Vodafone Group Plc

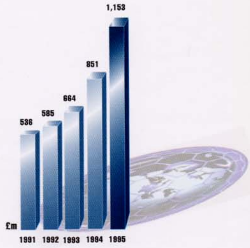
Annual Report & Accounts

For the year ended 31 March 1995

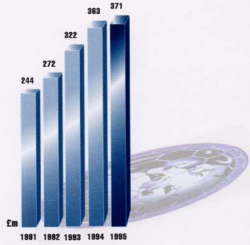
Contents

Results at a glance

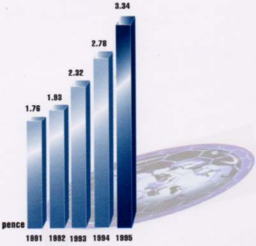
	1995 £m	1994 £m
Turnover	**1,153**	851
Profit before taxation	**371**	363
Taxation	**133**	118
Profit after taxation	**238**	245
Earnings per share	**7.80p**	8.11p
Dividends per share	**3.34p**	2.78p



Turnover

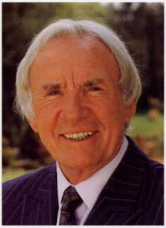


Profit before taxation

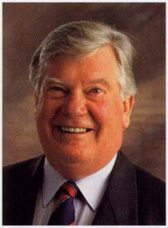


Dividends per share

Board of directors



Sir Ernest Harrison OBE
Chairman



Sir Gerald Whent CBE
Chief Executive

Chairman

Sir Ernest Harrison OBE*

Hon DSc, Hon D Univ (Surrey), Hon D Univ (Edinburgh), FCA, Comp IEE, Hon FCGI

Aged 69, he was appointed to his present position in 1988. He is Chairman of Racal Electronics Plc and Chubb Security Plc and is a director of Camelot Plc.

Chief Executive

Sir Gerald Whent CBE

Aged 68, he has held this position since the Company's flotation in 1988, prior to which he was Chairman and Managing Director. He is Chairman of all the Group's principal operating subsidiaries and Panafon SA. He is also a non-executive director of Racal Electronics Plc.

Directors

Sir William Barlow F Eng*

Aged 70, he was appointed to his present position in 1988. He is President of the Royal Academy of Engineering and is a director of Waste Management International plc and Chemring Group plc.

Sir Robert Clark DSC*

Aged 71, he was appointed to his present position in 1988. He is Chairman of Mirror Group Plc and a non-executive director of a number of UK companies, including Lowndes Lambert Group Holdings Plc and Alfred McAlpine Plc.

C C Gent

Aged 47, he joined the Board in 1985. He is Managing Director of Vodafone Limited, the UK network operator, and is also a director of a number of companies overseas in which the Group has an interest, including Vodafone Pty Limited, Vodacom Group (Pty) Limited and Vodafone Fiji Ltd.

D J Henning BSc

Aged 53, he was appointed to the Board in 1992. He is Managing Director of Vodac Limited, the Group's principal UK service provision company, and is also a director of Vodacom Limited and Vodac (Ulster) Limited.

K J Hydon FCMA FCCA

Aged 50, he was appointed to the position of Group Financial Director in 1985. He is a director of several Group companies including Vodafone Europe Holdings BV, Vodafone Australasia Pty Limited and the pension trustee companies and he also deals with US investor relations.

G J Lomer CBE F Eng*

Aged 63, he was appointed to his present position in 1992. He is a Fellow of the Institution of Electrical Engineers and of the Royal Academy of Engineering. He was technical director of the Racal Electronics Group until August 1992.

E J Peett CBE

Aged 59, he has been a director of the Company since 1985. He is responsible for regulatory affairs and is Chairman of Orbitel Mobile Communications (Holdings) Limited. He is also a director of a number of companies in which the Group has interests in the UK and overseas.

Secretary

S R Scott MA, Solicitor

* non-executive directors

Statement by the Chairman

It is with pleasure that I am able to report that the Company achieved increases in both sales and profit. Sales during the year were £1,152.6 million (1993/94 – £850.5 million), an increase of 36%. The net profit before taxation amounted to £371.1 million (1993/94 – £363.3 million), an increase of 2%.

Taxation for the year was £133.4 million (1993/94 – £118.1 million), equivalent to a rate of 35.9% (1993/94 – 32.5%) on profit before taxation.

Earnings per share amounted to 7.80p per share (1993/94 – 8.11p per share adjusted for the capitalisation issue in July 1994).

Capital expenditure and investments in the year amounted to £496.1 million, of which £335.1 million was incurred in overseas operations, most of which are in the start up phase.

The directors are recommending the payment of a final dividend of 1.70p per share, making a total 3.34p for the year. This represents an increase of 20% on the dividend of 2.78p per share (adjusted for the capitalisation issue in July 1994) for the year ended 31 March 1994 and reflects the underlying performance of the Group.

The ever growing demand for mobile communications throughout the year, enhanced by a pre-Christmas boom, resulted in a record increase in the number of subscribers to both the analogue and digital services.

The Company

The Vodafone Group is a leading provider of mobile telecommunications including cellular radio, wide area paging, packet radio and value added network services.

The ever growing demand for mobile communications throughout the year, enhanced by a pre-Christmas boom, resulted in a record increase in the number of subscribers to both the analogue and digital services. The benefits of this exceptional growth will mostly be felt in subsequent years due to the initial cost of acquiring new subscribers.

The Group continued to implement its strategy of developing its existing business both in the UK and overseas, by gaining new licences and

Statement by the Chairman

The Group will continue to develop its existing businesses and will seek further opportunities both at home and abroad.

acquiring interests in existing network operating companies. In the year, overseas start up costs resulted in a loss of £63.1 million compared with a loss of £35.7 million in the previous year.

Major Acquisitions and Disposal

In September 1994, the Group acquired 20% of Astec Communications Limited, one of the UK's independent service providers for a consideration, including loan capital, of £16 million.

In October 1994, the Group reached an agreement with Compagnie Générale des Eaux to take a 10% participation directly in Société Française du Radiotéléphone SA (SFR), the operator of one of the two French mobile telephone networks currently in operation, and to participate in the management of SFR. Under the terms of the agreement, the Group paid FFr880 million and exchanged its existing 4% equity interest in COFIRA, the holding company of SFR, for the shares in SFR and an option to increase its shareholding to 20% within two years.

In December 1994, the Group increased its shareholding in Pacific Link Communications Limited from 30% to 35%. The business of this Hong Kong based company was subsequently merged with Pacific Telelink Limited in which the Group had also increased its holding to a 35% equity participation.

In August 1994 the Group reduced its shareholding in NordicTel Holdings AB realising a profit of £4.3 million.

Sir Gerald Whent CBE

The anouncement in Her Majesty's New Year's Honours List that Gerry Whent, the Group's Chief Executive, had been awarded a Knighthood, was delightful news to us all.

The honour is very well deserved and is a fitting recognition of the outstanding contribution he has made to the telecommunications industry and to the success of the Vodafone Group.

Appreciation

1994/95 was another extremely busy year for the Company and this placed exceptional demands on the staff and, in turn, on their families. I am sure that you would wish me to place on record our very great appreciation of their considerable efforts and achievements.

The Future

The Group will continue to develop its existing businesses and will seek further opportunities both at home and abroad.

The new digital network in the UK is now fully deployed, offering a range of innovative services as well as the ability for subscribers to roam onto a growing number of overseas networks.

All the overseas digital networks in which the Group has equity interests are steadily progressing from initial start up losses through break even to the point where they are, or will be, contributing to the Group's profitability.

The mobile communications market is becoming even more competitive but the Group is an established leader and long term prospects are good.

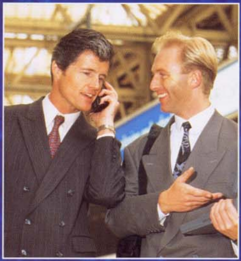
Ernest J. Harrison

Sir Ernest Harrison OBE

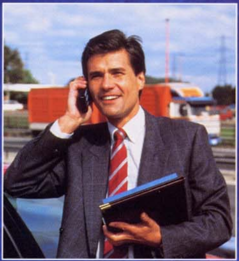
The mobile communications market is becoming even more competitive but the Group is an established leader and long term prospects are good.

PersonalWorld

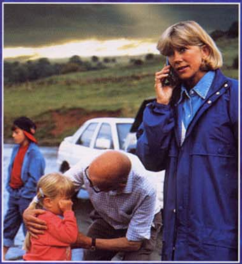
MetroWorld



BusinessWorld



BusinessCall



LowCall

Review of operations

UK CELLULAR RADIO NETWORK OPERATIONS

Vodafone

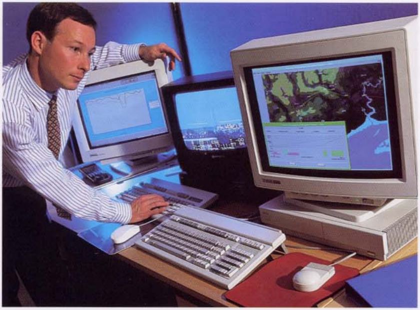
Vodafone Limited set a record for growth, connecting more than 640,000 new subscribers to its analogue and digital networks during the year, an increase of 91% over the previous year. The most rapid growth was in the consumer sector, with over 484,000 new subscribers connected to the LowCall service. Of these, 115,000 were connected in December in an unprecedented pre-Christmas boom. Subsequent subscriber growth has continued at a higher level than the corresponding period in the previous year.

During the year, the company consolidated its position as overall market leader and was confirmed by the Telecommunications Managers Association's annual survey as the network of first choice for the business user.

Vodafone operates a digital network which provides a nationwide service. More than 140,000 new subscribers were connected to this network during the year, of which over 21,000 were migrations from the company's analogue service, a trend which is being encouraged in the current year.

The construction of the digital network accelerated during the year, with over 650 new sites being brought into service at a capital cost of over £105m. Vodafone now has a total of 1,800 digital base stations in service, of which more than half are the less intrusive Micro sites. The company has endeavoured throughout the deployment of its digital network to be sensitive to its impact on the environment and has been attentive to the genuine concerns of the community.

Vodafone has consolidated its position as overall market leader and as the network of first choice for the business user.



Review of operations

UK CELLULAR RADIO NETWORK OPERATIONS

The quality of service for hand-portables on the digital network is now better than that provided by the analogue network.

Vodafone (continued)

Although most capital expenditure during the year was on the digital network, the unprecedented demand for analogue service necessitated provision of further coverage and capacity. Over 80 new sites, at a capital cost of £20m, were added during the year. It is now envisaged that the analogue network will reach its final configuration by December 1995.

The quality of service for hand-portables on the digital network is now better than that provided by the analogue network and, from the results of trials using proven assessment criteria, is believed to be the best in the UK. This quality of service will be further improved when over 3,500 radio base station sites are deployed by the end of 1996.

During the year, churn, (the rate of subscribers leaving the service), increased to 28% from 21.5% in the previous year. The main causes of this higher rate of churn were contract fraud and the disconnection of marginal customers accepted against credit assessments which subsequently proved to be insufficiently demanding. This coincided with the very rapid growth that occurred during the year. Contract fraud arose principally from lower tier distributors, attracted by connection bonuses being offered in the marketplace, purporting to connect subscribers who were subsequently found to be bogus.

