.2**	27.5	6
Operating profit	**5.0**	3.2	56
Return on sales (%)	**17.1**	11.6	

Sales growth over the first half of 2009 has predominantly come from our industrial products. This includes a mixture of improving commercial and industrial sales, coupled with growth in new markets. The significant profit improvement on the first half of 2009 reflects the exchange rate hedging loss of $1.7 million last year which did not recur.

Market and trends

In the first half-year the market for industrial products saw some recovery but more importantly we grew sales in newly served commercial markets. Of particular interest, we have supplied controllers for applications such as low speed neighbourhood electric vehicles. In the industrial market, our new C3 AC pallet truck controller is targeted to capitalise on the trend to move away from DC motors to AC motors for cost and reliability reasons.

Mobility sales are broadly flat and under price pressure from changes in US Medicare funding. The results of a recent Medicare competitive bidding program have just been announced, imposing a reduction in reimbursement levels for standard powered wheelchairs. This policy change has created pressure on margins, which is being countered by product cost reduction and supply chain management.

Accomplishments

During the first half-year we launched our new C3 AC pallet truck controller solution. We have already received the first orders for this product, which offers excellent drive, efficiency and an auto-commissioning function that simplifies the process of matching the controller to the AC motor being used on the vehicle. This is a new market area for us, which provides an opportunity for future growth.

Our focus moving forward

Our objectives are to sustain our market presence for mobility solutions through product innovation and to continue our expansion into new industrial markets as rapidly as possible.

FINANCIAL REVIEW

Key performance indicators

	First half 2010	First half 2009	Change (%)
Book to bill ratio[1]	**104**	91	
Revenue ($ million)	**227.2**	208.7	9
Gross profit margin (%)	**65.5**	65.2	
Operating profit[2] ($ million)	**49.9**	37.3	34
Return on sales (%)	**22.0**	17.9	
Adjusted basic earnings per share[3] (cents)	**4.92**	3.63	36
Free cash flow[4] ($ million)	**33.4**	40.7	(18)

Notes
1 The ratio of orders booked to revenue in the period.
2 Before share-based payment and acquired intangible asset amortisation.
3 Adjusted basic earnings per share for the first half of 2009 is based on an effective tax rate of 32%, being the rate applicable for the first half of 2010. See note 6 to the half-year condensed consolidated financial statements.
4 Operating cash flow after tax, net interest and net capital expenditure.

Change in reporting currency

Spirent announced in May a change to the Group's reporting currency from sterling to US dollars in 2010. The decision to change the Group's reporting currency was made in order to give a clearer understanding of Spirent's performance, more closely reflecting the profile of the Group's revenue and operating profit which are primarily generated in US dollars or US dollar-linked currencies.

As this is the first report in US dollars the table below presents the results in sterling for reference:

Results in pounds sterling

£ million	**First half 2010**	First half 2009	Change (%)
Revenue	**149.7**	139.1	8
Operating profit	**32.3**	24.0	35
Profit before tax	**32.2**	23.6	36
Adjusted earnings per share[1] (pence)	**3.24**	2.42	34
Interim dividend (pence)	**0.69**	0.55	25
Free cash flow[2]	**22.0**	27.1	(19)

Notes
1 See note 3 above.
2 See note 4 above.

Revenue

Revenue of $227.2 million was up 9 per cent compared with the first half of 2009 and grew in all geographical regions, a result of the improving economic conditions and the shift in our customers' investment to our new product solutions. Most notable was the growth in Europe of 25 per cent, a result of high demand from our distributor channels and major customers. Order intake was up 24 per cent which resulted in a stronger book to bill ratio, which is a measure of the strength of our future revenues, of 104 compared with 91 for the first half of 2009.

Operating profit

Reported operating profit increased by 36 per cent to $49.0 million from $36.1 million for the first half of 2009 and return on sales grew to 21.6 per cent from 17.3 per cent. Operating profit before share-based payment and acquired intangible asset amortisation, which is the measure of profit used by the Group to evaluate performance, improved by 34 per cent to $49.9 million compared with $37.3 million for the first half of 2009.

Cost of sales and operating expenses

Gross margin for the Group was higher at 65.5 per cent compared with 65.2 per cent for the first half of 2009 reflecting the improved product mix in Service Assurance partially offset by the impact of large contract volume discounts in Performance Analysis.

Product development, which is focused on our growth markets, forms a substantial proportion of total operating expenses. For the Group a total of $38.2 million, being 17 per cent of revenue, was expensed during the first half of 2010 (first half 2009: $37.7 million and 18 per cent of revenue). Of this amount $30.9 million is within the Performance Analysis division (first half 2009: $30.2 million). It is anticipated that product development will increase in the second half of 2010 in order to serve the requirements of new and emerging technology markets.

Spirent has continued to manage its costs carefully through the improving market conditions. Other operating costs decreased to $61.6 million, 27 per cent of sales, compared with $62.3 million in the first half of 2009, 30 per cent of sales. In the first half of 2009 there were losses incurred on exchange rate hedging of $4.5 million which were not repeated. Within the operating costs corporate costs were maintained at $2.7 million.

The charge for share-based payments of $0.2 million (first half 2009: $0.4 million) continues to be low with few new incentives being awarded.

Net finance income and expense

For the first half of 2010 net finance expense was $0.2 million compared with $0.6 million for the first half of 2009. This comprises a net interest charge for the pension plan of $0.5 million (first half 2009: $0.8 million) and net interest income of $0.3 million (first half 2009: $0.2 million).

Profit before tax

Profit before tax was $48.8 million compared with $35.5 million in the first half of 2009. There were no adjustments to the reported numbers in either period.

