

ANNEX B – AUDIT COMMITTEE CHARTER

NDS GROUP PLC (THE “COMPANY”) AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE AND AUTHORITY

The Board of Directors has established an Audit Committee (the “Audit Committee” or the “Committee”) with the authority, responsibility and duties as specifically described below.

The Audit Committee shall assist the Board of Directors in its oversight of (i) integrity of the Company’s financial statements and the Company’s financial reporting processes and systems of internal control, (ii) the qualifications, independence and performance of the Company’s independent registered public accounting firm and the performance of the Company’s corporate auditors and corporate audit function and (iii) the Company’s compliance with legal and regulatory requirements, and shall provide an avenue of communication among management, the independent registered public accounting firm, the corporate auditors and the Board of Directors.

In fulfilling its responsibilities, the Audit Committee shall have full access to all books, records, facilities and personnel of the Company, and shall be authorized (without seeking approval of the Board of Directors) to retain special legal, accounting or other advisors and to request any officer or employee of the Company or the Company’s outside counsel or independent registered public accounting firm to meet with any members of, or advisors to, the Audit Committee. The Audit Committee may delegate its authority to subcommittees or the Chairman of the Audit Committee when it deems appropriate and in the best interests of the Company.

Limitations Inherent in the Audit Committee’s Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This determination is the responsibility of management and the independent registered public accounting firm. Nor is it the duty of the Audit Committee to assure the compliance with the Company’s Code of Conduct. Furthermore, while the Audit Committee is responsible for reviewing the Company’s policies and practices with respect to risk assessment and management, it is the responsibility of the Chief Executive Officer and senior management to determine the appropriate level of the Company’s exposure to risk.

II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

The structure and membership of the Company’s Audit Committee, as outlined below, shall be in accordance with the related rules and regulations as promulgated by The NASDAQ Stock Market, Inc. (or other primary stock exchange on which the Company’s shares are listed).

The Audit Committee shall be comprised of three or more directors as determined by the Board or the Nominating and Corporate Governance Committee, each of whom shall be independent directors, in accordance with the NASDAQ listing standards and who, as determined by the Board in its business judgment, meet the additional requirements of the NASDAQ and the U.S. Securities and Exchange Commission (“SEC”) for audit committee membership.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. The members of the Committee may be removed by the Board. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

No Committee member shall simultaneously serve on the Audit Committee of more than two other public companies.

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Chairman of the Audit Committee, in consultation with the other Committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this Charter. A majority of the members of the Committee shall constitute a quorum. As part of its job to foster open communication, the Committee should meet at least annually with management, the director of the corporate audit department and the independent registered public accounting firm in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee, or at least its Chairman, should hold discussions with the independent registered public accounting firm and management as needed regarding the Company's financial statements.

Minutes of each meeting are to be prepared, and, following approval by the Audit Committee sent to the Members of the Audit Committee.

III. RESPONSIBILITIES AND DUTIES

In addition to any other responsibilities which may be assigned from time to time by the Board of Directors, the Audit Committee is responsible for the following matters:

Independent Registered Public Accounting Firm

1. Evaluate the independent registered public accounting firm's qualifications, performance and independence, and present its conclusions and recommendations with respect to the independent registered public accounting firm to the Board of Directors on at least an annual basis. The independent registered public accounting firm is ultimately accountable to the Board of Directors and the Audit Committee. As part of such evaluation, at least annually, the Audit Committee shall:
 - Obtain and review a report or reports from the Company's independent registered public accounting firm describing:
 - i. The independent registered public accounting firm's internal quality-control procedures;
 - ii. Any material issues raised by (a) the most recent internal quality-control review or peer review of the independent registered public accounting firm, or (b) any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the independent registered public accounting firm; and any steps taken to deal with any such issues; and
 - iii. All relationships between the independent registered public accounting firm and the Company.
 - Review and evaluate the lead partner (and senior members) of the independent registered public accounting firm;
 - In addition to assuring the regular rotation of the lead audit partner as required by law, consider whether the independent registered public accounting firm should be rotated, so as to assure continuing auditor independence, and

- Obtain the opinions of management and the corporate auditors of the independent registered public accounting firm's performance.
2. The Audit Committee shall be responsible for compensation of the independent registered public accounting firm and shall pre-approve all audit engagement fees and terms as well as all audit-related and non-audit services to be provided by the Company's independent registered public accounting firm. The Audit Committee may, from time to time, delegate its authority to pre-approve such audit-related and non-audit services to one or more Audit Committee members, provided that such designees present any such approvals to the full Audit Committee at the next Audit Committee meeting.
 3. If applicable, seek removal of the independent registered public accounting firm of the Company; appoint replacement independent registered public accounting firm to fill vacancies, pending ratification of the Company's next annual general meeting of stockholders; and implement resolutions passed by the Company in the annual meeting of stockholders for the removal of the independent registered public accounting firm of the Company (subject to, if applicable, necessary regulatory consents).
 4. Meet with, discuss and review, prior to the annual audit, the scope of the audit to be performed by the independent registered public accounting firm.

