

EXHIBIT A

Annual Report and Accounts 2001



Notes to the financial statements

2. Segment information

a Business segment

NDS has a single business segment, being the provision of conditional access and broadcast control software and systems. The segment has associated with it a number of revenue streams. The accounting policies of the segment are as those described in Note 1 to these financial statements.

b Geographical destination

Turnover may be analysed by geographical destination as follows:

| | Year ended 30 June 2001 £'000 | Year ended 30 June 2000 £'000 |
|----------------------------|-------------------------------------|-------------------------------------|
| UK | 62,139 | 61,731 |
| Europe and the Middle East | 16,393 | 4,406 |
| USA | 70,267 | 65,595 |
| Latin America | 57,191 | 18,571 |
| Asia-Pacific | 9,638 | 9,911 |
| | <u>215,628</u> | <u>160,214</u> |

c Geographical origin

In the analyses of turnover, profits and assets shown below, NDS's operations in Israel and Asia-Pacific have been included within the UK segment in order to reflect the fact that these operations directly support UK trading activity.

Turnover

| | Year ended 30 June 2001 £'000 | Year ended 30 June 2000 £'000 |
|-----|-------------------------------------|-------------------------------------|
| UK | 154,412 | 114,432 |
| USA | 61,216 | 45,782 |
| | <u>215,628</u> | <u>160,214</u> |

Profit (loss) on ordinary activities before taxation

| | Year ended 30 June 2001 £'000 | Year ended 30 June 2000 £'000 |
|-----|-------------------------------------|-------------------------------------|
| UK | 41,383 | 24,147 |
| USA | (100) | 1,961 |
| | <u>41,283</u> | <u>26,108</u> |

Notes to the financial statements

2. Segment information (continued)

| Assets | 30 June 2001 | 30 June 2000 |
|---------------------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Goodwill | | |
| UK | 67,127 | 16,475 |
| USA | — | — |
| | <u>67,127</u> | <u>16,475</u> |
| Other fixed assets | | |
| UK | 19,703 | 14,784 |
| USA | 2,834 | 2,216 |
| | <u>22,537</u> | <u>17,000</u> |
| Total fixed assets | | |
| UK | 86,830 | 31,259 |
| USA | 2,834 | 2,216 |
| | <u>89,664</u> | <u>33,475</u> |
| Other net assets (liabilities) | | |
| UK | 38,281 | 19,947 |
| USA | (2,079) | (805) |
| | <u>36,202</u> | <u>19,142</u> |
| Net assets | | |
| UK | 125,111 | 51,206 |
| USA | 755 | 1,411 |
| | <u>125,866</u> | <u>52,617</u> |

d Principal customers

Substantial revenues are derived from businesses in which The News Corporation Group has an equity interest. Turnover from related parties is disclosed in Note 26a. Turnover from the one principal third party customer (defined as a customer accounting for greater than 10% of total turnover) is £57.4 million (2000: £49.6 million).

e Cost of sales, gross profit and other operating expenses

In relation to the acquisition of Orbis Technology Limited, continuing operations include cost of sales of £372,000 and administrative expenses of £5,584,000.

3. Administrative expenses

Administrative expenses comprise:

| | Year ended | Year ended |
|--|---------------------|---------------------|
| | 30 June 2001 | 30 June 2000 |
| | £'000 | £'000 |
| Sales and marketing | 14,417 | 11,178 |
| Research and development | 65,164 | 46,184 |
| General and administration | 17,289 | 16,040 |
| Foreign exchange gains | (1,688) | (987) |
| Administrative expenses – trading expenses | 95,182 | 72,415 |
| Amortisation of goodwill | 4,590 | 1,536 |
| Total administrative expenses | <u>99,772</u> | <u>73,951</u> |