Tax

In 2009 the Group recognised the benefit of tax losses brought forward in accordance with accounting standards and having recognised the benefit of these losses the future tax rate was expected to increase. For 2010 the effective rate is projected to be 32 per cent, up from 15 per cent for 2009. As a result the tax charge for the first half of 2010 was $14.6 million compared with $5.4 million for the first half of 2009.

Earnings per share

Basic earnings per share for the Group was 5.08 cents compared with 4.53 cents for the first half of 2009. Earnings for 2009 benefitted from an abnormally low tax rate due to the availability of tax losses brought forward. Adjusting for the change in the tax rate and tax related to prior years, adjusted earnings per share for the first half of 2009 was 3.63 cents compared with 4.92 cents for the first half of 2010, an increase of 36 per cent period-on-period. There were 673.1 million weighted average Ordinary Shares in issue (first half 2009: 664.5 million).

Financing and cash flow

Net cash inflow from operating activities before tax was $48.9 million (first half 2009: $50.8 million). Free cash flow of $33.4 million was generated in the first half of 2010 (first half 2009: $40.7 million). The lower cash generation for the period compared to the prior year is due to a number of factors: more normal levels of tax payments, $8.2 million for the first half of 2010, as brought forward tax losses in the US had been utilised in previous years (first half 2009: $5.8 million); an increase in working capital of $6.9 million due to increased trading activity (first half 2009: $6.3 million reduction); and an increase in net capital expenditure to $7.6 million (first half 2009: $4.6 million).

Cash and cash equivalents were $183.3 million at the end of the first half of 2010. Cash balances held in sterling in the parent Company amounted to £84.0 million and the effect of exchange on translation reduced the cash balance in US dollars by $9.1 million. We expect to increase the proportion of cash denominated in US dollars over time.

Defined benefit pension plans

The accounting valuation of the funded defined benefit pension plans was a net deficit of $7.4 million compared with a net surplus of $0.5 million at 31 December 2009. This is comprised of a surplus of $0.9 million in one of the plans and a deficit of $8.3 million in the main plan. During the period the triennial valuation of the plans at 1 April 2009 was completed, such a valuation includes a complete review of all the assumptions including longevity and funding. The Company has agreed with the Trustees to pay additional contributions of £1.6 million ($2.4 million) per annum to fund the deficit resulting from the valuation and this is being paid in monthly installments with effect from June 2010.

In addition there is a liability for an unfunded plan of $0.6 million (31 December 2009: $0.6 million).

On-market share repurchase

The Company repurchased 6.8 million shares in the period at a cost of $11.6 million. There were no shares repurchased in the first half of 2009. The Company intends to continue to repurchase shares to manage dilution attributable to its remaining share incentive schemes.

Dividend

Dividends will be determined in US dollars and paid in sterling at the exchange rate prevailing when the dividend is declared. For the prior year the dividend was determined and paid in sterling.

The Board has declared an interim dividend of 1.10 cents per share, an 18 per cent increase over that for the first half of 2009 of 0.93 cents per share. This is equivalent to 0.69 pence per share at an exchange rate of $1.59:£1, 25 per cent up on the 2009 interim dividend of 0.55 pence per share. The payment is approximately $7.4 million and represents dividend cover of 4.5 times. The dividend will be paid to Ordinary shareholders on 16 September 2010 and to ADR holders on 27 September 2010. The dividend is payable to all shareholders on the Register of Members at the close of business on 13 August 2010.

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 2010 remain those as identified on pages 12 and 13 of the Annual Report 2009, a copy of which is available on the Company's website at www.spirent.com. However, the effect of exchange rate translation risk is less significant in 2010 now that the Group has changed its reporting currency from sterling to US dollars as a substantial amount of the Group's revenue and profits are denominated in US dollars or US dollar-linked currencies.

In summary the principal risks and uncertainties are as follows:

Risk	Description
Macro economic and industry sector	In common with most businesses Spirent is exposed to the current economic conditions and is particularly exposed to conditions in the telecommunications sector.
Technological change	Spirent sells solutions in industries that are characterised by rapid technological changes, keeping at the forefront of these technologies is critical to our success and in ensuring that we remain competitive in our markets. Bringing these new solutions to market at the right time for our customers is key to our success as well as ensuring that our solutions portfolio is aligned with their needs.
Reliance on contract manufacturers	We use contract manufacturers for the manufacture of a substantial amount of our products.
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.
Retention and recruitment of key staff	Spirent is its employees. So attracting and retaining highly qualified and skilled employees is essential in enabling us to deliver on our strategy and to the success of our business.
Intellectual property	Spirent's success is dependent in part on proprietary technology which may be infringed by others inadvertently or otherwise. We may inadvertently infringe the intellectual property rights of third parties.

Condensed consolidated income statement

$ million	Notes	**First half 2010**	First half 2009 (restated)[1]
Revenue	3,4	**227.2**	208.7
Cost of sales		**(78.4)**	(72.6)
Gross profit		**148.8**	136.1
Product development		**(38.2)**	(37.7)
Selling and distribution		**(42.0)**	(38.1)
Administration		**(19.6)**	(24.2)
Operating profit	3	**49.0**	36.1
Finance income		**0.4**	0.3
Finance costs		**(0.6)**	(0.9)
Profit before tax	3	**48.8**	35.5
Tax	5	**(14.6)**	(5.4)
Profit for the period attributable to equity shareholders of parent Company		**34.2**	30.1
Earnings per share (cents)	6		
Basic earnings		**5.08**	4.53
Diluted earnings		**5.02**	4.52

Condensed consolidated statement of comprehensive income

$ million	**First half 2010**	First half 2009 (restated)[1]
Profit for the period attributable to equity shareholders of parent Company	**34.2**	30.1
Other comprehensive income		
Fair value movements on cash flow hedges	**(0.9)**	7.4
Exchange differences on retranslation of foreign operations	**(11.0)**	14.6
Actuarial losses on defined benefit pension plans	**(8.1)**	(13.0)
Irrecoverable element of defined benefit pension plan surplus	**0.1**	0.3
Deferred tax credit on defined benefit pension plans	**2.3**	3.6
Other comprehensive income	**(17.6)**	12.9
Total comprehensive income for the period attributable to equity shareholders of parent Company	**16.6**	43.0

Notes
1 Restated due to the change in the Group's reporting currency, see note 2. Refer to note 13 for details.
2 All activities relate to continuing operations.