Those service providers who were subjected to this well organised fraud have now taken the necessary steps to reduce it to a manageable level. They have also introduced more demanding assessments to establish the creditworthiness of purchasers.

Cloning fraud has also increased over the last year. It consists of the electronic acquisition of a subscriber's mobile telephone number and the corresponding electronic serial number and the programming of them both into another, usually stolen, handset. This is then used to make high volumes of calls.

Vodafone has invested in several new measures to protect existing subscribers against cloning fraud. The new digital service is not susceptible to this type of fraud.

In October 1994, Vodafone announced its intention to sponsor the new look three day Derby Meeting, an event that attracts worldwide media attention.

The winner of the Christmas promotion, accompanied by Anneka Rice, broke the current world record for the fastest circumnavigation of the globe by scheduled flights, beating the existing record of 44 hours 6 minutes by 23 minutes. The competition caught the imagination of the public in what has become the peak selling period for mobile phones.

Vodafone and Anneka Rice break world record for circumnavigation of the globe.

In February 1995, Vodafone announced a new consumer tariff on its digital service, completing its range of tariffs to suit users with varying requirements. From 1 April 1995, PersonalWorld was added to BusinessWorld and MetroWorld. All these services permit calls to be made and received throughout the United Kingdom and, in addition, on 38 networks in 26 overseas countries.

The trend towards retail distribution is expected to continue in the foreseeable future. Over 65% of pre-Christmas sales were achieved through high street outlets. In anticipation of the trend towards retail distribution 50 additional Vodafone Centres were opened during the year making a total of 115, most of which are located in major conurbations. Service providers added a further 260 branded retailers' outlets to this total and, in addition to these specialists, six high street multiples also sell hand-portables and connect subscribers to the Vodafone services.

Vodacom Limited experienced exceptional growth during the year, increasing its customer base by over 50%.

Review of operations

UK SERVICE PROVISION

Vodac

Vodac Limited experienced remarkable growth, ending the year with over 460,000 subscribers, and it continues to be the largest single service provider on the Vodafone network. This performance was affected by increased fraud, churn and bad debt. Effective actions to prevent a recurrence of these problems have been implemented.

During the year, Vodac further developed its retail outlets and, recognising that the consumer market requires a different approach to subscriber administration than the business market, formed Vodacall Limited to focus on this market segment. Vodac transferred the whole of its consumer business and approximately 175,000 personal subscribers to Vodacall which commenced business on 1 April 1995. The business subscriber base will continue to be administered by Vodac.

Vodacom

In August 1994, VHL Communications Limited changed its name to Vodacom Limited.

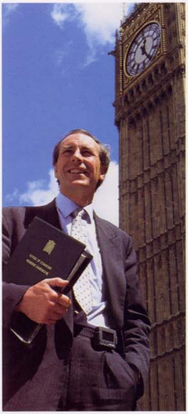
Vodacom experienced exceptional growth during the year, increasing its customer base by over 50% to more than 130,000 subscribers.

The company significantly developed its London Car Telephones retail chain during the year to complement the brand's existing telemarketing operation.

Vodacom also participated in a number of highly successful consumer promotions in conjunction with major household names.

Associates

The Group has strategic interests in independent service providers, Talkland International (UK) Limited, Martin Dawes Telecommunications Limited and Astec Communications Limited. All of the Group's associate service providers performed to expectations.



UK RADIOPAGING

Vodapage

Vodapage Limited and Air Call Communications Limited (acquired in October 1993) together had a successful year, increasing both revenue and profits whilst maintaining their market share in an almost flat marketplace.

The companies operate a full range of tone, numeric and alpha numeric paging services, with regional and nationwide tariffs.

Review of operations

UK VALUE ADDED NETWORK SERVICES

Vodata

Vodata Limited had an excellent year with growth in both turnover and profit.

The Recall voice messaging service continued to be favourably received in the marketplace and the number of subscribers grew by over 50%.

During the year, Vodata launched a new range of two way data services for subscribers to Vodafone's digital network including Telenote (a short message service) which allows alpha numeric messages of up to 160 characters to be sent to and from GSM digital mobile phones.

Vodata's 'free phone' and 'personal numbering' products are currently undergoing commercial trials.

Many of the Group's subsidiary and associated companies overseas are using the services pioneered by Vodata in the UK and this exchange of ideas and technologies will further enhance the service offerings and profitability of companies throughout the Group.

Many of the Group's subsidiary and associated companies overseas are using the services pioneered by Vodata in the UK.

UK PACKET RADIO NETWORK OPERATION

Point of sale data terminals use the Paknet network.

Paknet

Paknet Limited operates the Group's radio based national public data network. It achieved its profitability through a combination of subscriber growth in its traditional point of sale, security and utilities markets and the opening up of new markets, particularly in telemetry applications. A major network infrastructure development programme during the coming year will provide capacity to more than double the current level of subscribers.

UK EQUIPMENT DESIGN AND MANUFACTURE

Orbitel

Orbitel Mobile Communications, the Group's 50:50 engineering and manufacturing joint venture with L. M. Ericsson, had its best year ever.

Following the previous year's reorganisation, the company focused on growth and achieved record sales in both cellular infrastructure and digital handsets and traded profitably.

State of the art automated technology is employed in Orbitel's manufacturing plant.

Review of operations

Overseas networks

Australia

Denmark

Fiji

France

Germany

Greece

Hong Kong

Malta

Netherlands

South Africa

Spain

Sweden

Uganda

INTERNATIONAL OPERATIONS

1994/95 saw further expansion of the Group's overseas interests. Commercial service commenced in South Africa, Germany and Fiji and new cellular licences were acquired in the Netherlands and Uganda. All overseas networks open for service performed either in accordance with their business plans or, in the case of South Africa and Greece, substantially exceeded expectations. During the year, the Group increased its shareholdings in cellular networks in France and Hong Kong.

The most significant international events of the year were:

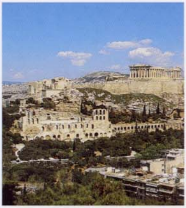
- In April 1994, Vodacom Pty Limited commenced commercial service on its GSM network in South Africa. Coverage now extends to all major cities and connecting roads and rapid network expansion is continuing. Strong initial subscriber uptake was followed by sustained growth throughout the year, well in excess of expectations. Vodacom, in which the Group has a 35% interest, had over 220,000 subscribers at the year end, accounting for around 65% of the South African market.
- In May 1994, E-Plus Mobilfunk GmbH, the third German cellular network, operating a DCS 1800 digital service, opened commercial service in Berlin and Leipzig. E-Plus' rapid network rollout continued according to plan and covered all major cities by the year end. The network had 48,000 subscribers at 31 March 1995.

- In May 1994, NordicTel Holdings AB, a Swedish GSM network operator, successfully concluded an initial public offering of shares on the Stockholm stock exchange.
- In October 1994, the Group reached an agreement to increase its effective interest in Société Française du Radiotéléphone SA (SFR), the French GSM and analogue network operator, from 4% to 10%. At 31 March 1995, SFR had a total of approximately 250,000 subscribers on its analogue and digital networks. In the current year, SFR's digital network will be extended to cover all major cities in France and their major connecting routes. The Group has an option to acquire a further 10% interest in SFR.

Increased shareholding in Hong Kong associate company.

- In November 1994, the Group acquired a 36.8% interest in Clovergem Celtel Limited, a company holding a licence to operate a GSM network in Uganda. Partners in the venture include IFC (World Bank) and Commonwealth Development Corporation. Commercial service in Kampala and the surrounding area commenced in May 1995.
- In December 1994, the Group increased its shareholding in Pacific Link Communications Limited, an operator of digital and analogue networks in Hong Kong, from 30% to 35%. The analogue network remained close to full capacity throughout the year, numbering 60,000 subscribers at the year end. The number of digital subscribers grew by 45,000 during the year to 53,000 at 31 March 1995. The Group also increased its shareholding in Pacific Telelink Limited, a telepoint and paging network operator in Hong Kong, from 27.75% to 35%. During the first quarter of 1995 the businesses of Pacific Telelink and Pacific Link Communications were amalgamated.

Review of operations



- In March 1995 a joint venture between Vodafone, ING Bank Group and others, was successful in winning the licence to operate the second GSM network in the Netherlands.
- Throughout the year Vodafone Pty Limited, the Australian GSM network operator in which the Group has a 95% interest, continued to expand. Subscriber growth has been in line with expectations despite significant competition from the existing established analogue network operators. Network coverage had extended to all major urban centres by 31 March 1995, by which time Vodafone Pty's subscribers numbered 45,000.
- Panafon SA, one of two GSM network operators in Greece, and in which the Group has a 45% shareholding, continued its network rollout over all major urban and holiday areas of Greece, including most of the islands. Subscriber growth greatly exceeded expectations, resulting in 94,000 subscribers at 31 March 1995.
- In Fiji, Vodafone Fiji Ltd, in which the Group has a 49% interest, opened commercial service in July 1994 and has now completed its network rollout. The subscriber base grew according to expectations, closing at approximately 1,500 at the end of March 1995.
- Telecell Limited, the network operator in Malta, in which the Group has an 80% interest, continued to trade profitably and increased its subscriber base to over 8,000 by the end of the year.
- Globalstar L.P., a US partnership in which the Group has a 7.5% interest, has progressed with the development of a low-earth orbit (LEO) satellite based digital communications system which is scheduled to open a commercial service in 1999.

Business highlights

'94

April

- Vodacom Pty opens commercial service in South Africa

May

- E-Plus Mobilfunk opens commercial service in Germany

June

- Vodafone achieves growth of more than 150,000 subscribers in a quarter

July

- Vodafone Fiji opens commercial service

August

- Vodafone initiates international roaming with North American cellular networks

September

- Vodafone Group acquires 20% of UK service provider, Astec Communications Limited

October

- Vodafone announces sponsorship of the Derby Meeting
- Vodafone reports growth of nearly 125,000 subscribers in the second quarter
- Vodafone Group reaches an agreement to increase its shareholding to 10% in Société Française du Radiotéléphone SA, France's private sector mobile telephone operator
- Vodata opens nationwide data service on its digital networks

'94

Business highlights

November
- Vodafone Group acquires 36.8% interest in Ugandan GSM licence holder

December
- Vodafone Group increases its stake in Pacific Link Communications in Hong Kong to 35%
- Vodafone achieves pre-Christmas bonanza of more than 125,000 new subscribers

'95

January
- HRH The Prince of Wales grants a Royal Warrant to Vodapage

February
- Vodafone Group announces formation of Vodacall Limited

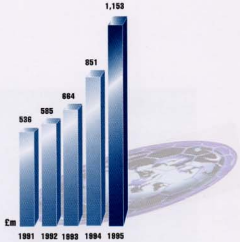
March
- Vodafone Group consortium wins Netherlands GSM licence

Financial review

REVIEW OF RESULTS

Turnover

Group turnover increased by 36% to £1,152.6m, exceeding £1bn for the first time. Most of this increase arose in the United Kingdom as a result of new subscribers joining both the analogue and digital networks. Acquisitions and disposals had no material impact on turnover.