Corporate Audit

1. Review and monitor, at least annually, the plans and activities of the corporate audit department, including:
 - Approving the charter of the corporate audit function;
 - Reviewing annual corporate audit plans and results of activities;
 - Reviewing the organizational structure, corporate audit budget, staffing levels and related qualifications of the corporate audit department; and,
 - Evaluate how effectively the corporate audit department discharges its responsibilities.
2. Review a summary of findings from completed corporate audits and a progress report on the current year's corporate audit plan. When and as deemed necessary, review the individual corporate audit reports to management prepared by the corporate audit department and management's response.

Financial Statements; Disclosure and Other Risk Management and Compliance Matters

1. Review and discuss with the independent registered public accounting firm and with management the results of the annual audit of the Company's consolidated financial statements including (i) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in its Form 10-K to be filed with the SEC and (ii) any appropriate matters regarding accounting principles, practices and judgments and the independent registered public accounting firm's opinion as to the quality thereof and any items required to be communicated to the Committee by the independent registered public accounting firm in accordance with professional auditing standards prior to its filing with the SEC (on Form 10-K) or prior to the release of earnings. The Chairman of the Committee may represent the entire Committee for purposes of these discussions.
2. Review and discuss with the independent registered public accounting firm any audit problems or difficulties encountered during the course of the audit, and management's response thereto,

including those matters required to be discussed with the Audit Committee by the independent registered public accounting firm pursuant to U.S. Statement on Auditing Standards No. 61, as amended, other professional auditing standards and SEC rules:

- Any restrictions on the scope of the independent registered public accounting firm's activities or access to requested information;
 - Any accounting adjustments that were noted or proposed by the independent registered public accounting firm but were "passed" (as immaterial or otherwise);
 - Any communications between the independent registered public accounting firm's audit team and their national office regarding auditing or accounting issues presented by the engagement;
 - Any management or internal control letter issued, or proposed to be issued, by the independent registered public accounting firm; and
 - Any significant disagreements between the Company's management and the independent registered public accounting firm.
3. Recommend to the Board of Directors whether the Company's consolidated financial statements be accepted for inclusion in the Company's Annual Report on Form 10-K filed with the SEC.
 4. Review and discuss with management and the independent registered public accounting firm the Company's interim financial results to be included in the Company's quarterly reports on Form 10-Q to be filed with the SEC and any items required to be communicated to the Committee by the independent registered public accounting firm in accordance with existing auditing standards. The Chairman of the Committee may represent the entire Committee for the purpose of these discussions.
 5. Review and discuss with management the Company's earnings releases as well as financial information and earnings guidance provided to analysts and rating agencies (paying particular attention to use of "pro forma" or "adjusted" non-GAAP information).
 6. In consultation with management, the independent registered public accounting firm and the corporate auditors, review the integrity of the Company's financial reporting processes, internal controls and disclosure controls and procedures, including whether there are any significant deficiencies in the design or operation of such processes, controls and procedures, material weaknesses in such processes, controls and procedures, any corrective actions taken with regard to such deficiencies and any fraud involving management or other employees with a significant role in such processes, controls and procedures.
 7. Review with management, the independent registered public accounting firm and the corporate auditors, in separate meetings, if the Audit Committee deems it appropriate:
 - Any analysis or other written communications prepared by management, the independent registered public accounting firm and/or the corporate auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - The critical accounting policies of the Company;
 - Related-party transactions and off-balance sheet transactions and structures;

- Any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;
 - The quality and the acceptability of the Company's accounting policies as applied in its financial reporting; and
 - Regulatory and accounting initiatives or actions applicable to the Company (including any SEC investigations or proceedings).
8. Review, with the Company's counsel and management, any legal or regulatory matter that could have a significant impact on the Company's financial statements.
9. Establish procedures for:
- The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- and shall review any significant complaints regarding accounting, internal accounting controls or auditing matters received pursuant to such procedures.
10. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent registered public accounting firm, management, or the corporate audit department.
11. Review with the independent registered public accounting firm, the corporate audit department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.

Reporting to the Board of Directors; Evaluation of Performance; Other Activities

1. Report to the Board of Directors on a regular basis, and this report shall include a review of any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's legal and regulatory requirements, the qualifications, independence and performance of the Company's independent registered public accounting firm and the performance of the corporate audit function.
2. (i) Evaluate, at least annually, its own performance and report to the Board of Directors on such evaluation and (ii) review and assess the adequacy of this Charter periodically, at least annually, or as conditions dictate.
3. Prepare a report of the Audit Committee to be included in the Company's proxy or information statement and other filings as required by the applicable regulatory rules, and review any reports that may be required to be filed with the NASDAQ or other regulatory agencies with respect to the Audit Committee.
4. Have the power to conduct and authorize investigations into any matters within the Committee's scope of responsibilities.
5. Perform any other activities consistent with the Company's Charter documents and governing law as the Board of Directors deems necessary or appropriate.

