

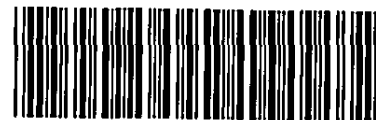
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SPIRENT B.V.

Annual Report 2006

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COMPANIES HOUSE

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REPORT OF THE BOARD OF MANAGING DIRECTORS

The directors of the Company present their report and the audited financial statements of Spirent B.V. (the Company) for the year ended 31 December 2006

Operations

Spirent B.V. results for the year show a net loss of EUR 230,420,000 compared to a profit of EUR 2,760,000 for 2005.

On 15 February 2006, the Company completed the disposal of its investments in the HellermannTyton companies and 20% interest in 3M/E.C.C. Europa B.V. for a consideration of £158,650,000

On 31 March 2006, the shareholder of the company, Spirent Financial Limited resolved to revoke the previous resolution of 2 January 2004 to declare a dividend of EUR 110,000,000.

On 31 March 2006, the directors of the company resolved to waive the loan receivable from Spirent plc, the Company's ultimate parent company of EUR 366,423,344.

The Company does not undertake any activities in Research and Development.

The income of Spirent B.V. continues to be derived from the investments in its subsidiary companies.



Board of Managing Directors

E.G. Hutchinson

Crawley, December 2007

BALANCE SHEET
31 December 2006

A s s e t s

	2006		2005	
	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>	<u>EUR'000</u>
Fixed assets				
Tangible fixed assets		-		-
Financial fixed assets				
Investments	11,785		73,042	
Other investment	-		1,815	
Loans due from affiliated companies	-		166,118	
Total financial fixed assets		11,785		240,975
Total fixed assets		11,785		240,975
Current assets				
Debtors				
Amounts due from affiliated companies	-		6	
Income taxes	396		-	
Total debtors		396		6
Cash at bank				
Current account	7		49	
Total cash at bank		7		49
Total current assets		7		55
Total assets		<u>12,188</u>		<u>241,030</u>

See accompanying notes.

S h a r e h o l d e r ' s e q u i t y a n d l i a b i l i t i e s

	2006		2005	
	EUR'000	EUR'000	EUR'000	EUR'000
Shareholder's equity				
Common shares	942		942	
Share premium account	114,397		110,470	
Retained earnings	<u>(103,346)</u>		<u>15,835</u>	
Total shareholder's equity		11,993		127,247
Current liabilities				
Income taxes	-		488	
Accrued liabilities	195		196	
Dividend payable	<u>-</u>		<u>113,099</u>	
Total current liabilities		195		113,783
Total shareholder's equity and liabilities		<u>12,188</u>		<u>241,030</u>

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2006

	2006		2005	
	EUR'000	EUR'000	EUR'000	EUR'000
Revenues				
Interest income		203		6,264
Financial income and expense				
Income from investments in subsidiaries				
• Dividends from subsidiaries	3,627		940	
• Result on sale of investments	133,297		-	
• Provision for costs of exiting from Joint Venture	-		(312)	
Translation gain / (loss)	(1,526)		(3,424)	
		135,398		(2,796)
Other income/(expense)				
General and administrative expenses	-		14	
		-		14
Revenues less expenses		135,601		3,482
Loan waiver		(366,423)		-
(Loss)/profit before taxation		(230,822)		3,482
Taxation				
Corporate income taxes		402		(722)
Net (loss)/profit		<u>(230,420)</u>		<u>2,760</u>

See accompanying notes.

NOTES TO ANNUAL ACCOUNTS

31 December 2006

General

The Company is a holding and finance company, a wholly-owned subsidiary of Spirent Financial Limited and a member of the world-wide group of affiliated companies of Spirent Communications Plc.(formerly Spirent plc), located in Crawley, Sussex (UK). As discussed in the notes herein, the Company has material transactions with affiliated companies.

Summary of significant accounting policies

Basis of presentation

The annual accounts have been prepared in accordance with the Civil Code of the Netherlands.

In accordance with Article 2:408 of the Civil Code of the Netherlands, consolidated annual accounts are not included in this Annual Report. Instead, the 2006 consolidated annual accounts of Spirent Communications plc (formerly Spirent Plc.) will be filed with the Chamber of Commerce in Rotterdam.