Turnover

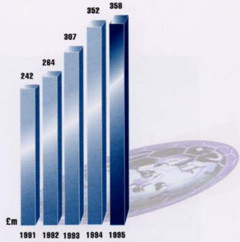
Profit before interest

Operating profit increased by 5% to £353.4m and grew at a slower rate than turnover due to:

- higher incentives incurred on record subscriber connections in the year, particularly in the United Kingdom where net subscriber additions increased by 91% over the previous year. This rapid growth resulted in connection costs for new subscribers in network subsidiaries increasing to £187.0m (1994 – £83.8m). The Group's accounting policy is to charge incentive costs to the profit and loss account on connection even though subscribers generate revenue in future periods. The incentives paid on the record subscriber growth, over half of which arose in the second half of the financial year, have reduced the growth in operating profit but the extra subscribers will produce revenue and contribute to profit in 1995/96 and subsequent years.
- start up costs increasing to £63.1m from £35.7m last year on new overseas businesses which will contribute to profits in years to come.
- an unprecedented incidence of fraud and bad debt, experienced by the industry, which impaired the Group's profit by an additional £16.0m. This problem has been addressed and substantially eliminated.

The Group's share of losses of associated undertakings increased by £4.4m to £7.2m reflecting increased start up costs of overseas joint ventures.

During the year the Group sold some of its investment in NordicTel Holdings AB, realising a profit of £4.3m.



Profit on ordinary activities before interest

Financial review

Currency	31 March 1995	31 March 1994
Australian Dollar	2.22	2.12
Dutch Guilder	2.49	2.79
French Franc	7.81	8.46
Greek Drachma	364.00	366.00
Hong Kong Dollar	12.59	11.47
Maltese Pound	0.57	0.57
South African Rand	5.82	5.17

Principal exchange rates used to translate the financial statements

	Population (million)	Penetration %
United Kingdom	58.2	6.8
Australia	17.5	10.0
Fiji	0.8	0.2
France	57.9	1.6
Germany	81.2	3.3
Greece	10.3	1.8
Hong Kong	5.9	8.0
Malta	0.4	2.2
Netherlands	15.3	2.3
South Africa	41.7	0.8
Sweden	8.8	18.0

Potential for growth

Interest

Interest receivable was £4.0m higher than last year mainly due to interest earned on increased loans to associated companies and other investments. Interest payable increased by £2.2m, caused by borrowings in the last quarter to finance the Group's international expansion.

Taxation

The effective tax rate was 35.9%, an increase of 3.4% on last year. The principal reason for the increase is that the start up costs of overseas businesses cannot be offset against United Kingdom taxable profits. The effective tax rate is expected to decline when overseas businesses move into profit.

Exchange rates

Exchange rate fluctuations had an immaterial effect on the Group's financial results.

Future results

Principal factors which will influence the Group's future performance are the growth of mobile telecommunications markets, the Group's market share, revenue per subscriber, the costs of providing and selling existing services and start up costs of new businesses.

Many of the markets in which the Group operates are relatively immature and have considerable potential for growth.

The results for 1995/96 are expected to show continuing growth as mobile telecommunications markets expand and the benefit of enhanced subscriber bases built during 1994/95 are realised in additional revenues. Start up costs incurred by new overseas businesses are expected to decline.

Longer term prospects are good as established businesses continue to grow and new businesses progress towards the time when they contribute to the Group's profits.

BALANCE SHEET REVIEW

The Group's balance sheet remains strong and liquidity good.

Fixed assets

Fixed assets increased by £381.9m, with expenditure on fixed assets overseas exceeding that in the UK for the first time. Tangible fixed assets increased by £112.6m, primarily as a result of capital expenditure on networks in the UK and Australia. Investments increased by £272.5m as further equity was invested in and loans were advanced to joint ventures.

Working capital

Working capital (excluding cash and liquid investments), decreased by 7% as a result of a £92.5m increase in debtors due within one year, offset by an increase in creditors falling due within one year of £101.0m. These increases are attributable to the growth of the business.

Net borrowings

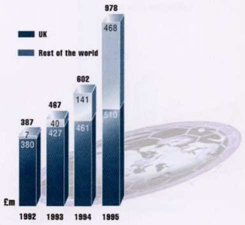
The Group ended the year with net borrowings of £160.0m after investing £140.0m in acquisitions and £208.7m in start up businesses. Gearing at 31 March 1995 was 2.6% calculated as a percentage of the Group's market capitalisation.

Equity shareholders' funds

Equity shareholders' funds increased to £817.3m, an increase of £119.6m, arising from:

	£m
Retained profits	135.7
Goodwill written off	(32.4)
Currency translation	9.2
New share capital and scrip dividends	8.4
Other	(1.3)
	119.6

The Group's equity shareholders' funds do not include any valuations that could be placed on licences that were acquired for no initial cost. Licences which have an initial cost are capitalised at cost and written off in accordance with the Group's stated accounting policy. The balance sheet also excludes any value attributable to future income streams that are anticipated from existing subscribers. The Group's proportionate share of network subscribers, calculated on the basis of its equity share, exceeded two million at the year end.

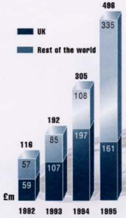


Net assets excluding cash/borrowings

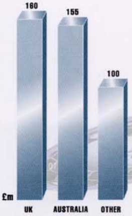
	31 March 1995 ('000)	31 March 1994 ('000)	Growth %
United Kingdom	1,818	1,174	55%
Australia	43	4	975%
Fiji	1	0	n/a
France	25	4	525%
Germany	8	0	n/a
Greece	43	14	207%
Hong Kong	37	20	85%
Malta	6	4	50%
South Africa	82	0	n/a
Sweden	10	4	150%
Total	**2,073**	**1,224**	**69%**

Proportionate share of network subscribers

Financial review



Capital expenditure and investments



Estimated capital expenditure and investments in 1995/96

CASHFLOWS

Inflows

Net cashflow generated from operating activities was £386.0m and the Group borrowed a further £138.1m to finance its activities.

Outflows

The principal cash outflows comprised:

- capital expenditure of £187.2m of which £64.7m was overseas. UK expenditure was primarily on Vodafone Limited's new digital network, whilst overseas expenditure was largely spent on the development of the Australian digital network.
- £307.8m on investing in joint ventures. The major investments were £103.9m on increasing the Group's interest in Société Française du Radiotéléphone SA, the French network operator, from 4% to 10%, increased advances of £61.6m to Panafon SA, the Greek network operator, and £30.3m invested in equity and loans in E-Plus Mobilfunk GmbH, the German DCS 1800 network operator.
- UK tax paid of £105.0m.
- dividends paid amounting to £87.7m.

Future investments

The Group presently estimates spending over £400m on capital expenditure and investments in 1995/96. Major items are:

- United Kingdom; principally capital expenditure on the digital network.
- Australia; capital expenditure on the digital network and settlement of licence fees.
- Other overseas investments; mainly Germany, Greece and South Africa.

TREASURY

The Group has a central Treasury department which operates within policies approved and controlled by the directors. These are:

Funding and liquidity

Sufficient facilities are available to meet forecast funding requirements.

Foreign exchange and interest management

All known future foreign currency exposures are hedged into sterling including those resulting from repatriation of overseas dividends and loans. Only exposures on firm transactions are hedged. The effects of foreign currency movements on the translation of the results and net assets of overseas operations are not hedged.

Interest rates are fixed when net interest has a significant impact on profits.

A variety of hedging instruments may be used including spot and forward foreign exchange contracts, options, swaps, futures and forward rate agreements.

Investment of surplus funds

Surplus funds are only invested with counterparties with a high credit rating.

CAPITAL STRUCTURE

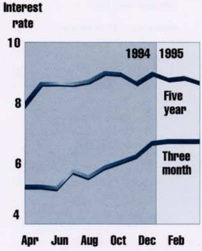
Borrowings

The Group became a net borrower at the end of December following the payment of mainstream corporation tax and the increase in its interest in Société Française du Radiotéléphone SA. At the year end there were £210 million committed bank facilities available with an average period to expiry of two years.

Interest

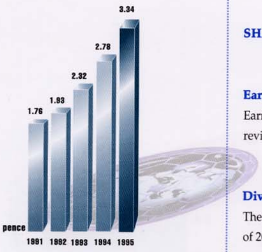
At the end of the year sterling borrowings were at floating rates.

Australian Dollar/Sterling exchange rate

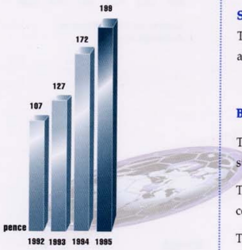


Sterling interest rates

Financial review



Dividends per share



Share price at 31 March

SHAREHOLDERS' RETURNS

Earnings per share

Earnings per share decreased from 8.11p to 7.80p for the reasons explained in the review of results.

Dividends

The proposed final dividend of 1.70p gives a total for the year of 3.34p, an increase of 20% to reflect the underlying performance of the Group.

The dividend cover of 2.3 times is considered prudent.

Share price

The share price has shown healthy growth since the Company floated in 1988 at an issue price of 56.7p.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

This Financial Review complies with the "Operating and Financial Review" statement published in July 1993.

There have been no changes to the Group's accounting policies. The policies are conservative and appropriate to the business.

Two new accounting standards, FRS 4 "Capital Instruments" and FRS 5 "Reporting the Substance of Transactions", became effective during the financial year. These standards have been adopted by the Group and have had no material impact on its results.

All comparative share, dividend and earnings-related information has been restated to reflect the capitalisation issue of two shares for each one share held as approved at the Annual General Meeting on 20 July 1994.

After reviewing the Group's budget for 1995/96 and other longer term plans, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Report of the directors

The directors submit their annual report and audited financial statements for the year ended 31 March 1995.

REVIEW OF THE GROUP'S BUSINESS

The Company and its subsidiary and associated undertakings are involved principally in mobile telecommunications services. A review of the development of the business of the Company and its subsidiary and associated undertakings is contained in the Chairman's statement on pages 3 to 5 and the operating and financial review on pages 7 to 24.

FUTURE DEVELOPMENTS

The Group is currently involved in the expansion and development of the cellular telecommunications and related businesses as detailed in the Chairman's statement on pages 3 to 5 and the operating and financial review on pages 7 to 24.

CORPORATE GOVERNANCE

The directors of Vodafone Group Plc fully support the recommendations made in the Cadbury Committee report on the Financial Aspects of Corporate Governance.

The Board of Vodafone Group Plc comprises five executive and four non-executive directors, directly controlling strategy, budgets, finance and organisational issues and monitoring executive management. The non-executive directors have a wealth and diversity of experience and their independence is particularly valuable in the areas of audit and remuneration where they contribute through committees of the Board. The membership of the committees is set out on page 26.

The directors are responsible for the Group's systems of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's systems have been designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

Group internal control systems have been determined by the Group's executive management and are operated by all subsidiary companies.

Clear lines of authority exist between subsidiary companies and the Group's executive management. As far as possible subsidiary companies are given autonomy, whilst operating within this established internal control environment. Local management review their operations for key risks and allocate resources to minimise such risks.

The Group has a comprehensive system for reporting financial results to the Board. Each significant subsidiary company prepares a detailed budget before the start of the financial year, which is reviewed by the Board before being adopted formally. During the financial year full monthly management accounts are prepared with a comparison against budget. Revised forecasts are prepared quarterly, compared to budget and reviewed by the Board.

Financial controls and procedures, including information systems controls, are set out in written policies and procedures. Specific key functions, such as treasury, have detailed procedures manuals. There are appropriate authorisation limits for transactions that reasonably limit the Group's exposure.