Condensed consolidated balance sheet

$ million	Notes	**4 July 2010**	28 June 2009 (restated)[1]	31 December 2009 (restated)[1]
Assets				
Non-current assets				
Intangible assets		**111.7**	111.7	112.4
Property, plant and equipment		**25.2**	24.8	23.6
Trade and other receivables		**3.7**	2.8	3.7
Cash on deposit		**1.4**	3.6	1.8
Defined benefit pension plan surplus	8	**0.9**	0.7	1.0
Deferred tax		**41.0**	23.9	42.5
		183.9	167.5	185.0
Current assets				
Inventories		**30.6**	30.0	28.1
Trade and other receivables		**91.6**	83.0	81.3
Derivative financial instruments		**0.2**	1.3	1.0
Cash and cash equivalents		**183.3**	132.8	173.9
		305.7	247.1	284.3
Total assets		**489.6**	414.6	469.3
Liabilities				
Current liabilities				
Trade and other payables		**(95.3)**	(89.3)	(86.6)
Current tax		**(13.5)**	(7.4)	(10.3)
Derivative financial instruments		**(0.5)**	(1.3)	(0.2)
Provisions and other liabilities		**(5.0)**	(5.4)	(6.1)
		(114.3)	(103.4)	(103.2)
Non-current liabilities				
Trade and other payables		**(8.7)**	(6.4)	(7.9)
Defined benefit pension plan deficit	8	**(8.9)**	(11.9)	(1.1)
Provisions and other liabilities		**(4.2)**	(9.1)	(5.3)
		(21.8)	(27.4)	(14.3)
Total liabilities		**(136.1)**	(130.8)	(117.5)
Net assets		**353.5**	283.8	351.8
Capital and reserves				
Share capital	10	**34.2**	37.0	36.4
Share premium account		**29.3**	28.5	29.5
Capital redemption reserve		**16.6**	17.5	17.1
Capital reserve		**1.4**	2.3	1.6
Other reserves		**4.1**	(2.9)	(0.6)
Translation reserve		**11.6**	23.1	22.6
Cash flow hedge reserve		**(0.2)**	0.3	0.6
Retained earnings		**256.5**	178.0	244.6
Total equity attributable to equity shareholders of parent Company		**353.5**	283.8	351.8

Note
1 Restated due to the change in the Group's reporting currency, see note 2. Refer to note 13 for details.

Condensed consolidated cash flow statement

$ million	Note	**First half 2010**	First half 2009 (restated)[1]
Cash flows from operating activities			
Cash flow from operations	9	**48.9**	50.8
Tax paid		**(8.2)**	(5.8)
Net cash inflow from operating activities		**40.7**	45.0
Cash flows from investing activities			
Interest received		**0.3**	0.3
Transfer from long term deposit		**0.3**	0.5
Purchase of property, plant and equipment		**(7.8)**	(4.8)
Proceeds from sale of property, plant and equipment		**0.2**	0.2
Net cash used in investing activities		**(7.0)**	(3.8)
Cash flows from financing activities			
Dividend paid		**(6.4)**	(6.2)
Proceeds from the issue of share capital and employee share ownership trust		**2.4**	0.4
Share repurchase		**(11.2)**	(0.1)
Net cash used in financing activities		**(15.2)**	(5.9)
Net increase in cash and cash equivalents		**18.5**	35.3
Cash and cash equivalents at the beginning of the year		**173.9**	86.0
Effect of foreign exchange rate changes		**(9.1)**	11.5
Cash and cash equivalents at the end of the period		**183.3**	132.8

Note
1 Restated due to the change in the Group's reporting currency, see note 2. Refer to note 13 for details.

Condensed consolidated statement of changes in equity

$ million	Share capital	Share premium account	Capital redemption reserve	Capital reserve	Other reserves	Translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
At 1 January 2009 (restated)[1]	32.2	24.8	15.3	2.0	7.6	8.5	(6.8)	162.6	246.2
Total comprehensive income	-	-	-	-	-	14.6	7.4	21.0	43.0
Share-based payment	-	-	-	-	-	-	-	0.4	0.4
New shares issued	-	0.2	-	-	-	-	-	-	0.2
Employee share ownership trust	-	-	-	-	-	-	-	0.2	0.2
Equity dividends	-	-	-	-	-	-	-	(6.2)	(6.2)
Exchange adjustment	4.8	3.5	2.2	0.3	(10.5)	-	(0.3)	-	-
At 28 June 2009 (restated)[1]	37.0	28.5	17.5	2.3	(2.9)	23.1	0.3	178.0	283.8
At 1 January 2010 (restated)[1]	**36.4**	**29.5**	**17.1**	**1.6**	**(0.6)**	**22.6**	**0.6**	**244.6**	**351.8**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(11.0)**	**(0.9)**	**28.5**	**16.6**
Share-based payment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**
Tax on share incentives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.5**	**0.5**
New shares issued	**0.2**	**1.5**	**-**	**-**	**-**	**-**	**-**	**-**	**1.7**
Share cancellation	**(0.3)**	**-**	**0.3**	**-**	**-**	**-**	**-**	**-**	**-**
Employee share ownership trust	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**
Share repurchase	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11.6)**	**(11.6)**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6.4)**	**(6.4)**
Exchange adjustment	**(2.1)**	**(1.7)**	**(0.8)**	**(0.2)**	**4.7**	**-**	**0.1**	**-**	**-**
At 4 July 2010	**34.2**	**29.3**	**16.6**	**1.4**	**4.1**	**11.6**	**(0.2)**	**256.5**	**353.5**

Note
1 Restated due to the change in the Group's reporting currency, see note 2. Refer to note 13 for details.

