

UNAUDITED RESTATED OPERATING SEGMENT INFORMATION

To aid the users' understanding of the operating segment restatement, effective 1 January 2017

With effect from 1 January 2017 the operating segments have been reorganised to focus certain product lines and to combine resources and planning efforts in other product lines. The following changes will be made to the operating segments:

- The Networks & Applications operating segment will be divided into five distinct lines of business; Cloud IP, Applications Security, Automation Platform Technologies, Mobility Infrastructure and Spirent Technologies (formerly Testing Technologies)
- The Service Assurance Broadband line of business will be split by product offering between the core Service Assurance business and Service Experience line of business

The new operating segments will be as follows:

- Networks & Security comprising our Cloud IP, Application Security and Positioning lines of business with the aim of addressing the needs of the lab test market for Ethernet, Virtual, Datacenter, applications test and timing for critical infrastructure
- Lifecycle Service Assurance comprising our Mobility Infrastructure, Customer Experience Management, Service Assurance and Automation Platform Technologies lines of business. All businesses in this segment target wireless service providers production networks aimed at reducing operating costs, increasing service quality and providing realtime analytics to trigger automatic tests and fixes to network degradation
- Connected Devices comprising our Wireless and Service Experience lines of business together with Communications Technologies Management (formerly Device Intelligence and Developer Tools). The future opportunities for this segment are centred around 5G wireless development, performance and security of connected devices and the challenges to network providers coming from the internet of things

The below segment information for 2016 and 2015 has been restated to reflect the above changes, effective 1 January 2017.

					2016 \$ million
	Networks & Security (1)	Lifecycle Service Assurance (1)	Connected Devices (1)	Corporate	Total
Revenue					
External revenue	262.2	99.2	96.5	-	457.9
There were no inter-segment sales.					
Loss before tax					
Total reportable segment profit/(loss) before exceptional items	47.2	11.2	(4.4)	(7.5)	46.5
Exceptional items	(0.9)	(1.1)	(2.8)	-	(4.8)
Total reportable segment profit/(loss)	46.3	10.1	(7.2)	(7.5)	41.7
Unallocated amounts					
Acquired intangible asset amortisation and impairment					(20.6)
Goodwill impairment					(61.4)
Share-based payment					(0.8)
Operating loss					(41.1)
Finance income					0.3
Finance costs					(0.7)
Share of loss of associate					(4.5)
Loss before tax					(46.0)
Other information					
Product development	53.0	31.7	27.0	-	111.7
Expenditure on intangibles	-	-	1.1	-	1.1
Expenditure on property, plant and equipment	10.5	3.1	3.6	0.1	17.3
Intangible asset amortisation – other	-	-	0.9	-	0.9
Depreciation	9.4	2.9	6.5	0.3	19.1

					2015 \$ million
	Networks & Security (1)	Lifecycle Service Assurance (1)	Connected Devices (1)	Corporate	Total
Revenue					
External revenue	239.2	112.2	125.7	-	477.1
There were no inter-segment sales.					
Profit before tax					
Total reportable segment profit/(loss) before exceptional items	34.6	17.7	(4.4)	(5.8)	42.1
Exceptional items	(2.3)	(0.5)	(9.8)	0.1	(12.5)
Total reportable segment profit/(loss)	32.3	17.2	(14.2)	(5.7)	29.6
Unallocated amounts					
Acquisition related costs					(0.1)
Acquired intangible asset amortisation					(14.8)
Goodwill impairment					(3.8)
Share-based payment					(0.8)
Operating profit					10.1
Finance income					0.4
Finance costs					(0.5)
Share of loss of associate					(0.4)
Profit before tax					9.6
Other information					
Product development	52.7	30.7	34.9	-	118.3
Expenditure on intangibles	-	2.1	0.9	-	3.0
Expenditure on property, plant and equipment	13.8	4.0	8.7	-	26.5
Intangible asset amortisation – other	-	-	1.1	-	1.1
Depreciation	8.7	3.0	13.1	0.2	25.0

Notes

1 Restated for changes to the Group's operating segments effective 1 January 2017 as set out above