The internal control systems are monitored by the internal audit department which reports to the Audit Committee. Internal audit's scope of work is approved by the Audit Committee and is determined on a risk assessment basis. The Audit Committee meets regularly with the internal and external auditors to review internal controls, audit procedures and relevant financial reporting matters.

The Group conducts a significant part of its operations through associate undertakings and owns several investments. Associate undertakings are monitored closely through attendance at board meetings and review of key financial information. It is the Group's policy to appoint its auditors as joint auditors. Strategic investment reviews of all the Group's investments are regularly conducted.

Having compared its own practices with the Cadbury Committee's Code of Best Practice, the Board of Vodafone Group Plc believes it is in compliance with the operative provisions of the Code.

THE ENVIRONMENT

The Group has formally established an environmental policy, the main thrust of which is the introduction of an environmental management system based on British Standard 7750.

The policy also includes specific procedures on the protection of the environment as follows:

- To use technology that is not known to be harmful to people or the environment.
- To ensure every effort is made to minimise the visual impact of the radio masts the Group must inevitably erect to provide mobile telecommunications services.
- To endeavour only to purchase environmentally friendly products.
- To preserve wildlife habitats.
- Wherever possible to recycle waste.
- To minimise the use of harmful CFCs.

The Group has undertaken formally to review the use of any processes or products likely to cause harm to the environment to ensure their use is kept to a minimum.

SHARE CAPITAL

A statement of changes in the share capital of the Company is set out on page 39 in note 17 of the financial statements.

DIVIDENDS AND TRANSFER TO RESERVES

The consolidated profit and loss account is set out on page 29 of the financial statements and shows a profit after taxation of £237.7m.

The directors recommend a final dividend of 1.70p per ordinary share amounting to £51.8m payable on 17 August 1995 to shareholders on the register of members at close of business on 29 June 1995.

An interim dividend of 1.64p per ordinary share was paid during the year giving a total for the year of 3.34p per ordinary share.

The retained profit for the year of £135.7m has been transferred to reserves.

FIXED ASSETS

Additions to tangible fixed assets in the year amounted to £208.7m of which £164.9m related to the Group's networks infrastructure.

Movements in the Group's fixed asset investments are set out on page 37 in note 10 of the financial statements.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Through the Vodafone Group Charitable Trust under the chairmanship of Sir William Barlow, the Group made charitable contributions during the year amounting to £239,000. No political contributions were made during the year.

RESEARCH AND DEVELOPMENT

The Group continues an active development programme and is involved in the development and enhancement of both analogue and digital technology.

DIRECTORS

The Company presently has nine directors, all of whom served throughout the year ended 31 March 1995 and whose biographical details are set out briefly on page 2.

Four of the directors, Sir Ernest Harrison (the non-executive Chairman), Sir William Barlow, Sir Robert Clark and G J Lomer, served as non-executive directors. The five executive directors are Sir Gerald Whent (the Chief Executive), C C Gent, D J Henning, K J Hydon and E J Peett.

In accordance with the Company's Articles of Association, Sir Ernest Harrison and Sir Robert Clark retire by rotation and offer themselves for re-election at the Annual General Meeting to be held on 19 July 1995.

With the exception of Sir Ernest Harrison, each of the Company's non-executive directors is appointed on terms which are to be reviewed on 31 March 1996.

Sir Ernest Harrison's appointment is subject to the terms of an agreement between the Company, Racal Electronics Plc and Sir Ernest and is terminable by any party on one year's notice given at any time.

Apart from Sir Gerald Whent, each of the Company's executive directors is appointed subject to the terms of a service contract now terminable on two years' notice from the Company and one year's notice from the director. Sir Gerald Whent's service contract is now terminable either by Sir Gerald or the Company on one year's notice.

None of the directors had a material interest in any contract of significance to which Vodafone Group Plc or any of its subsidiaries was a party during the financial year.

COMMITTEES OF THE BOARD

The committees are:

- Audit Committee comprising Sir Ernest Harrison (Chairman), Sir William Barlow and Sir Robert Clark.
- Remuneration Committee made up of Sir Ernest Harrison (Chairman), Sir William Barlow, Sir Robert Clark and Sir Gerald Whent.
- Nominations Committee comprising Sir Ernest Harrison (Chairman), Sir William Barlow, Sir Robert Clark and Sir Gerald Whent.

DIRECTORS' INTERESTS IN THE SHARES OF VODAFONE GROUP PLC

Note 29 on pages 44 to 46 of the financial statements details the directors' interests in the shares of Vodafone Group Plc.

DIRECTORS' AND OFFICERS' INSURANCE

During the year, insurance was maintained which indemnified the directors and officers of the Company and its subsidiaries against personal liability and defence costs which might result from claims brought against them in their capacities as directors and officers of the Group.

EMPLOYEE INVOLVEMENT AND CONSULTATION

Employee involvement and participation is actively encouraged throughout the Group. In practice it is the direct responsibility of the Managing Director of each of the subsidiary companies supported by the Board.

Employee involvement is achieved through

- team briefing – a systematic method of employee communications covering all levels of personnel
- internal written communications – comprising company newsletters, staff notices and bulletins and the internal distribution of official press releases
- social functions

Additionally, the directors are committed to the principle that all employees should be able to participate in the Company's success by assistance with share ownership. Two, all-employee share schemes, approved by the Inland Revenue, have been established which allow employees to acquire Vodafone Group shares on an advantageous basis. Over fifty per cent of eligible staff within the Group currently participate in at least one of these schemes.

EMPLOYEE DEVELOPMENT AND TRAINING

The Group has adopted policies to develop employees to their fullest potential in accordance with the opportunities available and their ambitions and abilities. All vacancies are filled on the basis of competence, experience and qualifications. A performance review process is operated to set and measure achievement of objectives and this aids identification of training needs and employee development potential. The Group has established a specialist training centre which arranges a wide variety of technical and other courses, many of which are externally approved and lead to recognised professional qualifications.

EQUAL OPPORTUNITIES AND THE DISABLED

The Group operates an equal opportunities policy. All employees accept the commitment within this policy that the Group will neither discriminate nor condone discrimination, pressure to discriminate, or harassment by staff or others acting on the Group's behalf, in respect of sex, race, marital status, nationality, disability or religious or political beliefs.

The directors are also conscious of the special difficulties experienced by the disabled, and in addition to the equal opportunities policy, efforts are made to meet special needs, particularly in relation to access and mobility.

CLOSE COMPANY PROVISIONS

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution proposing the reappointment of Touche Ross & Co. as auditors to the Company will be put to the Annual General Meeting.

SUBSTANTIAL HOLDINGS

With the exception of the following shareholding, the directors are not aware of any holding in the ordinary share capital of Vodafone Group Plc which, at 12 June 1995, exceeds 3%.

BNY (Nominees) Limited held 34.1%, a holding which underlies American Depositary Receipts (ADRs) issued by The Bank of New York.

By Order of the Board
Stephen Scott
Secretary
23 June 1995

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for the systems of internal financial controls and for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the auditors

Auditors' Report to the Members of Vodafone Group Plc.

We have audited the financial statements on pages 29 to 51 which have been prepared under the accounting policies set out on page 33.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 27 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed the directors' statements included on page 24 regarding going concern and page 25 on the Company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on either the effectiveness of the Company's corporate governance procedures nor on the ability of the Company to continue in operational existence.

With respect to the directors' statement on going concern on page 24, in our opinion the directors have provided the disclosure required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and such statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement on page 25 appropriately reflects the Company's compliance with the other paragraphs of the Code specified for our review.

Touche Ross & Co.
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR
23 June 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1995

	Note	1995 £m	1994 £m
Turnover	1	**1,152.6**	850.5
Operating profit	2	**353.4**	337.6
Disposal of fixed asset investments	3	**4.3**	14.1
Profit on ordinary activities before interest		**357.7**	351.7
Interest receivable less payable	4	**13.4**	11.6
Profit on ordinary activities before taxation		**371.1**	363.3
Tax on profit on ordinary activities	5	**133.4**	118.1
Profit on ordinary activities after taxation		**237.7**	245.2
Equity minority interests		**0.3**	0.2
Profit for the financial year		**237.4**	245.0
Equity dividends	6	**101.7**	84.3
Retained profit for the financial year	18	**135.7**	160.7
Earnings per share	7	**7.80p**	8.11p

The Group's result is derived from continuing operations.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 1995

	Note	1995 £m	1994 £m
FIXED ASSETS			
Intangible assets	8	62.9	66.1
Tangible assets	9	645.8	533.2
Investments	10	392.8	120.3
		1,101.5	719.6
CURRENT ASSETS			
Stocks	11	12.2	11.8
Debtors due within one year	12	276.9	184.4
Debtors due after more than one year	12	3.0	10.9
Investments	13	–	17.1
Cash at bank and in hand		15.9	110.1
		308.0	334.3
CREDITORS: amounts falling due within one year	14	442.5	319.9
NET CURRENT (LIABILITIES)/ASSETS		(134.5)	14.4
TOTAL ASSETS LESS CURRENT LIABILITIES		967.0	734.0
CREDITORS: amounts falling due after more than one year	15	145.8	35.2
PROVISIONS FOR LIABILITIES AND CHARGES	16	3.2	0.6
		818.0	698.2
CAPITAL AND RESERVES			
Called up share capital	17	152.4	50.7
Share premium account	18	38.5	136.9
Capital reserve	18	4.2	4.2
Profit and loss account	18	622.2	505.9
Total equity shareholders' funds		817.3	697.7
Equity minority interests		0.7	0.5
		818.0	698.2

The financial statements on pages 29 to 51 were approved by the Board of Directors on 23 June 1995 and were signed on its behalf by:

SIR GERALD WHENT Chief Executive

K J HYDON Financial Director

CONSOLIDATED CASHFLOW

FOR THE YEAR ENDED 31 MARCH 1995

	Note	1995 £m	1994 £m
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	**386.0**	394.9
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**15.7**	13.0
Interest paid		**(3.7)**	(0.7)
Dividends received from associated undertakings		**3.1**	5.6
Dividends paid		**(87.7)**	(72.7)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(72.6)**	(54.8)
TAXATION			
Corporation tax paid		**(105.0)**	(100.5)
INVESTING ACTIVITIES			
Purchase of subscriber bases		**(0.8)**	(7.3)
Purchase of tangible fixed assets		**(187.2)**	(155.2)
Proceeds of sale of fixed assets		**14.6**	23.8
Purchase of subsidiary undertaking	25	**(1.1)**	(34.7)
Purchase of investments		**(171.5)**	(32.4)
Long term loans to investments		**(136.3)**	(79.3)
Sale of liquid investments		**16.8**	9.7
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(465.5)**	(275.4)
NET CASH OUTFLOW BEFORE FINANCING		**(257.1)**	(35.8)
FINANCING			
Issue of ordinary share capital	26	**3.2**	4.3
Long term loans	26	**138.1**	(1.8)
NET CASH INFLOW FROM FINANCING		**141.3**	2.5
DECREASE IN CASH AND CASH EQUIVALENTS	27	**(115.8)**	(33.3)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1995

	1995	1994
	£m	£m
Profit for the financial year	**237.4**	245.0
Currency translation differences on net investments overseas	**9.2**	4.5
Total recognised gains and losses relating to the year	**246.6**	249.5

MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 MARCH 1995

	1995	1994
	£m	£m
Profit for the financial year	**237.4**	245.0
Equity dividends	**(101.7)**	(84.3)
	135.7	160.7
Currency translation	**9.2**	4.5
New share capital subscribed	**3.3**	40.0
Goodwill written-off	**(32.4)**	(114.9)
Goodwill realised on disposals	**-**	7.0
Scrip dividends	**5.1**	4.2
Other	**(1.3)**	-
Net additions to equity shareholders' funds	**119.6**	101.5
Opening equity shareholders' funds	**697.7**	596.2
Closing equity shareholders' funds	**817.3**	697.7

HISTORICAL COST PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 1995

All assets are stated in the Group financial statements at historical cost. Accordingly, there are no adjustments required to the reported profit which is stated on an unmodified historical cost basis.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with all applicable accounting standards. As explained in Note 7, comparative share, dividend and earnings-related information has been restated to reflect the capitalisation issue. The particular accounting policies adopted are described below.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and its subsidiaries and include the Group's share of results of associated undertakings for financial statements made up to 31 March 1995.