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 2009 is based on the statutory accounts for that period, which have been delivered to the Registrar of Companies, as restated for the change in reporting currency referred to below. The auditors' 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 auditors. 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 4 July 2010 were approved by the directors on 5 August 2010.

2 Accounting policies

The accounting policies adopted are consistent with those applied in the consolidated financial statements for the year ended 31 December 2009 although the comparative financial information has been restated for the change in reporting currency referred to below.

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 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 Services Authority.

Going concern

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 the going concern basis continues to be used in the preparation of the financial statements.

Change in reporting currency

The half-year condensed consolidated financial statements are presented in US dollars following a decision to change the reporting currency from sterling during the year. The change was made in order to give a clearer understanding of Spirent's performance, more closely reflecting the profile of the Group's revenue and operating profit which are primarily generated in US dollars or US dollar-linked currencies.

The currency translation reserve was set to zero at 1 January 2003 on transition to IFRS and has been re-presented on the basis that the Group has reported in US dollars since that date. Share capital, share premium account, capital redemption reserve, capital reserve and cash flow hedge reserve are translated into US dollars at the rates of exchange at the balance sheet date and the resultant exchange differences are included in other reserves.

The reporting currency of the parent Company remains as sterling, as it is located in the United Kingdom and its functional currency is sterling. It will retain its share capital denominated in sterling.

2 Accounting policies continued

Since the change in reporting currency has been applied retrospectively all comparative numbers in these half-year condensed consolidated financial statements have been restated into US dollars. Note 13 to the half-year condensed consolidated financial statements sets out in detail how the financial statements have been restated.

Adoption of new and current standards

The following new standards, amendments to standards and interpretations are mandatory for the first time in the current period and have been adopted by the Group with no significant impact on its consolidated results or financial position.

International Accounting Standards ("IAS/IFRS")	
IAS 27 (revised)	Consolidated and Separate Financial Statements
IAS 39	Amendments to IAS 39 – Eligible Hedged Items
IFRS 2	Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions
IFRS 3 (revised)	Business Combinations
IFRIC 17	Distributions of Non-cash assets to Owners
Annual Improvements 2009	

3 Operating segments

The Group's organisational structure is based on differences in the products and services offered by each segment and information regularly reviewed by the Group's Chief Executive Officer, its chief operating decision maker, is presented on this basis. The Group's operating segments follow this structure, however, where operating segments exhibit similar economic characteristics and are similar in nature then they are aggregated into a single reportable segment.

The Group's reportable operating segments are Performance Analysis, Service Assurance and Systems. For presentational purposes the Group combines Performance Analysis and Service Assurance into the Communications operating group, its core activity. The Group evaluates segment operating profit before share-based payment, acquired intangible asset amortisation and exceptional items, although there were no exceptional items in the first half of 2010 or 2009. Interest income and interest expense are not allocated to the reportable segments. Corporate is not an operating segment and costs are separately reported and not allocated to the reportable segments.

$ million	**Performance Analysis**	**Service Assurance**	**Communications Total**	**Systems**	**Corporate**	**Total**
First half 2010						
Revenue						
External revenue	**170.3**	**27.7**	**198.0**	**29.2**	**-**	**227.2**
Profit before tax						
Total reportable segment profit/(loss)	**41.5**	**6.1**	**47.6**	**5.0**	**(2.7)**	**49.9**
Acquired intangible asset amortisation						**(0.7)**
Share-based payment						**(0.2)**
Operating profit						**49.0**
Finance income						**0.4**
Finance costs						**(0.6)**
Profit before tax						**48.8**
Other information						
Product development	**30.9**	**5.2**	**36.1**	**2.1**	**-**	**38.2**
Capital expenditure	**6.9**	**0.7**	**7.6**	**0.2**	**-**	**7.8**
Depreciation	**4.9**	**0.7**	**5.6**	**0.2**	**0.1**	**5.9**

$ million	Performance Analysis	Service Assurance	Communications Total	Systems	Corporate	Total
First half 2009 (restated)						
Revenue						
External revenue	153.8	27.4	181.2	27.5	-	208.7
Profit before tax						
Total reportable segment profit/(loss)	32.9	3.9	36.8	3.2	(2.7)	37.3
Acquired intangible asset amortisation						(0.8)
Share-based payment						(0.4)
Operating profit						36.1
Finance income						0.3
Finance costs						(0.9)
Profit before tax						35.5
Other information						
Product development	30.2	5.7	35.9	1.8	-	37.7
Capital expenditure	4.4	0.3	4.7	0.1	-	4.8
Depreciation	6.0	0.8	6.8	0.3	0.1	7.2

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

4 Geographical information

$ million	**First half 2010**	First half 2009 (restated)
Revenue by market		
Europe	**38.4**	30.8
United States	**108.1**	102.8
Rest of Asia Pacific, Rest of Americas, Africa	**80.7**	75.1
	227.2	208.7

Europe includes United Kingdom revenue of $8.1 million (first half 2009: $6.4 million).

