News Release

SPIRENT COMMUNICATIONS PLC
HALF YEAR REPORT 2016

London, UK – 2 August 2016: 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 2016.

Results summary

$ million	First half 2016	First half 2015
Revenue	**213.5**	218.7
Adjusted operating profit[1]	**10.4**	6.0
Operating profit/(loss)	**3.1**	(2.2)
Profit/(loss) before tax	**2.0**	(2.3)
Adjusted basic earnings per share[1, 2] (cents)	**1.13**	0.69
Interim dividend per share[3] (cents)	**1.68**	1.68
Book to bill[4]	**104**	103
Free cash flow[5]	**13.4**	11.1
Closing cash	**96.1**	97.0

Notes
1 Adjusted operating profit is before charging acquired intangible asset amortisation and share-based payment amounting to $7.3 million in total (first half 2015: $8.2 million).
2 Adjusted basic earnings per share is based on adjusted earnings as set out in note 6 of Notes to the half year condensed consolidated financial statements.
3 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 2016 of 1.68 cents per Ordinary Share is equivalent to 1.27 pence per ordinary share.
4 The ratio of orders booked to revenue in the period.
5 Operating cash flow after tax, net interest and net capital expenditure.

Operational highlights

- **Networks & Applications** increased revenue by 6 per cent driven by strong demand for high-speed Ethernet and test automation.
- Predicted changes in the wireless device test market led **Wireless & Positioning** revenue to decrease by 15 per cent. Return on sales increased due to improved gross margin and operating expense management.
- **Service Assurance** revenue decreased by 4 per cent as expected reflecting part of the non-repeating contract for hand-held test tools delivered in 2015.
- Regionally, revenue in APAC was up, with EMEA flat and the Americas softer reflecting the above dynamics.
- 17 new products and solutions were launched across all divisions, including the industry's first Quint-speed high-speed Ethernet product covering 100G, 50G, 40G, 25G and 10G and the industry's first 2.5G and 5G BASE-T Ethernet test solution.
- Vast majority of revenue and cost base are US dollar denominated.
- Received Duke of Edinburgh's Navigation Award for Technical Achievement.

Eric Hutchinson, Chief Executive Officer, commented:

“There are good growth opportunities in the key areas we have identified for investment, including high-speed Ethernet, cloud and virtualisation, 4G and 5G mobile networks and security. Revenue growth is emerging from our targeted investments, proving we are focusing attention in the right areas. Decisive action taken last year to reduce operating expenditure and right size the businesses in our more challenging markets contributed significantly to the substantial increase in operating profit compared to the same period last year.

As previously indicated we expect the headwinds identified in Wireless together with the absence of the non-repeating contract which boosted Service Assurance revenue last year to be offset by growth in our other businesses. Accordingly, the outlook for the full year 2016 remains unchanged.”

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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 UBS Limited, 7th Floor, 1 Finsbury Avenue, London EC2M 2PP. A simultaneous webcast of the presentation will be available in the Investors section of the Spirent Communications plc website http://corporate.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. 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/marketplaces/otc-pink.

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 of 2016, revenue was $213.5 million (first half 2015: $218.7 million) which was slightly disappointing as orders were received too late in the quarter to convert to revenue but resulted in a book to bill ratio of 104 (first half 2015: 103).

Adjusted operating profit was up 73 per cent to $10.4 million compared to $6.0 million for the first half of 2015, despite the lower revenue for the period, reflecting an improved gross margin and reallocation of resources to growth areas. Reported operating profit was $3.1 million (first half 2015: loss $2.2 million). The first half closed with a robust order book and pipeline of opportunities.

For the first six months, revenue in Networks & Applications rose by 6 per cent compared to the first half of 2015 with notably strong demand for high-speed Ethernet.

In Wireless & Positioning, revenue decreased by 15 per cent, as predicted, due to changes in the wireless device test market.

In Service Assurance, revenue decreased by 4 per cent, also as expected, reflecting $5.7 million of the final non-repeating contract for hand-held test tools that was delivered in the first half of 2015. The impact on the second half will be $10.3 million.

Regionally, revenue in APAC was strong, driven by the ongoing infrastructure build out in China, with EMEA flat and the Americas softer reflecting the above dynamics.

Basic earnings per share was 0.16 cents (first half 2015: basic loss per share 0.21 cents).

Free cash flow was $13.4 million (first half 2015: $11.1 million). Cash and cash equivalents closed at $96.1 million (31 December 2015: $102.0 million).

The Board has declared an interim dividend of 1.68 cents per share, unchanged from 2015. In sterling, the currency in which the dividend will be paid, this is equivalent to 1.27 pence per share (first half 2015: 1.08 pence) at an exchange rate of $1.32:£1.

Strategy update

Customers come to Spirent when they have a need to test a network, device or service they supply, either prior to or during deployment and we develop a wide range of innovative solutions to make that happen. We remain committed to our strategy and we have continued to make progress against our strategic priorities to:

- expand the markets we serve;
- establish and maintain technology leadership;
- deepen our customer relationships;

- acquire new capabilities and technologies;
- invest in our people; and
- maintain financial strength and flexibility.