Translation of foreign currencies

Assets and liabilities denominated in currencies other than the Euro are translated into the Euro at year-end exchange rates. Transactions in foreign currencies are recorded at the rate ruling at the transaction date. The exchange results are included in net profit.

Valuation

Assets and liabilities are shown at the amounts at which they were acquired or incurred, unless stated otherwise.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, as follows: Office equipment – 5 to 10 years.

Financial fixed assets

Investments in subsidiaries and other investments are stated at cost, adjusted for any permanent impairment in value. Dividends are recorded as income when received.

Revenues

Interest income is recognised in the year to which it relates.

Other income and expense

Other income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they are identified.

Taxation

Taxation is due at the statutory rate adjusted for certain tax exempt and non tax deductible items according to the requirements of the fiscal authorities in which the Company is resident for fiscal purposes.

Tangible fixed assets

	Office equipment
	EUR'000
Cost	
Balance at 1 January 2006 and 31 December 2006	<u>7</u>
Accumulated depreciation	
Balance at 1 January 2006	7
Charge for the year	-
Balance at 31 December 2006	<u>7</u>
Net book value at 31 December 2006	<u>-</u>
Net book value at 31 December 2005	<u>-</u>

Investments in subsidiaries

The Company's direct investments and percentage ownership at 31 December 2006 are as follows.

	% Ownership
Spirent Communications of Ottawa Ltd., Ontario, Canada	100
Spirent Communications Asia Ltd, Hong Kong	100

Changes in investments in subsidiaries are as follows.

	EUR'000	EUR'000
Balance at beginning of year	73,042	64,786
Capital increases	36,705	8,256
Disposals	(99,777)	-
Balance at end of year	<u>11,785</u>	<u>73,042</u>

Consisting of:

	EUR'000	EUR'000
Cost	21,525	88,928
Provisions	(9,740)	(15,886)
	<u>11,785</u>	<u>73,042</u>

Other investment

During the year, the company disposed of its 20% interest in 3M/E.C.C. Europa B.V., Amersfoort, the Netherlands, as part of the disposal of the HellermannTyton group of companies.

Loans due from affiliated companies

Movements in loans with affiliated companies are as follows.

	EUR'000	EUR'000
Balance at beginning of year	166,118	168,654
New loans	231,366	7,578
Repayments	(27,676)	(10,544)
Waiver of loan	(366,423)	-
Translation gain/(loss)	(3,385)	430
Balance at end of year	<u>-</u>	<u>166,118</u>

Total provisions included against loans at 31 December 2005 is nil

Shareholder's equity

Changes in shareholder's equity for the year ended 31 December 2006 are as follows.

	Common shares	Share premium account	Retained (loss)/ profit
	EUR'000	EUR'000	EUR'000
Balance at beginning of year	942	110,470	15,835
Capital paid in during the year	-	3,927	-
Net loss for the year	-	-	(230,420)
Dividend revoked	-	-	111,239
Balance end of year	<u>942</u>	<u>114,397</u>	<u>(103,346)</u>

The Company has an authorised share capital of 5,000 shares of EUR 460 each of which 2,047 (2005: 2,047) shares have been issued and fully paid at 31 December 2006.

Taxation

Effective 23 April 2003 the Company migrated its tax residency to the United Kingdom. Prior to that date, the Company was liable to tax in The Netherlands

Staff numbers and employment costs

The Company did not employ any staff during the year (2005: nil).

Remuneration

No directors received any directors' fees in 2006 (2005 : EUR nil).

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Board of Managing Directors



E.G. Hutchinson

P.R. Eardley (resigned 20th September 2007)

Net income appropriation

According to Article 31 of the Company's Articles of Association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year.

Appropriation of the result of the year

The Board of Directors recommend that the net loss for the year of EUR 230,420,000 be deducted from the retained earnings of the Company. This proposal has been included in these financial statements.

Dividend

On 31 March 2006, the shareholder of the Company, Spirent Financial Limited resolved to revoke the previous resolution of 2 January 2004 to declare a dividend of EUR 110,000,000.

Audit Requirement

The Company has applied Article 408 BW2 of the Civil Code of the Netherlands, and its size can therefore be determined on a stand-alone basis. On this basis, management consider it a small company and therefore there is no statutory audit requirement.