5 Tax

$ million	**First half 2010**	First half 2009 (restated)
Current income tax		
Overseas tax	**12.9**	6.6
Amounts overprovided in previous years	**(1.1)**	-
Total income tax	**11.8**	6.6
Deferred tax		
Recognition of deferred tax assets	**-**	(6.6)
Origination and reversal of temporary differences	**2.8**	5.4
Total deferred tax	**2.8**	(1.2)
Tax charge in the income statement	**14.6**	5.4

The effective tax rate for the first half-year is 32.2% (first half 2009: 15.2%).

In accordance with IAS 12 “Income Taxes” the effective rate does not take into account the impact in 2010 of the proposed reduction in the UK corporation tax rate from 28% to 27% as the legislation was not substantively enacted until 27 July 2010. Similarly, proposed future reductions in the rate to 24% will be reflected when the relevant legislation is substantively enacted. The impact of the reduction in the rate on the effective tax rate for the full year is not expected to be significant.

6 Earnings per share

Earnings per share is calculated by reference to the profit for the period and the number of Ordinary Shares in issue during the period as follows:

$ million	**First half 2010**	First half 2009 (restated)
Profit for the period attributable to equity shareholders of parent Company	**34.2**	30.1

Number million		
Weighted average number of shares in issue – basic	**673.1**	664.5
Dilutive potential of employee share incentives	**8.4**	1.7
Weighted average number of shares in issue – diluted	**681.5**	666.2

Cents		
Earnings per share		
Basic	**5.08**	4.53
Diluted	**5.02**	4.52

The Group is disclosing adjusted earnings per share attributable to equity shareholders at a constant effective tax rate in order to provide a measure to enable period-on-period comparisons to be made of its performance. A reconciliation is provided below:

	First half 2010		First half 2009 (restated)	
	$ million	**Cents**	$ million	Cents
Profit for the period attributable to equity shareholders of parent Company	**34.2**	**5.08**	30.1	4.53
Prior year tax credit	**(1.1)**		-	
Restate to a constant effective tax rate of 32%	**-**		(6.0)	
Adjusted basic at a constant effective tax rate	**33.1**	**4.92**	24.1	3.63
Adjusted diluted at a constant effective tax rate		**4.86**		3.62

7 Dividends paid and proposed

	First half 2010		First half 2009 (restated)	
	Cents per Ordinary Share	**$ million**	Cents per Ordinary Share	$ million
Amounts recognised as distributions to equity in the period				
Final declared and paid for previous year	**1.00**	**6.4**	0.87	6.2
Amounts approved by the directors (not recognised as a liability at the balance sheet date)				
Interim	**1.10**	**7.4**	0.93	5.9

An interim dividend of 1.10 cents per Ordinary Share (2009: 0.93 cents per Ordinary Share) was declared by the Board on 5 August 2010 and will be paid to Ordinary shareholders on 16 September 2010 and to ADR holders on 27 September 2010. 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 13 August 2010.

With effect from 2010 dividends are declared in US dollars but will be paid in pounds sterling at the exchange rate prevailing when the dividend is declared. The exchange rate used for determining the amount to be paid was $1.59:£1. In previous years the dividend was declared and paid in pounds sterling.

8 Defined benefit pension plans

The 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 2009, of the plans' assets and the present value of the plans' obligations, using the projected unit credit method, have been used and updated at 4 July 2010. The key financial assumptions are as follows:

%	**First half 2010**	First half 2009	Year 2009
Inflation	**3.1**	3.5	3.4
Rate of increase in pensionable salaries	**3.6**	4.0	3.9
Rate of increase for pensions in payment pre 2001 service	**3.6**	3.8	3.7
Rate of increase for pensions in payment post 2001 pre April 2005 service	**3.0**	3.3	3.2
Rate of increase for pensions in payment post April 2005 service	**2.1**	2.2	2.2
Rate of increase in deferred pensions	**3.1**	3.5	3.4
Rate used to discount plan liabilities	**5.3**	6.1	5.7

An operating charge of $0.2 million (first half 2009: $0.2 million) and a net interest charge of $0.5 million (first half 2009: net interest charge $0.8 million) have been recognised.

Changes in the fair value of pension plan assets were largely due to a movement in global stock markets and changes in the present value of liabilities were mainly due to changes in the assumptions.

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

$ million	**First half 2010**	First half 2009 (restated)	Year 2009 (restated)
Fair value of defined benefit pension plans' assets	**211.8**	205.8	222.0
Present value of defined benefit pension plans' obligations	**(219.0)**	(216.3)	(221.2)
Net (deficit)/surplus in the plans	**(7.2)**	(10.5)	0.8
Irrecoverable element of pension plan surplus	**(0.2)**	-	(0.3)
Net UK funded defined benefit pension plan (deficit)/surplus on the balance sheet	**(7.4)**	(10.5)	0.5

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

$ million	**First half 2010**	First half 2009 (restated)	Year 2009 (restated)
Assets			
UK defined benefit pension plan surplus	**0.9**	0.7	1.0
Liabilities			
UK defined benefit pension plan deficit	**(8.3)**	(11.2)	(0.5)
UK unfunded plan	**(0.6)**	(0.7)	(0.6)
	(8.9)	(11.9)	(1.1)

9 Reconciliation of profit before tax to cash generated from operations

$ million	**First half 2010**	First half 2009 (restated)
Profit before tax	**48.8**	35.5
Adjustments for:		
Finance income	**(0.4)**	(0.3)
Finance costs	**0.6**	0.9
Depreciation of property, plant and equipment	**5.9**	7.2
Intangible asset amortisation	**0.7**	0.8
Share-based payment	**0.2**	0.4
Changes in working capital		
Deferred income received	**9.5**	5.4
(Increase)/decrease in receivables	**(12.3)**	7.9
(Increase)/decrease in inventories	**(3.0)**	5.9
Increase/(decrease) in payables	**1.5**	(9.3)
Decrease in provisions	**(2.2)**	(3.3)
Defined benefit pension plan	**(0.4)**	(0.3)
Cash flow from operations	**48.9**	50.8

10 Share capital

Number million	**First half 2010**	First half 2009
Issued and fully paid		
At 1 January	**678.1**	671.8
Allotted pursuant to share incentives exercised	**4.0**	1.3
Cancelled during the period	**(6.8)**	-
Share capital at the end of the period	**675.3**	673.1

The Company has been operating an on-market share repurchase programme. In the first half of 2010 the Company repurchased 6.8 million shares at a cost of $11.6 million (first half 2009: nil). Shares repurchased were cancelled.