As previously outlined, there continue to be a number of themes which are driving change in our industry and where we see opportunities for Spirent to build revenue streams that are sustainable with long term growth potential. We continue to focus our attention on the following major themes which remain the key objectives for our strategic development throughout 2016:

1) High-speed Ethernet *(within Networks & Applications)*

The market demand for high-speed Ethernet/IP performance test systems is fuelled by the evolution of Ethernet speeds to 100G and 25G for both data center and service provider markets. During the half, Spirent introduced:

- The industry’s first Quint-Speed High-Speed Ethernet test product family covering 100G, 50G, 40G, 25G and 10G Ethernet; and
- The industry’s first 2.5G and 5G BASE-T Ethernet test solution, enabling enterprise and service providers to quickly and efficiently deploy scalable high-capacity solutions.

The software-defined network (SDN) and data center interconnect technology evolution are driving R&D investments by our customers to ensure that their next-generation switches and routers can handle the scale and complexity of the new networks and services.

2) Cloud and virtualisation *(within Networks & Applications)*

Our Cloud and IP business introduced several new products during the first half of 2016, including:

- Spirent Temeva, a Software-as-a-Service (SaaS) solution for network and cloud testing; and
- Spirent TestCenter WLAN test capability, providing the highest-performing and most realistic 802.11 wireless local area network (WLAN) multi-client emulation scenarios available on the market today.

3) Mobility infrastructure *(within Networks & Applications)*

Our Mobility business launched two new products during the first half of 2016 to measure network performance under predictable and repeatable conditions, specifically the Landslide Core S100-M2 high capacity server that allows customers to test at a very high scale and the Landslide Edge E10 product for active testing in the operational network.

4) Cyber security *(within Networks & Applications)*

Spirent is well positioned within this growth area and has seen increased demand for its security test solutions. In the first half of 2016, we launched SecurityLabs a new ethical hacking service, and CyberFlood, a new security and applications performance test product. CyberFlood is the world's highest performing layer 4-7 testing solution, emulating realistic application traffic while validating security coverage from enterprise to carrier-grade network capacity.

5) Analytics *(within Service Assurance)*

Within analytics we have expanded our customer base in carriers worldwide and completed the first release of our network performance analytics product InTouch CNA, which supports sophisticated wireless control plane analytics. We are also now trialling an analytics solution offered with our active mobility infrastructure test system, Landslide.

In addition, we continue to explore opportunities within **adjacent markets** such as the Internet of Things and automotive which remain long term growth initiatives for the Group.

Outlook

As previously indicated we expect the headwinds identified in Wireless together with the absence of the non-repeating contract which boosted Service Assurance revenue last year to be offset by growth in our other businesses. Accordingly, the outlook for the full year 2016 remains unchanged.

OPERATIONAL REVIEW

Networks & Applications – 54% of Group revenue

Networks & Applications provides functional, performance and security testing products and services for customers to develop and deploy networks and applications. We create and generate traffic to simulate real-world conditions in the lab or in the operating networks. Our portfolio covers high-speed IP/Ethernet networks, cloud, virtualisation, applications, security and mobile networks.

$ million	**First half 2016**	First half 2015[1]	Change (%)
Revenue	**115.1**	108.7	6
Operating profit	**3.0**	2.0	50
Return on sales (%)	**2.6**	1.8	

Note
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.

Driven by demand for high-speed Ethernet performance test systems and for security and automation solutions, Networks & Applications reported revenue growth of 6 per cent to $115.1 million in the first half of 2016 (first half 2015: $108.7 million). Geographically, the Americas and particularly APAC performed strongly driven by ongoing infrastructure build out in China, more than offsetting weakness in EMEA which was impacted by delays caused by major customer consolidation. Gross margin was 69.2 per cent, down slightly from 69.9 per cent for the first half of 2015 due to product mix. Operating profit increased to $3.0 million (first half 2015: $2.0 million).

We see strong demand for our security testing solutions across network equipment manufacturers, service providers and enterprise customers, as high profile security incidents continue to make headlines across industry segments. From hacked banks, data breaches, to hospitals falling victim to ransomware attacks, the overall prevalence and sophistication of cybercrime is on the rise. We are well positioned to capitalise on this demand for application security test products and services. Our Application and Security business saw strong orders growth in the second quarter of 2016.

The investment in mobile networks and their operation and management remains a priority for network operators as the gap between mobile and fixed broadband subscribers accelerates. Our solutions allow network equipment manufacturers and operators to actively measure the performance of their equipment in the lab and in the operational network. This is increasingly important as operators adopt a DevOps approach to service delivery and as they begin to virtualise their network functions; for which active tests are vital to measure network performance under predictable and repeatable conditions.

Wireless & Positioning – 26% of Group revenue

Wireless & Positioning provides functional and performance test systems that enable customers to develop smartphones and other wireless connected devices, as well as positioning, navigation and timing systems for military, space, research and other high-precision applications.

$ million	**First half 2016**	First half 2015[1]	Change (%)
Revenue	**56.2**	65.9	(15)
Operating profit	**4.7**	2.5	88
Return on sales (%)	**8.4**	3.8	

Note
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.