GOODWILL

The surplus of cost over fair value attributed to the net assets (excluding goodwill) of subsidiary or associated undertakings acquired during the year is written off directly to reserves.

FOREIGN CURRENCIES

The financial statements of the overseas subsidiary and associated undertakings are translated into sterling at the closing rate of exchange. Exchange differences which arise on the retranslation of these financial statements at the beginning of the year and equity additions and withdrawals during the financial year are dealt with as a movement in reserves.

Other translation differences are dealt with in the profit and loss account.

TURNOVER

Turnover represents the invoiced value, excluding value added tax, of services and goods supplied by the Group.

PENSIONS

Costs relating to defined benefit plans which are periodically calculated by professionally qualified actuaries, are charged against profits so that the expected costs of providing pensions are recognised during the period in which benefit is derived from the employees' services.

The costs of the various pension schemes may vary from the funding dependent upon actuarial advice with any difference between pension cost and funding being treated as a provision or prepayment. Deferred taxation on any provision or prepayment is provided in part.

Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the period.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred.

SCRIP DIVIDENDS

Dividends satisfied by the issue of ordinary shares have been credited to reserves. The nominal value of the shares issued has been offset against the share premium account.

INTANGIBLE FIXED ASSETS

Purchased intangible fixed assets, including licence fees, are capitalised at cost except for subscriber contracts, which are written off to reserves in the year in which they are acquired.

Network licence costs are amortised over the periods of the licences. Amortisation is charged from commencement of service of the network. The annual charge is calculated in proportion to the expected usage of the network during the start up period and on a straight line basis thereafter.

The cost of purchased know how is amortised in equal annual instalments over six years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. Where appropriate, additional depreciation is charged for excess and obsolete items.

Depreciation is not provided on freehold land. The cost of other tangible fixed assets is written off, from the time they are brought into use, by equal instalments over their expected useful lives as follows:

Freehold buildings	25 – 50 years
Leasehold premises	the term of the lease
Plant and machinery	10 years
Motor vehicles	4 years
Computers and software	3 – 5 years
Furniture and fittings	10 years

Tangible fixed assets include overheads incurred in the acquisition, establishment and installation of base stations.

INVESTMENTS

The consolidated financial statements include investments in associated undertakings using the equity method of accounting. An associated undertaking is a company in which the Group owns a material share of the equity and, in the opinion of the directors, can exercise significant influence in its management. The profit and loss account includes the Group's share of the profit or loss before taxation and attributable taxation of those companies. The balance sheet shows the Group's share of the net assets or liabilities, excluding goodwill, of those companies.

Other investments, held as fixed assets, comprise equity shareholdings and long term loans. They are stated at cost less provision for any permanent diminution in value. Income is recognised upon receipt of dividends and interest when receivable.

Current asset investments are stated at cost.

STOCKS

Stocks are valued at the lower of cost and estimated net realisable value.

DEFERRED TAXATION

Provision is made for deferred taxation only where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

No provision is made for any tax liability which may arise if undistributed profits of certain overseas subsidiary and associated undertakings are remitted to the United Kingdom, except in respect of planned remittances.

LEASES

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Assets acquired under finance leases which transfer substantially all the rights and obligations of ownership are accounted for as though purchased outright. The fair value of the asset at the inception of the lease is included in tangible fixed assets and the capital element of the leasing commitment included in creditors. Finance charges are calculated on an actuarial basis and are allocated over each lease to produce a constant rate of charge on the outstanding balance.

Lease obligations which are satisfied by cash and other assets deposited with third parties, are set-off against those assets in the Group's balance sheet.

1 SEGMENTAL ANALYSIS

The Group operates substantially in one class of business, the supply of mobile telecommunications services and products. An analysis of turnover, profit on ordinary activities before interest and net assets by geographical region is as follows:

	1995 Turnover £m	1995 Profit/(loss) on ordinary activities before interest £m	1994 Turnover £m	1994 Profit/(loss) on ordinary activities before interest £m
United Kingdom	**1,080.6**	**399.5**	828.5	362.1
Continental Europe	**47.8**	**2.2**	20.2	(11.1)
Rest of the world	**24.2**	**(44.0)**	1.8	0.7
	1,152.6	**357.7**	850.5	351.7

Turnover is by origin which is not materially different from turnover by destination.

	1995 Net Assets £m	1994 Net Assets £m
United Kingdom	**509.9**	461.3
Continental Europe	**279.1**	60.5
Rest of the world	**189.0**	80.5
Net (borrowings)/cash	**(160.0)**	95.9
	818.0	698.2

2 OPERATING PROFIT

	1995 £m	1994 £m
Turnover	**1,152.6**	850.5
Cost of sales	**588.2**	380.9
Gross profit	**564.4**	469.6
Selling and distribution costs	**71.4**	51.9
Administrative expenses	**132.4**	77.3
Total operating expenses	**203.8**	129.2
Operating profit before associated undertakings	**360.6**	340.4
Share of losses of associated undertakings	**7.2**	2.8
	353.4	337.6

Administrative expenses in the year ended 31 March 1995 include an exceptional cost of £16m due to abnormal costs associated with the unprecedented incidence of fraud and bad debt suffered by the industry.

Operating profit has been arrived at after charging:	1995 £m	1994 £m
Depreciation of tangible fixed assets		
Owned assets	**85.7**	79.6
Leased assets	**6.4**	0.2
Amortisation of intangible fixed assets	**0.2**	0.1
Research and development	**20.3**	16.8
Payments under operating leases		
Plant and machinery	**7.0**	6.5
Other assets	**65.6**	50.4
Auditors' remuneration		
Audit work	**0.5**	0.4
Other fees		
United Kingdom	**0.7**	0.9
Overseas	**0.4**	0.2

3 **DISPOSAL OF FIXED ASSET INVESTMENTS**

The profit arose from a reduction in the Group's interest in NordicTel Holdings AB.

4 **INTEREST RECEIVABLE LESS PAYABLE**

	1995	1994
	£m	£m
Interest receivable and similar income	16.3	12.3
Interest payable and similar charges		
Bank overdrafts and other loans repayable within five years	(2.9)	(0.7)
	13.4	11.6

5 **TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1995	1994
United Kingdom	£m	£m
Corporation tax charge at 33% (1994 – 33%)	130.1	114.0
Transfer to/(from) deferred taxation	1.2	(0.2)
Associated undertakings	–	0.1
	131.3	113.9
Overseas		
Subsidiary undertakings	0.7	2.3
Associated undertakings	1.4	1.9
	2.1	4.2
	133.4	118.1

6 **EQUITY DIVIDENDS**

	1995	1994
	£m	£m
Interim dividend paid of 1.64p (1994 – 1.37p) per ordinary share	49.9	41.4
Proposed final dividend of 1.70p (1994 – 1.41p) per ordinary share	51.8	42.9
	101.7	84.3

7 **EARNINGS PER SHARE**

At the Annual General Meeting of the Company held on 20 July 1994, the shareholders approved the capitalisation of £101.4m of the Company's share premium account. Shareholders were issued two new fully paid ordinary shares of 5p each for each share held. All comparative share, dividend and earnings-related information has been restated to reflect the capitalisation issue.

Earnings per share are based upon the weighted average of 3,043,774,906 (1994 – 3,020,692,956) ordinary shares in issue throughout the year and are calculated on the profit on ordinary activities after taxation and minority interests of £237.4m (1994 – £245.0m).

There would be no material dilution of earnings per share if the outstanding share options were exercised.

8 INTANGIBLE FIXED ASSETS

	Licence fees £m	Know how £m	Total £m
Cost			
1 April 1994	66.0	2.5	68.5
Exchange movements	(3.0)	–	(3.0)
31 March 1995	**63.0**	**2.5**	**65.5**
Amortisation			
1 April 1994	–	2.4	2.4
Charge for the year	0.1	0.1	0.2
31 March 1995	**0.1**	**2.5**	**2.6**
Net book value			
31 March 1995	**62.9**	**–**	**62.9**
31 March 1994	66.0	0.1	66.1

9 TANGIBLE FIXED ASSETS

	Freehold premises £m	Short term leasehold premises £m	Plant & machinery £m	Fixtures & fittings £m	Networks infra-structure £m	Total £m
Cost						
1 April 1994	3.4	3.7	74.0	39.8	738.6	859.5
Exchange movements	–	0.2	(0.2)	(0.1)	(1.8)	(1.9)
Additions	–	1.1	30.2	12.5	164.9	208.7
Disposals	–	(0.1)	(2.0)	(3.2)	(2.5)	(7.8)
31 March 1995	**3.4**	**4.9**	**102.0**	**49.0**	**899.2**	**1,058.5**
Accumulated depreciation						
1 April 1994	0.1	1.2	40.2	15.9	268.9	326.3
Exchange movements	–	0.1	–	–	(0.1)	–
Charge for the year	–	0.5	14.9	5.6	71.1	92.1
Disposals	–	(0.1)	(1.5)	(2.3)	(1.8)	(5.7)
31 March 1995	**0.1**	**1.7**	**53.6**	**19.2**	**338.1**	**412.7**
Net book value						
31 March 1995	**3.3**	**3.2**	**48.4**	**29.8**	**561.1**	**645.8**
31 March 1994	3.3	2.5	33.8	23.9	469.7	533.2

Networks infrastructure comprises:

	Freehold premises £m	Short term leasehold premises £m	Plant & machinery £m	Total £m
31 March 1995				
Cost	**6.8**	**98.9**	**793.5**	**899.2**
Accumulated depreciation	**1.2**	**35.6**	**301.3**	**338.1**
Net book value	**5.6**	**63.3**	**492.2**	**561.1**
31 March 1994				
Net book value	5.7	51.1	412.9	469.7

10 FIXED ASSET INVESTMENTS

	Associated undertakings £m	Other investments £m	Total £m
1 April 1994	53.3	67.0	120.3
Exchange movements	2.9	14.3	17.2
Equity additions and loan advances	136.3	171.5	307.8
Disposals	–	(8.2)	(8.2)
Share of retained results	(18.1)	–	(18.1)
Goodwill	(28.0)	–	(28.0)
Accrued interest	0.6	1.2	1.8
31 March 1995	**147.0**	**245.8**	**392.8**

The Group's share of its associated undertakings' post acquisition accumulated losses at 31 March 1995 amounted to £139.8m (1994 – £93.6m) and loans to associated undertakings at 31 March 1995 were £183.0m (1994 – £78.0m).