11 Related party transactions

There have been no related party transactions in the first half of 2010 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 2009.

12 Capital commitments and contingent liabilities

There are no material capital commitments. There have been no material changes since 31 December 2009 to the Group’s indemnities and contingencies.

13 Explanation of the effect of a change to the reporting currency on prior year financial statements

As referred to in note 2 during the period the Spirent Communications Group changed its reporting currency from pounds sterling to US dollars. As a result, the Group's Condensed consolidated income statement for the first half of 2009, its Condensed consolidated statement of comprehensive income for the first half of 2009, its Condensed consolidated balance sheet at 28 June 2009 and Consolidated balance sheet at 31 December 2009, its Condensed consolidated cash flow statement for the first half of 2009 and its Condensed consolidated statement of changes in equity for the first half of 2009 have been restated to show all amounts in US dollars. This note explains the methodology used to translate amounts previously reported by the Group.

Condensed consolidated income statement for the half-year ended 28 June 2009

The Group's policy has been to translate transactions in foreign currencies at the average rate applicable during the financial year unless this would produce a material difference compared with using the spot rate of exchange. The Condensed consolidated income statement has therefore been translated into US dollars using an average exchange rate for the first half of 2009 of 1.50 US dollars to 1 pound sterling or the spot US dollar to sterling rate ruling on the date of the specific transaction.

The table below sets out the reported numbers in pounds sterling and the restatement into US dollars:

	Amounts per Half-year Report 2009 (presented in £) £ million	2009 comparative amounts as included in Half-year Report 2010 (presented in $) $ million
Revenue	139.1	208.7
Cost of sales	(48.4)	(72.6)
Gross profit	90.7	136.1
Product development	(25.1)	(37.7)
Selling and distribution	(25.4)	(38.1)
Administration	(16.2)	(24.2)
Operating profit	24.0	36.1
Finance income	0.2	0.3
Finance costs	(0.6)	(0.9)
Profit before tax	23.6	35.5
Tax	(3.6)	(5.4)
Profit for the period attributable to equity shareholders of parent Company	20.0	30.1
Earnings per share (pence/cents)		
Basic	3.01	4.53
Diluted	3.00	4.52

13 Explanation of the effect of a change to the reporting currency on prior year financial statements continued

Condensed consolidated statement of comprehensive income for the half-year ended 28 June 2009
The Condensed consolidated statement of comprehensive income has been translated into US dollars using an average exchange rate for the first half of 2009 of 1.50 US dollars to 1 pound sterling or the spot US dollar to sterling rate ruling on the date of the specific transaction.

The currency translation reserve was set to zero at 1 January 2003 on transition to IFRS and has been re-presented on the basis that the Group has reported in US dollars since that date.

	Amounts per Half-year Report 2009 (presented in £) £ million	2009 comparative amounts as included in Half-year Report 2010 (presented in $) $ million
Profit for the period attributable to equity shareholders of parent Company	20.0	30.1
Other comprehensive income		
Fair value movements on cash flow hedges	4.9	7.4
Exchange differences on retranslation of foreign operations	(14.3)	14.6
Actuarial losses on defined benefit pension plans	(8.7)	(13.0)
Irrecoverable element of defined benefit pension plan surplus	0.2	0.3
Deferred tax credit on defined benefit pension plans	2.4	3.6
Other comprehensive income	(15.5)	12.9
Total comprehensive income for the period attributable to equity shareholders of parent Company	4.5	43.0

Condensed consolidated balance sheet at 28 June 2009 and Consolidated balance sheet at 31 December 2009
The consolidated balance sheets have been translated into US dollars by multiplying all assets and liabilities by the following closing exchange rates:

	$:£1
Half-year ended 28 June 2009	1.65
Year ended 31 December 2009	1.61

Share capital, share premium account, capital redemption reserve, capital reserve and cash flow hedge reserve are translated into US dollars at the rates of exchange at the balance sheet date and the resultant exchange differences are included in other reserves.

The currency translation reserve was set to zero at 1 January 2003 on transition to IFRS and has been re-presented on the basis that the Group has reported in US dollars since that date.