While the smartphone and wireless device test market continues to be fiercely competitive, the market for our positioning and timing solutions remains robust. Spending by wireless network equipment manufacturers continues to slow as they navigate the lull between ongoing 4G enhancements and the very early days of 5G.

In contrast, growth in the positioning and timing test market is being driven by the demand for systems to test for system vulnerabilities, emerging applications such as drones and wearables and the need for precise timing across networks, primarily in the telecommunications and banking sectors.

For the first half of 2016, Wireless & Positioning revenue was down 15 per cent at $56.2 million (first half 2015: $65.9 million) with the expected decline in our wireless device test business being partially offset by growth in our positioning business. Gross margin increased to 71.2 per cent (first half 2015: 69.7 per cent) due to product mix. Despite the lower revenue, operating profit was 88 per cent higher at $4.7 million, compared with $2.5

million, in the first half of 2015 as a result of the improved gross margin and lower operating expenses in this division.

Despite the tough conditions in the wireless device test market, we introduced new products to address the current and future customer requirements and challenges for connected devices testing. In the first quarter we launched Spirent Vertex, the world's first modular scalable channel emulation platform that addresses today's cutting-edge wireless RF test challenges as well as upcoming 5G needs.

Additionally, we released several new positioning products and solutions to address the commercial market and robust positioning navigation and timing vulnerabilities.

Service Assurance – 20% of Group revenue

Service Assurance provides products and services that enable service providers to quickly turn-up new service and to diagnose, troubleshoot and resolve issues with their networks and services. Our Service Assurance solutions also enable an understanding of customer experience through active test techniques and real-time analytics. Our solutions enable customers to reduce opex and capex costs, radically reducing the time to install new services, provision new subscribers and troubleshoot problems.

$ million	**First half 2016**	First half 2015[1]	Change (%)
Revenue	**42.2**	44.1	(4)
Operating profit	**6.1**	3.6	69
Return on sales (%)	**14.5**	8.2	

Note
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.

In the service assurance market, we focus on network operators who are continually deploying new networks and services, such as LTE and VoLTE, with 5G on the horizon. Operators are seeking new ways to optimise their network performance and understand their customers' experience, and to identify and fix customer issues quickly and effectively. Our business depends on the level of service provider investment in Ethernet/IP services, virtualisation, in-home data services, carrier Wi-Fi and mobile technologies such as LTE, VoLTE, and IMS. The current dynamics and outlook are favourable for our business; based on feedback from our tier-1 carrier customers and market data, we expect a gradual, targeted deployment of virtualisation in carrier networks, which began in 2015. Service providers will evolve from using Wi-Fi primarily to deliver data services to using Wi-Fi as the preferred approach to deliver all in-home services including high-quality video, data and voice services. The Carrier Wi-Fi market continues to grow rapidly, driven by fixed and mobile operator and ISP deployments. Furthermore, we see increasing market demand for solutions to monitor and manage Wi-Fi service level agreements between carriers and enterprises. Next-generation IMS-based services such as VoLTE and IR.94 video calling are rolling out at a rapid pace, with 111 operators deploying VoLTE/IMS in 2016. To manage these new services, network operators require active performance test systems for service turn-up and troubleshooting.

With many operators now evolving from network-centric to customer-centric operations, they face a wide range of opportunities and challenges. The need to support new technologies such as VoLTE, VoWi-Fi, 5G, IoT and virtualisation are fuelling opportunities for customer experience management systems.

For the first half of 2016, Service Assurance revenue was $42.2 million compared to $44.1 million in the first half of 2015. This reflects the impact of $5.7 million of the final contract for hand-held test tools that was included in revenue for the first half of 2015. Despite the lower revenue, operating profit increased by 69 per cent to $6.1 million in the first half of 2016 compared with $3.6 million in the first half of 2015 reflecting a much improved gross margin for the period due to product mix.

In the first half of 2016, we launched several new products including the Lumos platform which directly targets carriers' need to automate assurance functions in hybrid physical-virtual networks.

FINANCIAL REVIEW

Group financial performance

The following table shows summary financial performance for the Group:

$ million	**First half 2016**	First half 2015	Change (%)
Order intake	**221.7**	226.2	(2.0)
Revenue	**213.5**	218.7	(2.4)
Gross profit	**151.0**	150.8	
Gross margin (%)	**70.7**	69.0	1.7
Total operating costs[1]	**140.6**	144.8	(2.9)
Adjusted operating profit[1]	**10.4**	6.0	73
Operating profit/(loss)	**3.1**	(2.2)	
Profit/(loss) before tax	**2.0**	(2.3)	
Return on sales[1] (%)	**4.9**	2.7	
Adjusted basic earnings per share[2] (cents)	**1.13**	0.69	
Free cash flow[3]	**13.4**	11.1	

Notes
1 Before charging acquired intangible asset amortisation and share-based payment amounting to $7.3 million in total (first half 2015: $8.2 million).
2 Adjusted basic earnings per share is based on adjusted earnings as set out in note 6 of Notes to the half year condensed consolidated financial statements.
3 Operating cash flow after tax, net interest and net capital expenditure.