Other investments include the Group's investment in NordicTel Holdings AB listed on an overseas stock exchange at a market value of £33.3m at 31 March 1995 which is in excess of the cost included in these accounts. The shares were not listed at 31 March 1994.

The Group's associated undertakings and fixed asset investments are detailed on page 51.

11 STOCKS

	1995 £m	1994 £m
Finished goods	**12.2**	11.8

12 DEBTORS

	1995 £m	1994 £m
Due within one year:		
Trade debtors	**147.2**	94.2
Amounts owed by associated undertakings	**0.8**	1.8
Other debtors	**18.3**	9.7
Prepayments and accrued income	**110.6**	78.7
	276.9	184.4
Due after more than one year:		
Trade debtors	**–**	0.5
Advance corporation tax	**–**	7.7
Other debtors	**0.1**	2.1
Prepayments	**2.9**	0.6
	3.0	10.9
	279.9	195.3

13 CURRENT ASSET INVESTMENTS

Current asset investments comprised commercial paper, issued by major blue chip companies, and deposits with banks which had maturity dates more than three months from the date of purchase or placement.

14 **CREDITORS:**

Amounts falling due within one year

	1995 £m	1994 £m
Bank loans and overdrafts	**35.9**	14.3
Trade creditors	**53.7**	43.1
Amounts owed to associated undertakings	**0.8**	5.3
Taxation	**130.2**	113.0
Other taxes and social security costs	**12.4**	10.2
Other creditors	**38.2**	13.9
Proposed dividend	**51.8**	42.9
Accruals and deferred income	**119.5**	77.2
	442.5	319.9

15 **CREDITORS:**

Amounts falling due after more than one year

	1995 £m	1994 £m
Bank loans	**140.0**	1.9
Other creditors	**1.0**	31.8
Accruals and deferred income	**4.8**	1.5
	145.8	35.2
The bank loans are repayable as follows:		
Between two and five years	**140.0**	1.9

The loans amounting to £140.0m would be repayable in June 1995 in the absence of committed facilities which expire in November 1997. The bank loans bear floating rates of interest.

16 **PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation	£m
1 April 1994	0.6
Profit and loss account charge	1.2
Transfer to reserves	0.5
	2.3
Decrease in advance corporation tax recoverable on proposed dividend	0.9
31 March 1995	**3.2**

The amounts provided and unprovided for deferred taxation are:

	1995		1994	
	Amount provided £m	**Amount unprovided £m**	Amount provided £m	Amount unprovided £m
Accelerated capital allowances	**0.7**	**69.8**	0.8	64.1
Gains subject to rollover relief	**–**	**15.8**	–	15.8
Other timing differences	**2.5**	**(1.0)**	0.7	(5.8)
	3.2	**84.6**	1.5	74.1
United Kingdom subsidiary losses	**–**	**(6.4)**	–	(9.1)
Overseas subsidiary losses	**–**	**(20.7)**	–	(8.8)
	3.2	**57.5**	1.5	56.2
Advance corporation tax recoverable	**–**	**–**	(0.9)	–
	3.2	**57.5**	0.6	56.2

The Group's share of losses of associated undertakings available for set off against their future trading profits is:

	£m
United Kingdom	32.2
Overseas	33.9
	66.1

17 CALLED UP SHARE CAPITAL

	1995 Number	1995 £m	1994 Number	1994 £m
Authorised				
Ordinary shares of 5p each	**4,000,000,000**	**200.0**	1,200,000,000	60.0
Allotted, issued and fully paid				
1 April	1,013,759,156	50.7	1,004,893,163	50.2
Allotted and issued during the year	2,033,508,965	101.7	8,865,993	0.5
31 March	**3,047,268,121**	**152.4**	1,013,759,156	50.7

Allotted during the year

	Number	Nominal value £m	Share premium £m	Proceeds £m
Savings-Related Share Option Scheme	251,653	–	0.2	0.2
Executive Share Option Scheme	2,671,600	0.1	2.9	3.0
	2,923,253	0.1	3.1	3.2
Capitalisation	2,027,686,448	101.4	(101.4)	–
Scrip dividends	2,899,264	0.2	(0.1)	–
	2,033,508,965	**101.7**	**(98.4)**	**3.2**

Options

The Company had outstanding at 31 March 1995 the following options to subscribe for ordinary shares:

	Number	Price £	Period during which exercisable
Savings-Related Share Option Scheme	76,980	1.05	1 March 1995 to 31 August 1995
	239,472	0.94	1 September 1995 to 29 February 1996
	727,887	0.75	1 April 1996 to 30 September 1996
	1,181,331	0.95	1 February 1997 to 31 July 1997
	363,786	1.14	1 February 1998 to 31 July 1998
	1,040,340	1.42	1 September 1999 to 29 February 2000
	3,629,796		
Executive Share Option Scheme	202,500	0.68	19 January 1992 to 18 January 1999
	603,000	1.36	12 July 1992 to 11 July 1999
	213,000	1.19	19 January 1993 to 18 January 2000
	165,000	1.12	25 July 1993 to 24 July 2000
	993,000	0.93	22 January 1994 to 21 January 2001
	634,500	1.26	3 January 1995 to 2 January 2002
	1,820,300	1.07	3 January 1995 to 2 January 2002
	4,440,600	1.02	14 July 1995 to 13 July 2002
	1,211,400	0.87	14 July 1995 to 13 July 2002
	1,902,300	1.39	21 December 1995 to 20 December 2002
	423,900	1.18	21 December 1995 to 20 December 2002
	2,372,700	1.46	7 July 1996 to 6 July 2003
	637,200	1.25	7 July 1996 to 6 July 2003
	1,728,900	1.76	1 December 1996 to 30 November 2003
	300,900	1.50	1 December 1996 to 30 November 2003
	3,555,000	1.66	4 July 1997 to 3 July 2004
	489,300	1.42	4 July 1997 to 3 July 2004
	21,693,500		

18 RESERVES

	Share premium account £m	Capital reserve £m	Profit and loss account £m
1 April 1994	136.9	4.2	505.9
Allotment of shares	3.1	–	–
Retained profit for the financial year	–	–	135.7
Goodwill written off	–	–	(32.4)
Currency translation	–	–	9.2
Capitalisation	(101.4)	–	–
Scrip dividends	(0.1)	–	5.1
Other	–	–	(1.3)
31 March 1995	**38.5**	**4.2**	**622.2**

19 GOODWILL WRITTEN OFF DIRECTLY TO RESERVES

In the year

	1995 £m	1994 £m
Subsidiary undertakings	**3.6**	49.2
Associated undertakings	**28.0**	51.4
Subscriber bases	**0.8**	7.3
	32.4	107.9

Subsidiary undertaking

	1995 £m
TSFR SA	**3.6**

Associated undertakings

	Pacific Link Communications (Holdings) Limited and Pacific Telelink Limited £m	Astec Communications Limited £m	Other associated undertakings £m	Total £m
Acquisition in year	22.4	4.2	0.7	27.3
Group's share of post acquisition profit for the years	–	–	0.7	0.7
	22.4	**4.2**	**1.4**	**28.0**

Cumulative

	1995 £m	Prior Years £m	Total £m
Subsidiary undertakings	**3.6**	58.8	**62.4**
Associated undertakings	**28.0**	105.3	**133.3**
Subscriber bases	**0.8**	19.1	**19.9**
	32.4	183.2	**215.6**

20 **ACQUISITIONS**

Subsidiary undertaking

In January 1995, the Group acquired the entire issued share capital of TSFR SA, a service provider, incorporated in France. The consideration amounting to £2.0m was paid in cash.

Acquisition accounting has been used to account for this acquisition and the book and fair value of the assets and liabilities acquired were as follows:

	Book value at acquisition £m	TSFR SA Fair value adjustments £m	Fair value to the Group £m
Debtors	3.3	–	3.3
Creditors	(5.9)	0.1	(5.8)
Net cash	0.9	–	0.9
	(1.7)	**0.1**	**(1.6)**

The fair value adjustments were to bring the valuation of the assets and liabilities acquired into line with established Group policies.

The goodwill on acquisition was as follows:

	TSFR SA £m
Consideration (including expenses)	2.0
Fair value of net liabilities acquired	1.6
	3.6

The result of TSFR SA has not materially affected the Group's results.

Associated undertakings

In December 1994, the Group increased its interest in Pacific Link Communications (Holdings) Limited by 5% to 35%, and in Pacific Telelink Limited by 7.25% to 35%. The businesses of these two companies were subsequently amalgamated.

In September 1994, Vodafone Group Plc acquired 20% of Astec Communications Limited.

The consideration for both acquisitions was cash.

Goodwill arising amounted to:

	Pacific Link Communications (Holdings) Limited and Pacific Telelink Limited £m	Astec Communications Limited £m	Other £m	Total £m
Consideration (including expenses)	21.9	–	1.8	23.7
Group's share of net book liabilities/(assets) acquired	0.5	4.2	(1.1)	3.6
	22.4	**4.2**	**0.7**	**27.3**

The results of the acquired associated undertakings have not materially affected the Group's results.

21 LEASED ASSETS

Operating leases

Commitments to non-cancellable operating lease payments within one year are as follows:

	1995		1994	
	Land and buildings	**Other assets**	Land and buildings	Other assets
In respect of leases expiring:	**£m**	**£m**	£m	£m
Within one year	**4.2**	**17.6**	3.4	2.0
Between two and five years	**1.4**	**38.9**	2.8	40.3
After five years	**9.5**	**0.4**	5.1	0.6
	15.1	**56.9**	11.3	42.9

Finance leases

Tangible fixed assets include the following amounts in respect of finance leases:

	Plant & machinery £m	Fixtures & fittings £m	Networks infra-structure £m	Total £m
31 March 1995				
Cost	**2.6**	**2.5**	**72.7**	**77.8**
Accumulated depreciation	**0.7**	**0.2**	**6.4**	**7.3**
Net book value	**1.9**	**2.3**	**66.3**	**70.5**
31 March 1994				
Net book value	1.1	0.7	23.0	24.8

Liabilities under leases for networks infrastructure assets have been unconditionally satisfied by call deposits and other assets, trust deed and set-off arrangements. Accordingly, neither the lease liabilities nor the corresponding financial assets are included in the Group's balance sheet. At 31 March 1995, the Group was committed to a similar transaction to lease assets of approximately £19m.