13 Explanation of the effect of a change to the reporting currency on prior year financial statements continued

	Amounts at 28 June 2009 per Half-year Report 2009 (presented in £) £ million	2009 comparative amounts as included in Half-year Report 2010 (presented in $) $ million	Amounts at 31 December 2009 per Annual Report 2009 (presented in £) £ million	2009 comparative amounts as included in Half-year Report 2010 (presented in $) $ million
Assets				
Non-current assets				
Intangible assets	67.7	111.7	69.8	112.4
Property, plant and equipment	15.0	24.8	14.7	23.6
Trade and other receivables	1.7	2.8	2.3	3.7
Cash on deposit	2.2	3.6	1.1	1.8
Defined benefit pension plan surplus	0.4	0.7	0.6	1.0
Deferred tax	14.5	23.9	26.4	42.5
	101.5	167.5	114.9	185.0
Current assets				
Inventories	18.2	30.0	17.5	28.1
Trade and other receivables	50.3	83.0	50.5	81.3
Derivative financial instruments	0.8	1.3	0.6	1.0
Cash and cash equivalents	80.5	132.8	108.0	173.9
	149.8	247.1	176.6	284.3
Total assets	251.3	414.6	291.5	469.3
Liabilities				
Current liabilities				
Trade and other payables	(54.1)	(89.3)	(53.8)	(86.6)
Current tax	(4.5)	(7.4)	(6.4)	(10.3)
Derivative financial instruments	(0.8)	(1.3)	(0.1)	(0.2)
Provisions and other liabilities	(3.3)	(5.4)	(3.8)	(6.1)
	(62.7)	(103.4)	(64.1)	(103.2)
Non-current liabilities				
Trade and other payables	(3.9)	(6.4)	(4.9)	(7.9)
Defined benefit pension plan deficit	(7.2)	(11.9)	(0.7)	(1.1)
Provisions and other liabilities	(5.5)	(9.1)	(3.3)	(5.3)
	(16.6)	(27.4)	(8.9)	(14.3)
Total liabilities	(79.3)	(130.8)	(73.0)	(117.5)
Net assets	172.0	283.8	218.5	351.8
Capital and reserves				
Share capital	22.4	37.0	22.6	36.4
Share premium account	17.3	28.5	18.3	29.5
Capital redemption reserve	10.6	17.5	10.6	17.1
Capital reserve	1.4	2.3	1.0	1.6
Other reserves	-	(2.9)	-	(0.6)
Translation reserve	8.3	23.1	11.8	22.6
Cash flow hedge reserve	0.2	0.3	0.4	0.6
Retained earnings	111.8	178.0	153.8	244.6
Total equity attributable to equity shareholders of parent Company	172.0	283.8	218.5	351.8

Equity items at 31 December 2007

The Group translates all transactions that affect share capital, share premium account, capital redemption reserve, capital reserve, cash flow hedge reserve (which were all recorded in the books of the parent Company whose functional currency is pounds sterling) and retained earnings at either the average rate for the year or the spot rate on the date of the specific transaction concerned. As noted above the closing balances on share capital, share premium account, capital redemption reserve, capital reserve and cash flow hedges are then translated into US dollars at the rates of exchange at the balance sheet date and the resultant exchange differences are included in other reserves.

13 Explanation of the effect of a change to the reporting currency on prior year financial statements continued

The currency translation reserve was set to zero at 1 January 2003 on transition to IFRS and has been re-presented on the basis that the Group has reported in US dollars since that date.

The table below shows all equity items in pounds sterling along with the equivalent US dollar amount at 31 December 2007.

	Amount at 31 December 2007 per Annual Report 2009 (presented in £) £ million	2007 comparative amounts (presented in $) $ million
Share capital	28.0	55.7
Share premium account	15.5	30.8
Capital redemption reserve	4.8	9.6
Capital reserve	3.6	7.2
Other reserves	-	(18.7)
Translation reserve	(6.7)	51.9
Cash flow hedge reserve	(0.5)	(1.0)
Retained earnings	96.5	145.5
Total equity attributable to equity shareholders of parent Company	141.2	281.0

Equity items at 31 December 2008

The table below reconciles the Group's equity from 31 December 2007 (as per the table above) to 31 December 2008. All closing balances form the opening balances of the Group's consolidated statement of changes in equity for 2009.

$ million	Share capital	Share premium account	Capital redemption reserve	Capital reserve	Other reserves	Translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
Balance at 31 December 2007	55.7	30.8	9.6	7.2	(18.7)	51.9	(1.0)	145.5	281.0
Profit for the period	-	-	-	-	-	-	-	138.4	138.4
Fair value movements on cash flow hedges	-	-	-	-	-	-	(7.8)	-	(7.8)
Exchange differences on retranslation of foreign operations	-	-	-	-	-	(43.4)	-	-	(43.4)
Actuarial losses on defined benefit pension plans	-	-	-	-	-	-	-	(9.4)	(9.4)
Irrecoverable element of pension plan surplus	-	-	-	-	-	-	-	2.6	2.6
Deferred tax on defined benefit pension plans	-	-	-	-	-	-	-	0.5	0.5
Total comprehensive income for the year	-	-	-	-	-	(43.4)	(7.8)	132.1	80.9
New shares issued	0.3	3.1	-	-	-	-	-	-	3.4
Share cancellation	(10.7)	-	10.7	-	-	-	-	-	-
Employee share ownership trust	-	-	-	-	-	-	-	1.1	1.1
Share repurchase	-	-	-	-	-	-	-	(116.6)	(116.6)
Share-based payment	-	-	-	-	-	-	-	2.8	2.8
Equity dividends	-	-	-	-	-	-	-	(6.4)	(6.4)
Other movements	-	-	-	(4.1)	-	-	-	4.1	-
Exchange adjustment	(13.1)	(9.1)	(5.0)	(1.1)	26.3	-	2.0	-	-
Balance at 31 December 2008	32.2	24.8	15.3	2.0	7.6	8.5	(6.8)	162.6	246.2

13 Explanation of the effect of a change to the reporting currency on prior year financial statements continued

Condensed consolidated cash flow statement for the period ended 28 June 2009
The Group's policy has been to translate transactions in foreign currencies at the average rate applicable during the financial year unless this would produce a material difference compared with using the spot rate of exchange. The Condensed consolidated cash flow statement has therefore been translated into US dollars using an average exchange rate for the first half of 2009 of 1.50 US dollars to 1 pound sterling or the spot US dollar to sterling rate ruling on the date of the specific transaction.