Revenue

$ million	**First half 2016**	**%**	First half 2015[1]	%
Revenue by segment				
Networks & Applications	**115.1**	**53.9**	108.7	49.7
Wireless & Positioning	**56.2**	**26.3**	65.9	30.1
Service Assurance	**42.2**	**19.8**	44.1	20.2
	213.5	**100.0**	218.7	100.0
Revenue by geography				
Americas	**120.1**	**56.3**	126.8	58.0
Asia Pacific	**66.0**	**30.9**	64.2	29.3
Europe, Middle East and Africa	**27.4**	**12.8**	27.7	12.7
	213.5	**100.0**	218.7	100.0

Note
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.

Growth in revenue of 6 per cent at Networks & Applications was more than offset by the anticipated declines in Wireless & Positioning and in Service Assurance of 15 per cent and 4 per cent respectively resulting in Group revenue declining by 2 per cent overall. Growth in Networks & Applications was driven by demand for high-speed Ethernet at both data centers and service providers. The predicted decline in Wireless & Positioning revenue was due to the continuing changes in the wireless device test market. In Service Assurance the decline reflects part of the non-repeating contract for hand-held test tools delivered in 2015.

Geographically, the Americas continues to be our largest market, accounting for 56 per cent of Group revenue. Revenue in Asia Pacific increased to 31 per cent of Group revenue, driven by global service providers moving projects to India and recovery in spend by major service providers in Japan. EMEA continues to account for 13 per cent of Group revenue.

Gross margin

$ million	**First half 2016**	**%**	First half 2015[1]	%
Networks & Applications	**79.6**	**69.2**	76.0	69.9
Wireless & Positioning	**40.0**	**71.2**	45.9	69.7
Service Assurance	**31.4**	**74.4**	28.9	65.5
	151.0	**70.7**	150.8	69.0

Note
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.

Gross margin increased to 70.7 per cent (first half 2015: 69.0 per cent) buoyed by improvements in Wireless & Positioning and in Service Assurance due to product mix.

Operating costs

$ million	**First half 2016**	First half 2015[1]
Product development	**57.4**	60.1
Sales and distribution	**63.5**	63.2
Administration[2]	**19.7**	21.5
	140.6	144.8
Networks & Applications	**76.6**	74.0
Wireless & Positioning	**35.3**	43.4
Service Assurance	**25.3**	25.3
Corporate	**3.4**	2.1
	140.6	144.8

Notes
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.
2 Before charging acquired intangible asset amortisation and share-based payment amounting to $7.3 million in total (first half 2015: $8.2 million).

Operating costs were responsibly managed in the first half of 2016 following the decisive action taken late in 2015 to right size those parts of the business in more challenging markets. The overall investment in product development reduced from $60.1 million in the first half of 2015 to $57.4 million. Investment in sales and distribution was maintained at $63.5 million (first half 2015: $63.2 million) and administration costs reduced from $21.5 million in the first half of 2015 to $19.7 million. As previously reported, in response to the changes in the wireless device test market, we reduced investment in Wireless & Positioning from $43.4 million to $35.3 million but increased spend slightly in Networks & Applications to $76.6 million (first half 2015: $74.0 million) as we focus investment in our growth areas. Investment in Service Assurance was maintained at $25.3 million (first half 2015: $25.3 million).

Total statutory reported administration costs were $27.0 million compared to $29.7 million in the first half of 2015 after charging acquired intangible asset amortisation and share-based payment amounting to $7.3 million in total (first half 2015: $8.2 million).

It is planned to maintain the overall underlying rate of investment in the second half of 2016 at a similar level to the second half of 2015.

Operating profit

$ million	**First half 2016**	**Return on sales[2] (%)**	First half 2015[1]	Return on sales[2] (%)
Networks & Applications	**3.0**	**2.6**	2.0	1.8
Wireless & Positioning	**4.7**	**8.4**	2.5	3.8
Service Assurance	**6.1**	**14.5**	3.6	8.2
Corporate	**(3.4)**		(2.1)	
Adjusted operating profit[2]	**10.4**	**4.9**	6.0	2.7
Acquired intangible asset amortisation	**(6.7)**		(7.5)	
Share-based payment	**(0.6)**		(0.7)	
Reported operating profit/(loss)	**3.1**		(2.2)	

Notes
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out in note 3 of Notes to the half year condensed consolidated financial statements.
2 Before charging acquired intangible asset amortisation and share-based payment amounting to $7.3 million in total (first half 2015: $8.2 million).

Reported operating profit was $3.1 million compared with a loss of $2.2 million for the first half of 2015. Adjusted operating profit, before charging the items set out in the above table, which is the measure of profit used by the Group to evaluate performance, increased by $4.4 million to $10.4 million (first half 2015: $6.0 million).

Return on sales, based on adjusted operating profit was 4.9 per cent (first half 2015: 2.7 per cent).

Currency impact

The effect of fluctuating exchange rates is relatively minimal as the Group's revenue and profits are primarily denominated in US dollars or US dollar-linked currencies.

Share of loss of associate

Spirent's share of the loss incurred by its associate, Jolata, Inc., was $1.0 million (first half 2015: nil).