22 CAPITAL COMMITMENTS

	1995	1994
	£m	£m
Contracted for but not provided	**99.2**	100.7
Authorised by the directors but not contracted for	**82.5**	53.0

23 CONTINGENT LIABILITIES

	1995	1994
	£m	£m
Guarantees of bank or other facilities in respect of associated undertakings and investments	**94.9**	103.2

24 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £m	1994 £m
Operating profit	**353.4**	337.6
Depreciation and amortisation	**92.3**	79.9
Loss on sale of tangible fixed assets	**–**	0.1
Share of losses of associated undertakings	**16.2**	3.2
Increase in stocks	**(0.4)**	(7.8)
Increase in debtors	**(88.2)**	(37.2)
Increase in creditors	**12.7**	19.1
	386.0	394.9

25 PURCHASE OF SUBSIDIARY UNDERTAKING

	1995 £m
Net assets acquired	
Debtors	**3.3**
Creditors	**(5.8)**
Net cash	**0.9**
	(1.6)
Goodwill	**3.6**
	2.0
Satisfied by	
Cash	**2.0**
Net outflow	
Cash	**2.0**
Net cash acquired	**(0.9)**
	1.1

26 FINANCING

	Share capital £m	Share premium £m	Total £m	Long term loans £m
1 April 1993	50.2	97.4	147.6	3.7
Cash inflow/(outflow) from financing	0.1	4.2	4.3	(1.8)
Shares issued for non cash consideration	0.4	35.3	35.7	–
1 April 1994	50.7	136.9	187.6	1.9
Cash inflow from financing	0.1	3.1	3.2	138.1
Shares issued for non cash consideration	101.6	(101.5)	0.1	–
31 March 1995	**152.4**	**38.5**	**190.9**	**140.0**

27 CASH AND CASH EQUIVALENTS

	Cash at bank £m	Bank overdrafts £m	Net £m
1 April 1993	130.4	(1.3)	129.1
Change in year	(20.3)	(13.0)	(33.3)
1 April 1994	110.1	(14.3)	95.8
Change in year	(94.2)	(21.6)	(115.8)
31 March 1995	**15.9**	**(35.9)**	**(20.0)**

28 **DIRECTORS' REMUNERATION**

Directors' remuneration comprises salary and fees, benefits, the Group's contribution to pension schemes and other benefits. Directors do not receive a profit share or other incentive payments related to performance. Share options as set out in note 29 on pages 44 to 46 are excluded from the analysis below.

Total emoluments	1995 £000	1994 £000
Salaries and fees	1,741	1,621
Other benefits	139	131
	1,880	1,752
Pension contributions	498	791
	2,378	2,543

Chairman and Chief Executive

	1995		1994	
	Chief Executive £000	Chairman £000	Chief Executive £000	Chairman £000
Salary/fees and benefits	561	183	523	175
Pension contributions	194	–	513	–
	755	183	1,036	175

The pension contributions for the Chief Executive are in respect of schemes established in 1993/94, which provide for contributions at a rate equivalent to those paid to the Vodafone Group Directors' Pension Scheme. A total contribution of £512,700 was paid in 1993/94, of which £188,140 related to 1993/94, in respect of his emoluments from 1 October 1990 to 5 April 1994 as no contributions were paid in 1991/92 and 1992/93.

The Board's remuneration was as follows:

	Salary/fees		Benefits		Total Remuneration	
	1995 £000	1994 £000	1995 £000	1994 £000	1995 £000	1994 £000
Chairman (Non-executive)						
Sir Ernest Harrison	176	164	7	11	183	175
Chief Executive						
Sir Gerald Whent	527	497	34	26	561	523
Executive directors						
C C Gent	298	275	24	29	322	304
D J Henning	186	172	36	14	222	186
K J Hydon	186	172	19	25	205	197
E J Peett	248	230	19	26	267	256
Non-executive directors						
Sir William Barlow	40	37	–	–	40	37
Sir Robert Clark	40	37	–	–	40	37
G J Lomer	40	37	–	–	40	37
	1,741	1,621	139	131	1,880	1,752

29 **DIRECTORS' INTERESTS IN THE SHARES OF VODAFONE GROUP PLC**

The directors have the following interests, all of which are beneficial, in the ordinary shares of Vodafone Group Plc:

	31 March 1995	1 April 1994
Sir Ernest Harrison	1,200,000	1,353,657
Sir Gerald Whent	510,212	494,976
Sir William Barlow	15,000	15,000
Sir Robert Clark	15,000	15,000
C C Gent	68,101	57,102
D J Henning	32,915	26,310
K J Hydon	40,466	28,515
G J Lomer	110,641	110,475
E J Peett	187,961	176,142

29 **DIRECTORS' INTERESTS IN THE SHARES OF VODAFONE GROUP PLC (CONTINUED)**

At 31 March 1995 the undermentioned directors had outstanding the following options to acquire ordinary shares of Vodafone Group Plc under the terms of the Vodafone Group Savings-Related Share Option Scheme ('Savings-Related Scheme') and the Vodafone Group Executive Share Option Scheme ('Executive Scheme'):

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Sir Gerald Whent	Nil	Nil	11,883	Nil	330,000	165,000	375,000	75,600	368,700	403,200	134,400	76,200	30,300	Nil	Nil	71,700	6,600
C C Gent	Nil	Nil	7,920	4,857	Nil	Nil	Nil	Nil	Nil	155,400	28,200	Nil	46,800	15,600	154,500	235,500	Nil
D J Henning	Nil	15,066	7,920	Nil	Nil	Nil	Nil	1,800	96,000	90,000	30,000	126,900	88,500	12,300	Nil	106,500	Nil
K J Hydon	Nil	10,044	7,920	Nil	Nil	Nil	174,000	Nil	127,200	44,100	30,900	Nil	28,800	9,600	137,400	33,000	Nil
E J Peett	Nil	10,044	7,920	Nil	Nil	Nil	Nil	Nil	Nil	176,100	23,100	Nil	153,000	10,800	42,300	161,400	Nil

A Options granted under the Savings-Related Scheme exercisable at 105.3p per share between 1 March 1995 and 31 August 1995.

B Options granted under the Savings-Related Scheme exercisable at 74.7p per share between 1 April 1996 and 30 September 1996.

C Options granted under the Savings-Related Scheme exercisable at 94.7p per share between 1 February 1997 and 31 July 1997.

D Options granted under the Savings-Related Scheme exercisable at 142.0p per share between 1 September 1999 and 29 February 2000.

E Options granted under the Executive Scheme exercisable at 136.3p per share between 12 July 1992 and 11 July 1999.

F Options granted under the Executive Scheme exercisable at 112.3p per share between 25 July 1993 and 24 July 2000.

G Options granted under the Executive Scheme exercisable at 93.0p per share between 22 January 1994 and 21 January 2001.

H Options granted under the Executive Scheme exercisable at 125.7p per share between 3 January 1995 and 2 January 2002.

I Options granted under the Executive Scheme exercisable at 107.0p per share between 3 January 1995 and 2 January 2002.

J Options granted under the Executive Scheme exercisable at 101.7p per share between 14 July 1995 and 13 July 2002.

K Options granted under the Executive Scheme exercisable at 86.7p per share between 14 July 1995 and 13 July 2002.

L Options granted under the Executive Scheme exercisable at 138.7p per share between 21 December 1995 and 20 December 2002.

M Options granted under the Executive Scheme exercisable at 146.3p per share between 7 July 1996 to 6 July 2003.

N Options granted under the Executive Scheme exercisable at 124.7p per share between 7 July 1996 to 6 July 2003.

O Options granted under the Executive Scheme exercisable at 176.3p per share between 1 December 1996 to 30 November 2003.

P Options granted under the Executive Scheme exercisable at 166.3p per share between 4 July 1997 to 3 July 2004.

Q Options granted under the Executive Scheme exercisable at 141.7p per share between 4 July 1997 to 3 July 2004.

Sir Ernest Harrison, Sir William Barlow, Sir Robert Clark and G J Lomer have no options under either the Savings-Related Scheme or the Executive Scheme.

All the above options existed at 1 April 1994 with the exception of the D, P and Q options which were granted during the year.

Options granted at market value under the Executive Scheme may not be exercised unless, between the date of grant and the intended date of exercise, there has been real growth in the earnings per share of the Company and options granted at a discount to market value may not be exercised unless the growth in the earnings per share of the Company exceeds the growth in the Index of Retail Prices by 2 per cent in the period between the date of grant and the intended date of exercise.

During the year ended 31 March 1995, C C Gent exercised an option for 203,700 shares under the Executive Scheme at the exercise price of 107.0p per share, which shares were sold at 209p per share, and E J Peett exercised options to buy 168,300 shares at 107.0p and 900 shares at 125.7p respectively, which shares were sold at 209p per share. Also during the year Sir Gerald Whent exercised an option for 6,834 shares under the Savings-Related Scheme at an exercise price of 105.3p per share and CC Gent, K J Hydon and E J Peett each exercised an option for 3,417 shares under the Savings-Related Scheme, also at an exercise price of 105.3p.

29 **DIRECTORS' INTERESTS IN THE SHARES OF VODAFONE GROUP PLC (CONTINUED)**

There have been no changes in the interests of the directors of Vodafone Group Plc in the ordinary shares of the Company during the period 1 April to 12 June 1995, except that Sir Ernest Harrison has sold 110,000 shares at 196p per share and D J Henning has exercised options to buy 1,800 shares at 125.7p per share and 96,000 shares at 107.0p respectively, which shares were sold at 196p per share. In addition, K J Hydon and G J Lomer have acquired 24 and 28 shares respectively through reinvestment of tax reclaims in Vodafone Group Personal Equity Plans and the following directors have acquired interests in shares of the Company under the Vodafone Group Profit Sharing Scheme as follows:

	Interests in Ordinary Shares		Interests in Ordinary Shares
Sir Gerald Whent	1,938	K J Hydon	1,938
CC Gent	1,748	E J Peett	1,938
D J Henning	1,458		

No director had since 1 April 1994 any interest in the shares of any subsidiary company.

30 **EMPLOYEES**

The average number of persons employed by the Group during the year:	**1995 Number**	1994 Number
Operations	**1,499**	1,143
Selling and distribution	**918**	606
Administration	**1,947**	1,368
	4,364	3,117

The cost incurred in respect of these employees (including directors):	**1995 £m**	1994 £m
Wages and salaries	**95.8**	68.8
Social security costs	**8.0**	6.5
Other pension costs	**4.5**	3.3
	108.3	78.6

31 **PENSIONS**

The Group operates a number of pension plans for the benefit of its employees throughout the world. For United Kingdom employees the plans are generally funded defined benefit schemes, the assets of which are held in separate trustee administered funds. For overseas employees the plans are generally defined contribution schemes.

Defined benefit schemes

The schemes are subject to triennial valuations by independent actuaries. The last formal valuations of the main schemes were carried out in January and April 1992 using the projected unit credit method of valuation in which allowance is made for projected earnings growth. Valuations of all schemes are being carried out as at 1 April 1995, the results of which are awaited.

The scheme valued in January 1992 had assets whose market value was £5.8m and whose corresponding actuarial value was sufficient to cover 84% of the benefits accrued to members. The deficiency is being dealt with by payment of contributions at the rate advised by the actuary. The scheme which had valuations carried out in April 1992 had assets whose market value was £10.3m and whose corresponding actuarial value was sufficient to cover 112% of benefits accrued to members.

The main assumptions used in the last valuations were that the average long term rate of return earned by the scheme assets would be 2% above the rate of general salary growth and that equity dividend growth would be 5%.

The pension cost for the year amounted to £3.5m (1994 – £2.4m).

A net prepayment of £2.8m (1994 – £0.5m) is included in prepayments due after more than one year. This represents the excess of the amounts funded over the accumulated pension costs.

Defined contribution schemes

The pension cost for the year was £1.0m (1994 – £0.9m).