The table below sets out the reported numbers in pounds sterling and the restatement into US dollars:

	Amounts per Half-year Report 2009 (presented in £) £ million	2009 comparative amounts as included in Half-year Report 2010 (presented in $) $ million
Cash flows from operating activities		
Cash flow from operations	33.9	50.8
Tax paid	(3.9)	(5.8)
Net cash inflow from operating activities	30.0	45.0
Cash flows from investing activities		
Interest received	0.2	0.3
Transfer from long term deposit	0.3	0.5
Purchase of property, plant and equipment	(3.2)	(4.8)
Proceeds from sale of property, plant and equipment	0.1	0.2
Net cash used in investing activities	(2.6)	(3.8)
Cash flows from financing activities		
Dividend paid	(4.0)	(6.2)
Proceeds from the issue of share capital and employee share ownership trust	0.2	0.4
Share repurchase	(0.1)	(0.1)
Net cash used in financing activities	(3.9)	(5.9)
Net increase in cash and cash equivalents	23.5	35.3
Cash and cash equivalents at the beginning of the year	59.7	86.0
Effect of foreign exchange rate changes	(2.7)	11.5
Cash and cash equivalents at the end of the period	80.5	132.8

<u>Statement of directors' responsibilities</u>

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 2009 Annual Report.

The directors of Spirent Communications plc are as listed in the Spirent Communications plc Annual Report for 31 December 2009 with the exception of Edward Bramson and Gerard Eastman who both retired from the Board at the 2010 AGM on 5 May 2010.

By order of the Board of Spirent Communications plc.

E G Hutchinson
Chief Financial Officer
5 August 2010

<u>Independent review report to Spirent Communications plc</u>

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-year financial report for the six months ended 4 July 2010 which comprises the Condensed consolidated income statement, the Condensed consolidated statement of comprehensive income, the Condensed consolidated balance sheet, the Condensed consolidated cash flow statement, the Condensed consolidated statement of changes in equity and the related notes 1 to 13. We have read the other information contained in the half-year 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-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services 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-year financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by 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-year 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-year financial report for the six months ended 4 July 2010 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 Services Authority.

Ernst & Young LLP
London
5 August 2010

Glossary

3G (Third Generation)	Third generation of mobile communications following first generation (analogue) and second generation (digital) that promises megabits per second.
4G (Fourth Generation)	Future generation of mobile communications following 3G that promises hundreds of megabits per second.
Broadband	Generic term for devices with a bandwidth greater than one megabit per second.
CDMA (Code Division Multiple Access)	A digital cellular standard technology allowing communications circuits to carry multiple conversations simultaneously, thus increasing its capacity; used in radio communications.
CDMA 3G EV-DO Rev B (Evolution-Data Optimised revision B)	Next evolution of CDMA technology, providing higher bandwidth and lower latency for multimedia delivery, two-way data transmissions, VoIP-based concurrent services and dynamically scalable bandwidth.
Cloud Computing	A way of computing, via the internet, that broadly shares computer resources instead of having local servers handle specific applications.
Content Delivery Network/Platform	A system storing data on different servers across the internet on content delivery service providers making it possible to ensure that content is closer and more quickly accessible to users.
Data Center	A centralised location where computing resources critical to an organisation are maintained in a highly controlled environment.
Ethernet	A family of networking technologies developed for local area networks, migrating to metro area networks and becoming a dominant standard in wireline networks.
Fiber-to-the-Node	A telecommunication architecture based on fiber-optic cables run to a cabinet serving a neighbourhood.
GbE (Gigabit Ethernet)	A term describing various technologies for transmitting Ethernet frames at a rate of a gigabit per second. GbE uses the same framing as Ethernet and Fast Ethernet but has a much higher clock speed (one billion bits per second).
Global Situation Awareness	The concept of knowing where you are at any time i.e. real-time awareness of precise location and time.
IP (Internet Protocol)	Data protocol used by many networking devices to facilitate and control the flow of data.
LTE (Long Term Evolution)	A standard to enhance existing 3G wireless to add 4G mobile communications technology on an IP network air interface, to create a wireless broadband internet system.
Location Based Applications	Applications such as those that aid with navigation social networking etc, that operate on a mobile device and make use of the device’s knowledge of its geographic location.
Location Based Services	The delivery of information, mapping and locally available business and public data over the wireless network dependent upon the ability to locate mobile devices by means of direct satellite or cellular assisted satellite signals.
Mobile Backhaul Networks	The backhaul portion of mobile telecommunications networks comprises the links between the core network and the subnetworks at the “edge” of the entire network, such as cellular base stations.
Netbook	A class of subnotebooks, a rapidly evolving category of small, lightweight and inexpensive laptop computers particularly suited for simple computing, web browsing and accessing web based applications. Netbooks normally have integrated wireless broadband access.
RF (Radio Frequency)	A term used broadly to describe the radio element of technologies used for wireless broadcasting and/or communications.
Smartphone	A mobile phone that supports voice and data services with an operating system and additional computing capabilities supporting applications, such as web browsing, email, camera, video and navigation.
Triple Play	Voice, video and data transmitted over a single transport medium.
UMTS (Universal Mobile Telecommunications System)	One of the 3G wireless technologies. The most common form of UMTS uses WCDMA on its underlying air interface and offers support for high speed data transfer.
Virtualization	A term that refers to the abstraction of computer resources. Virtualization puts a number of computing facilities together in such a way that it looks like a virtual computer to a user or customer.
WCDMA (Wideband CDMA)	A global standard for mobile 3G.
Wi-Fi Positioning	A system that makes use of signals from Wi-Fi access points to help establish the location of a mobile device. Mainly used in conjunction with existing location technologies such as GPS. Particularly effective in situations where GPS signals are very weak or unavailable, such as inside buildings.