Tax

The normalised tax charge for the Group, excluding a prior year tax charge of $0.5 million, was $0.5 million for the first half of 2016, an effective tax rate of 25.0 per cent of pre-tax profit. This compared with a credit of $0.6 million for the first half of 2015, excluding a prior year tax credit of $0.5 million, being an effective tax rate of 26.1 per cent of pre-tax loss. For the full year 2016 it is expected that the effective tax rate will continue to be in the region of 25 per cent.

Earnings per share

Adjusted basic earnings per share was 1.13 cents compared with 0.69 cents for the first half of 2015. There were 610.6 million weighted average shares in issue (first half 2015: 610.5 million). Basic earnings per share was 0.16 cents compared with a loss per share of 0.21 cents for the first half of 2015. See note 6 to Notes to the half year consolidated financial statements on page 28 for the calculation of earnings/(loss) per share.

Financing and cash flow

Cash and cash equivalents were $96.1 million at 30 June 2016 compared with $102.0 million at 31 December 2015. There continues to be no debt.

Cash generated from operating activities was $24.8 million (first half 2015: $17.2 million) as we benefited from the unwind of the working capital increase we typically experience in the fourth quarter of the prior year. The net decrease in working capital was more pronounced during the first half of 2016 at $12.0 million compared to $5.4 million over the same period last year. The increase in cash generated from operating activities compared to the prior half year was achieved notwithstanding the payment of $6.3 million of exceptional restructuring costs provided for at 31 December 2015.

Free cash flow is set out below:

$ million	**First half 2016**	First half 2015
Cash flow from operations	**24.8**	17.2
Tax (paid)/received	**(3.9)**	3.1
Cash inflow from operating activities	**20.9**	20.3
Interest received	**0.2**	0.3
Net capital expenditure	**(7.7)**	(9.5)
	13.4	11.1

Tax payments of $3.9 million were made during the period (first half 2015: tax received $3.1 million). Net capital expenditure of $7.7 million was $1.8 million lower than in the first half of 2015. For 2016 capital expenditure is expected to be in the region of $20 million.

In the first half of 2016 the final dividend for 2015 of $14.1 million (first half 2015: $13.4 million) was paid. Cash consideration on the exercise of the put and call option to acquire the non-controlling interest in Testing Technologies GmbH amounted to $2.6 million (first half 2015: nil).

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 2016 gave rise to a net deficit of $24.8 million compared with a net deficit of $19.1 million at 31 December 2015. The higher deficit was principally due to an increase in the plans' liabilities due to a significant fall in the discount rate over the six months to 30 June 2016; offset to some extent by higher returns on the plans' assets and employer contributions. The valuation at 30 June 2016 was based on the triennial actuarial valuation dated 1 April 2015 which is still in the process of being agreed.

In addition, there is a liability for an unfunded plan of $0.7 million (31 December 2015: $0.7 million).

Dividend

The Board has declared an interim dividend of 1.68 cents per Ordinary Share (first half 2015: 1.68 cents). This is equivalent to 1.27 pence per Ordinary Share at an exchange rate of $1.32:£1. The payment will be approximately $10.3 million. The dividend will be paid to Ordinary shareholders on 9 September 2016 and to ADR holders on 16 September 2016. The dividend is payable to all shareholders on the Register of Members at the close of business on 12 August 2016.

Restatement of operating segments

First half 2015 operating segment information has been restated for the following changes to the Group's operating segments which came into effect on 1 January 2016:

- The Service Experience line of business has been combined with the core Service Assurance line of business and reclassified from Wireless & Service Experience to Service Assurance. As a result of this change the Wireless & Service Experience operating segment has been renamed Wireless & Positioning. The enlarged Service Assurance operating segment, which now includes the Service Experience line of business, will continue to be named Service Assurance.
- The Testing Technologies line of business has been incorporated into the Networks & Applications operating segment and reclassified from Wireless & Service Experience to Networks & Applications.

A document showing restated historical comparative information is available to view and download at http://corporate.spirent.com/.

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 2016 remain those as identified on pages 22 to 25 of the Annual Report 2015. A copy of the Annual Report 2015 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	Spirent is a global business exposed to the current world economic conditions over which it has no control. The business is also exposed to government spending priorities, principally in the United States.
Technology change	Spirent sells complex solutions in industries that can be subject to rapid technological changes. Testing new technologies drives our business, but the opportunity also brings high risk since keeping at the forefront of these key future technologies is critical to our success and to ensuring that we remain competitive in our markets. It is critical that our product development investment is directed at the right areas in order to deliver the solutions that our customers need, when they need them. Spirent's success is dependent in part on proprietary technology which may be infringed by others. Protecting the Group's proprietary technology is important to enabling Spirent to compete successfully.
Customer dependence / customer investment plans	The Group sells its solutions and services to a wide range of companies and continually seeks to expand its customer base. In some of our markets certain customers have a dominant market share, which makes doing business with these customers and their suppliers 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. Therefore meeting our development obligations, producing high quality products, and being on time are vital to Spirent's reputation and success. Changes in our major customers' priorities in technology investments can also have a significant impact on their spending on Spirent products and by those in the customers' supply chain. The industry continues to experience consolidation which can disrupt the spending patterns of affected customers.

Risks and uncertainties continued

Risk	**Description**
Competition	Spirent operates in a range of highly competitive niche markets which experience rapid technological change. In order to compete effectively it is necessary to establish and maintain technological differentiation in our solutions. The Group faces competition from new market start-ups as well as more established and well-resourced companies. Industry consolidation amongst our direct competitors may bring about a shift in competitive advantage.
Acquisitions	A key element of Spirent's strategy is to develop new capabilities and technologies, sometimes 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.
Business continuity	Operational risks are present in the Group's businesses, including the risk of failed internal and external processes and systems, human error and external events, such as a natural disaster. For example, a significant portion of our communications operations are located in California which has in the past experienced natural disasters, including earthquakes and wildfires. Contract manufacturers are used for the manufacture of a substantial amount of Spirent's products. Spirent's major contract manufacturer is located in Thailand. 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.
Employee Skillbase	Spirent is its employees. 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 2016**	First half 2015
Continuing operations			
Revenue	3,4	**213.5**	218.7
Cost of sales		**(62.5)**	(67.9)
Gross profit		**151.0**	150.8
Product development	3	**(57.4)**	(60.1)
Selling and distribution		**(63.5)**	(63.2)
Administration		**(27.0)**	(29.7)
Operating profit/(loss)	3	**3.1**	(2.2)
Finance income		**0.2**	0.2
Finance costs		**(0.3)**	(0.3)
Share of loss of associate		**(1.0)**	-
Profit/(loss) before tax	3	**2.0**	(2.3)
Tax	5	**(1.0)**	1.1
Profit/(loss) for the period		**1.0**	(1.2)
Attributable to:			
Owners of the parent Company		**1.0**	(1.3)
Non-controlling interest		**-**	0.1
Profit/(loss) for the period		**1.0**	(1.2)
Earnings/(loss) per share (cents)	6		
Basic		**0.16**	(0.21)
Diluted		**0.16**	(0.21)

Condensed consolidated statement of comprehensive income

$ million	First half 2016	First half 2015
Profit/(loss) for the period	**1.0**	(1.2)
Other comprehensive income/(loss)		
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	**0.5**	(2.4)
Items that will not subsequently be reclassified to profit or loss:		
Re-measurement of the net defined benefit pension liability	**(9.2)**	(4.9)
Income tax effect	**1.5**	1.0
	(7.7)	(3.9)
Other comprehensive loss net of tax	**(7.2)**	(6.3)
Total comprehensive loss for the period	**(6.2)**	(7.5)
Attributable to:		
Owners of the parent Company	**(6.2)**	(7.6)
Non-controlling interest	**-**	0.1
Total comprehensive loss for the period	**(6.2)**	(7.5)

Condensed consolidated balance sheet

$ million	Notes	**30 June 2016**	30 June 2015	Audited 31 December 2015
Assets				
Non-current assets				
Intangible assets		**246.3**	262.3	251.6
Property, plant and equipment		**48.3**	50.7	51.1
Trade and other receivables		**5.0**	3.6	4.3
Investment in associate		**3.6**	-	4.6
Cash on deposit		**0.1**	0.1	0.1
Defined benefit pension plan surplus	8	**0.9**	1.1	1.2
Deferred tax		**27.2**	24.1	25.6
		331.4	341.9	338.5
Current assets				
Inventories		**24.4**	26.6	22.9
Trade and other receivables		**116.4**	116.4	128.0
Current tax asset		**1.6**	2.0	0.6
Cash and cash equivalents		**96.1**	97.0	102.0
		238.5	242.0	253.5
Total assets		**569.9**	583.9	592.0
Liabilities				
Current liabilities				
Trade and other payables		**(117.9)**	(124.9)	(123.4)
Other financial liabilities		**(0.2)**	(2.6)	-
Current tax liability		**(0.3)**	(3.4)	(0.8)
Provisions		**(2.3)**	(3.0)	(8.9)
		(120.7)	(133.9)	(133.1)
Non-current liabilities				
Trade and other payables		**(27.8)**	(12.9)	(20.2)
Other financial liabilities		**-**	-	(2.6)
Deferred tax liability		**(0.1)**	(2.1)	(0.6)
Defined benefit pension plan deficit	8	**(26.4)**	(19.2)	(21.0)
Provisions		**(2.4)**	(1.6)	(2.4)
		(56.7)	(35.8)	(46.8)
Total liabilities		**(177.4)**	(169.7)	(179.9)
Net assets		**392.5**	414.2	412.1
Capital and reserves				
Share capital		**27.3**	32.0	30.2
Share premium account		**27.1**	31.7	29.9
Capital redemption reserve		**17.7**	20.6	19.5
Other reserves		**13.9**	1.7	6.4
Translation reserve		**13.7**	16.7	13.2
Retained earnings		**292.8**	311.3	312.6
Total equity attributable to owners of the parent Company		**392.5**	414.0	411.8
Non-controlling interest		**-**	0.2	0.3
Total equity		**392.5**	414.2	412.1

Condensed consolidated cash flow statement

$ million	Notes	**First half 2016**	First half 2015
Cash flows from operating activities			
Cash flow from operations	9	**24.8**	17.2
Tax (paid)/received		**(3.9)**	3.1
Net cash inflow from operating activities		**20.9**	20.3
Cash flows from investing activities			
Interest received		**0.2**	0.3
Transfer to long term deposit		**-**	(0.1)
Purchase of intangible assets		**(0.5)**	-
Purchase of property, plant and equipment		**(7.4)**	(10.0)
Proceeds from sale of property, plant and equipment		**0.2**	0.5
Net cash used in investing activities		**(7.5)**	(9.3)
Cash flows from financing activities			
Dividend paid	7	**(14.1)**	(13.4)
Acquisition of non-controlling interest		**(2.6)**	-
Net cash used in financing activities		**(16.7)**	(13.4)
Net decrease in cash and cash equivalents		**(3.3)**	(2.4)
Cash and cash equivalents at the beginning of the period		**102.0**	99.8
Effect of foreign exchange rate changes		**(2.6)**	(0.4)
Cash and cash equivalents at the end of the period		**96.1**	97.0

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 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
At 1 January 2016 (audited)	**30.2**	**29.9**	**19.5**	**6.4**	**13.2**	**312.6**	**411.8**	**0.3**	**412.1**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**1.0**	**1.0**	**-**	**1.0**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**0.5**	**(7.7)**	**(7.2)**	**-**	**(7.2)**
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**0.5**	**(6.7)**	**(6.2)**	**-**	**(6.2)**
Share-based payment	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
Tax credit on share incentives	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Acquisition of non-controlling interest	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**	**(0.3)**	**-**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**(14.1)**	**(14.1)**	**-**	**(14.1)**
Exchange adjustment	**(2.9)**	**(2.8)**	**(1.8)**	**7.5**	**-**	**-**	**-**	**-**	**-**
At 30 June 2016	**27.3**	**27.1**	**17.7**	**13.9**	**13.7**	**292.8**	**392.5**	**-**	**392.5**

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 2015 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 2016 were approved by the directors on 2 August 2016.

2 Accounting policies

The accounting policies adopted are consistent with those applied in the consolidated financial statements for the year ended 31 December 2015.

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 2015.

Going concern
At 30 June 2016 the Group had cash balances of $96.1 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 & Positioning and Service Assurance. The Group evaluates segment operating profit before exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment.

$ million	Networks & Applications	Wireless & Positioning	Service Assurance	Corporate	Total
First half 2016					
Revenue					
External revenue	**115.1**	**56.2**	**42.2**	**-**	**213.5**
Profit before tax					
Total reportable segment profit/(loss)	**3.0**	**4.7**	**6.1**	**(3.4)**	**10.4**
Acquired intangible asset amortisation					**(6.7)**
Share-based payment					**(0.6)**
Operating profit					**3.1**
Finance income					**0.2**
Finance costs					**(0.3)**
Share of loss of associate					**(1.0)**
Profit before tax					**2.0**
Other information					
Product development	**31.2**	**14.8**	**11.4**	**-**	**57.4**
Property, plant and equipment additions	**4.8**	**1.9**	**0.7**	**0.1**	**7.5**
Intangible asset amortisation – other	**-**	**0.5**	**-**	**-**	**0.5**
Depreciation	**5.3**	**3.1**	**1.4**	**0.1**	**9.9**

3 Operating segments continued

First half 2015 operating segment information has been restated for the following changes to the Group's operating segments which came into effect on 1 January 2016:

- The Service Experience line of business has been combined with the core Service Assurance line of business and reclassified from Wireless & Service Experience to Service Assurance. As a result of this change the Wireless & Service Experience operating segment has been renamed Wireless & Positioning. The enlarged Service Assurance operating segment, which now includes the Service Experience line of business, will continue to be named Service Assurance.
- The Testing Technologies line of business has been incorporated into the Networks & Applications operating segment and reclassified from Wireless & Service Experience to Networks & Applications.

$ million	Networks & Applications [1]	Wireless & Positioning[1]	Service Assurance[1]	Corporate	Total
First half 2015					
Revenue					
External revenue	108.7	65.9	44.1	-	218.7
Loss before tax					
Total reportable segment profit/(loss)	2.0	2.5	3.6	(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	30.0	18.7	11.4	-	60.1
Property, plant and equipment additions	6.6	2.8	0.6	-	10.0
Intangible asset amortisation – other	-	0.5	-	-	0.5
Depreciation	4.9	4.1	1.4	0.1	10.5

Note
1 Restated for changes to the Group's operating segments effective 1 January 2016 as set out above.

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

4 Geographical information

$ million	**First half 2016**	First half 2015
Revenue by market		
Americas	**120.1**	126.8
Asia Pacific	**66.0**	64.2
Europe, Middle East and Africa	**27.4**	27.7
	213.5	218.7

Europe, Middle East and Africa includes United Kingdom revenue of $5.2 million (first half 2015: $4.0 million).

Americas includes United States revenue of $115.7 million (first half 2015: $121.2 million).

Asia Pacific includes China revenue of $32.7 million (first half 2015: $33.5 million).

5 Tax

$ million	**First half 2016**	First half 2015
Current income tax		
UK tax	**-**	0.1
Overseas tax	**1.5**	1.6
Amounts underprovided in previous years – overseas tax	**0.5**	-
Total income tax	**2.0**	1.7
Deferred tax		
Recognition of deferred tax assets	**(2.3)**	(0.5)
Reversal/(origination) of temporary differences	**1.3**	(1.8)
Prior year credit	**-**	(0.5)
Total deferred tax	**(1.0)**	(2.8)
Tax charge/(credit) in the income statement	**1.0**	(1.1)

The effective tax rate for the first half year is 25.0 per cent (first half 2015: 26.1 per cent), being the current year tax charge excluding any prior year tax, as a percentage of profit before tax.

6 Earnings/(loss) per share

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

Diluted
Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) 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 was a loss for the first half of 2015 employee share incentives were anti-dilutive and therefore the dilutive potential of these was nil in the calculation of basic loss per share for that period.

$ million	**First half 2016**	First half 2015
Profit/(loss) for the period attributable to owners of the parent Company	**1.0**	(1.3)

Number million		
Weighted average number of shares in issue – basic	**610.6**	610.5
Dilutive potential of employee share incentives	**2.0**	-
Weighted average number of shares in issue – diluted	**612.6**	610.5

Cents		
Earnings/(loss) per share		
Basic	**0.16**	(0.21)
Diluted	**0.16**	(0.21)

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 and impairment
- Goodwill impairment
- Share-based payment
- Tax effect on the above items
- Prior year tax

		First half 2016		First half 2015
	$ million	**EPS cents**	$ million	EPS cents
Profit/(loss) for the period attributable to owners of the parent Company	**1.0**	**0.16**	(1.3)	(0.21)
Acquired intangible asset amortisation	**6.7**		7.5	
Share-based payment	**0.6**		0.7	
Tax effect on the above items	**(1.9)**		(2.2)	
Prior year tax	**0.5**		(0.5)	
Adjusted basic	**6.9**	**1.13**	4.2	0.69
Adjusted diluted		**1.13**		0.69

7 Dividends paid and proposed

	First half 2016		First half 2015	
	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**	**14.1**	2.21	13.4
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 (2015: 1.68 cents per Ordinary Share) was declared by the Board on 2 August 2016 and will be paid to Ordinary shareholders on 9 September 2016 and to ADR holders on 16 September 2016. 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 12 August 2016.

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 $1.32:£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 2015, 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 2016.

The key financial assumptions are as follows:

%	**First half 2016**	First half 2015	Year 2015
Inflation RPI	**2.7**	3.1	2.9
Inflation CPI	**1.6**	2.0	1.8
Rate of increase in pensionable salaries	**3.0**	3.0	3.0
Rate of increase for pensions in payment			
Pre 2001 service	**3.5**	3.6	3.6
2001 to 5 April 2005 service	**2.7**	3.0	2.8
Post 5 April 2005 service	**1.9**	2.1	2.0
Rate of increase in deferred pensions	**1.6**	2.0	1.8
Rate used to discount plan liabilities	**3.0**	3.8	3.8

An operating charge of $0.4 million (first half 2015: $0.3 million) and finance costs of $0.3 million (first half 2015: $0.3 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 2016**	First half 2015	Year 2015
Fair value of defined benefit pension plans' assets	**251.7**	278.9	256.5
Present value of defined benefit pension plans' obligations	**(276.5)**	(296.2)	(275.6)
Net UK funded defined benefit pension plan deficit on the balance sheet	**(24.8)**	(17.3)	(19.1)

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

$ million	**First half 2016**	First half 2015	Year 2015
Assets			
UK funded defined benefit pension plan surplus	**0.9**	1.1	1.2
Liabilities			
UK funded defined benefit pension plan deficit	**(25.7)**	(18.4)	(20.3)
UK unfunded plan	**(0.7)**	(0.8)	(0.7)
	(26.4)	(19.2)	(21.0)

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

$ million	**First half 2016**	First half 2015
Profit/(loss) before tax	**2.0**	(2.3)
Adjustments for:		
Finance income	**(0.2)**	(0.2)
Finance expense	**0.3**	0.3
Share of loss of associate	**1.0**	-
Intangible asset amortisation	**7.2**	8.0
Depreciation of property, plant and equipment	**9.9**	10.5
Loss on the disposal of property, plant and equipment	**-**	0.3
Share-based payment	**0.6**	0.7
Changes in working capital		
Deferred income received	**7.0**	0.4
Decrease in receivables	**11.1**	6.3
Increase in inventories	**(1.6)**	-
Decrease in payables	**(4.5)**	(1.3)
Decrease in provisions	**(6.5)**	(3.7)
Defined benefit pension plan	**(1.5)**	(1.8)
Cash flow from operations	**24.8**	17.2

10 Related party transactions

There have been no related party transactions in the first half of 2016 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 2015.

11 Capital commitments and contingent liabilities

There are no material capital commitments. There have been no material changes since 31 December 2015 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 2015 Annual Report.

The directors of Spirent Communications plc are as listed in the Spirent Communications plc Annual Report for 31 December 2015 with the exception of Duncan Lewis, who sadly passed away in March 2016 and Rachel Whiting, who stepped down as a director in May 2016.

By order of the Board of Spirent Communications plc.

E G Hutchinson
Chief Executive Officer
2 August 2016

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 2016 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 11. 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 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 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 2016 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
2 August 2016