COMPANY BALANCE SHEET

AT 31 MARCH 1995

	Note	1995 £m	1994 £m
FIXED ASSETS			
Investments	32	1,439.0	996.0
CURRENT ASSETS			
Debtors due within one year	33	82.1	45.6
Debtors due after more than one year	33	–	8.6
Cash at bank		0.2	–
		82.3	54.2
CREDITORS: amounts falling due within one year	34	369.7	151.8
NET CURRENT LIABILITIES		(287.4)	(97.6)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,151.6	898.4
CREDITORS: amounts falling due after more than one year	35	140.0	–
PROVISIONS FOR LIABILITIES AND CHARGES	36	0.2	0.1
		1,011.4	898.3
CAPITAL AND RESERVES			
Called up share capital	17	152.4	50.7
Share premium account	18	38.5	136.9
Capital reserve		87.9	87.9
Profit and loss account	37	732.6	622.8
Total equity shareholders' funds		1,011.4	898.3

SIR GERALD WHENT Chief Executive

K J HYDON Financial Director

23 June 1995

32 FIXED ASSET INVESTMENTS

	Subsidiary undertakings £m	Associated undertakings £m	Other Investments £m	Total £m
Cost				
1 April 1994	917.8	71.8	6.4	996.0
Additions	411.1	18.2	21.6	450.9
Transfer to other Group companies	–	(6.6)	(1.3)	(7.9)
31 March 1995	**1,328.9**	**83.4**	**26.7**	**1,439.0**

Loans to associated undertakings included above amounted to £44.2m at 31 March 1995 (1994 – £31.2m).

The Company's subsidiary and associated undertakings and other investments are detailed on pages 50 and 51.

33 DEBTORS

	1995 £m	1994 £m
Due within one year:		
Amounts owed by subsidiary undertakings	**76.1**	45.5
Group relief receivable	**3.0**	–
Other debtors	**3.0**	0.1
	82.1	45.6
Due after more than one year:		
Advance corporation tax	**–**	8.6
	82.1	54.2

34 CREDITORS:

Amounts falling due within one year	1995 £m	1994 £m
Bank overdraft	**–**	0.1
Amounts owed to subsidiary undertakings	**316.9**	89.5
Taxation	**–**	18.9
Other creditors	**0.7**	0.1
Proposed dividend	**51.8**	42.9
Accruals and deferred income	**0.3**	0.3
	369.7	151.8

35 **CREDITORS:**

Amounts falling due after more than one year

	1995	1994
	£m	£m
Bank loans repayable between two and five years	140.0	–

The loans amounting to £140.0m would be repayable in June 1995 in the absence of committed facilities which expire in November 1997. The bank loans bear floating rates of interest.

36 **PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation

	£m
1 April 1994	0.1
Profit and loss account	0.1
31 March 1995	0.2

37 **PROFIT AND LOSS ACCOUNT**

	£m
1 April 1994	622.8
Retained profit for the year	104.7
Scrip dividends	5.1
31 March 1995	732.6

In accordance with the exemption allowed by section 230 of the Companies Act 1985 no profit and loss account has been presented by Vodafone Group Plc. The profit for the financial year dealt with in the accounts of Vodafone Group Plc is £206.4m (1994 – £226.9m).

38 **CONTINGENT LIABILITIES**

The Company has guaranteed certain of the overdraft and loan facilities of its associated undertakings and investments as set out in note 23 on page 42. In addition, the Company has guaranteed certain of the overdraft and loan facilities of its subsidiaries as follows:

	1995	1994
	£m	£m
Guarantees of bank facilities	4.7	3.9

Vodafone Group Plc had at 31 March 1995 the following subsidiaries carrying on businesses affecting the profits and assets of the Group:

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Vodafone Group Plc's principal subsidiaries all have share capital consisting solely of ordinary shares (unless otherwise stated). The country of incorporation or registration of all subsidiaries is also their principal place of operation. All subsidiaries are directly held (unless otherwise stated); sub-subsidiaries are shown inset.

Name	Activity	Country of incorporation or registration	Percentage shareholdings
Hawthorn Leslie Group Limited	Holding company	England	100
Vodacom Limited	Service provider for cellular networks	England	100
Vodac Limited*	Service provider for Vodafone network	England	100
Vodac (Ulster) Limited	Service provider for Vodafone network	Northern Ireland	51
Vodafone Europe Holdings BV*	Holding company	Netherlands	100
Telecell Limited	Operation of cellular network	Malta	80
Vodafone Australasia Pty Limited**	Holding company	Australia	100
Vodafone Pty Limited†	Operation of cellular network	Australia	95
Vodac Pty Limited††	Service provider for Vodafone Pty network	Australia	100
Vodafone France SA	Holding company	France	100
Vodafone SA	Service provider for cellular networks	France	100
TSFR SA	Service provider for cellular networks	France	100
Vodafone GmbH	Holding company	Germany	100
Vodafone Holdings (SA) (Pty) Limited	Holding company	South Africa	100
Vodafone Group Services Limited	Provision of central services	England	100
Vodafone Limited*	Operation of cellular network	England	100
Vodapage Limited	Operation of radio paging service	England	100
Air Call Communications Limited	Operation of radio paging service	England	100
Vodastar Limited	Partner in consortium to operate global satellite telecommunications service	England	100
Vodata Limited	Supply of value added services	England	100
Paknet Limited	Operation of packet radio network	England	100

* Indirectly held.

** Share capital consists of 31,105,264 ordinary shares and 288 redeemable preference shares.

† Share capital consists of 55,000,290 ordinary shares and 12,681 redeemable preference shares, of which 95% and 95% respectively are indirectly held by Vodafone Group Plc.

†† Share capital consists of 2 ordinary shares and 3,200 redeemable preference shares.

Vodafone Group Plc had at 31 March 1995 the following principal associated undertakings and investments:

PRINCIPAL ASSOCIATED UNDERTAKINGS

Vodafone Group Plc's associated undertakings all have share capital consisting solely of ordinary shares. The country of incorporation or registration of all associated undertakings is also their principal place of operation. The operating subsidiaries of all associated undertakings are wholly owned and shown inset.

Name	Activity	Percentage shareholding	Par value of issued equity	Latest financial accounts	Country of incorporation or registration
Astec Communications Limited*	Service provider for cellular networks	20	£125	30.6.94	England
Clovergem Celtel Limited*	Operation of cellular network	37	Shilling 6,000,800	†	Uganda
General Mobile Communications Limited	Holding company	33	£40 million	31.12.94	England
Talkland International (UK) Limited	Service provider for cellular networks				England
Martin Dawes Telecommunications Limited	Service provider for cellular networks	20	£632,601	30.6.94	England
Orbitel Mobile Communications (Holdings) Limited	Holding company	50	£16,000,100	31.3.95	England
Orbitel Mobile Communications Limited	Mobile telecommunications equipment manufacturer				England
Pacific Link Communications Limited*	Operation of Hong Kong cellular and telepoint networks	35	HK$13,000	31.12.94	Hong Kong
Panafon SA*	Operation of Greek cellular network	45	GRD19,625 million	31.12.94	Greece
Panavox SA*	Service provider for Panafon SA network	45	GRD50 million	31.12.94	Greece
Vodacom Group (Pty) Limited*	Holding company	35	Rand 1	†	South Africa
Vodacom Pty Limited	Operation of South African cellular network				South Africa
Vodac Pty Limited	Service provider for Vodacom Pty Limited				South Africa
Vodafone Fiji Ltd*	Operation of cellular network	49	F$ 6 million	31.12.94	Fiji

* Indirectly held.

† No statutory accounts as company in first year of operation.

PRINCIPAL INVESTMENTS

The shareholdings in investments consist solely of ordinary shares. The principal country of operation for the investments is the same as the country of incorporation or registration.

Name	Activity	Percentage shareholding	Country of incorporation or registration
Dansk Mobiltelefon AB*	Holding company for 20% of Danish GSM licence operator	25	Sweden
E-Plus Mobilfunk GmbH*	Operation of German cellular network	16	Germany
Globalstar L.P.**	Development of satellite telecommunications service	8	USA
NordicTel Holdings AB*	Holding company for Swedish GSM licence operator	13	Sweden
Servicios de Radiotelefonia Movil SA*	Operation of Spanish paging network	15	Spain
Société Française du Radiotéléphone SA	Operation of French cellular network	10	France

* Indirectly held.

** Indirectly held partnership interest.

PROFIT AND LOSS

	1995	1994	1993	1992	1991
	£m	£m	£m	£m	£m
Turnover	**1,153**	851	664	585	536
Profit before taxation	**371**	363	322	272	244*
Taxation	**133**	118	100	88	76
Profit after taxation	**238**	245	222	184	168
	Pence	Pence	Pence	Pence	Pence
Earnings per share††	**7.80**	8.11	7.36	6.13	5.62*
Dividend for the year††	**3.34**	2.78	2.32	1.93†	1.76

BALANCE SHEET

	1995	1994	1993	1992	1991
	£m	£m	£m	£m	£m
Fixed assets	**1,102**	720	563	438	437
Other (liabilities)/net assets	**(284)**	(22)	33	14	(19)
Total net assets	**818**	698	596	452	418
Equity shareholders' funds	**817**	698	596	452	418

* Excludes the extraordinary income.

† Excludes the 5p special interim dividend paid to facilitate the demerger.

†† As restated for 1994 capitalisation issue explained in note 7.

The following is a summary of the effects of the differences between US Generally Accepted Accounting Principles ("US GAAP") and UK Generally Accepted Accounting Principles ("UK GAAP") that are significant to Vodafone Group Plc. The principles are set out on page 54.

NET INCOME AND EARNINGS PER ORDINARY SHARE

	1995 £m	1994 £m
Net income as reported in accordance with UK GAAP	**237.4**	245.0
Items increasing/(decreasing) net income:		
Goodwill amortisation	**(8.7)**	(8.4)
Equity in losses of associated undertakings	**(6.1)**	(5.6)
Licence fee amortisation	**(5.9)**	(4.7)
Deferred income taxes	**(8.8)**	2.3
Compensation expense	**(0.1)**	(0.2)
Amortisation of capitalised interest	**(0.6)**	(0.6)
Pension cost	**(1.9)**	(0.1)
Gain on sale of associate	**–**	6.9
Foreign currency translation	**(2.0)**	0.3
Net income in accordance with US GAAP	**203.3**	234.9
Earnings per ordinary share in accordance with US GAAP	**6.68p**	7.78p

SHAREHOLDERS' EQUITY

	1995 £m	1994 £m
Shareholders' equity as reported in accordance with UK GAAP	**817.3**	697.7
Items increasing/(decreasing) shareholders' equity:		
Goodwill – net of amortisation	**246.3**	229.7
Licence fee amortisation	**(9.9)**	(6.2)
Revaluation of marketable securities	**17.8**	–
Cumulative deferred income taxes	**(82.9)**	(74.1)
Cumulative compensation expense	**(1.7)**	(1.6)
Cumulative capitalisation of interest costs – net of amortisation	**1.0**	1.6
Proposed dividends	**51.8**	42.9
Cumulative pension cost	**(1.9)**	(0.1)
Shareholders' equity in accordance with US GAAP	**1,037.8**	889.9

TOTAL ASSETS

	1995 £m	1994 £m
Total assets as reported in accordance with UK GAAP	**1,409.5**	1,053.9
Items increasing/(decreasing) total assets:		
Goodwill – net of amortisation	**123.4**	127.8
Investment in associated undertakings – net of amortisation	**122.9**	101.3
Revaluation of marketable securities	**17.8**	–
Licence fee amortisation	**(9.9)**	(6.2)
Cumulative capitalisation of interest costs – net of amortisation	**1.0**	1.6
Pension prepayment	**(1.8)**	0.1
Total assets in accordance with US GAAP	**1,662.9**	1,278.5

SUMMARY OF DIFFERENCES BETWEEN ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED KINGDOM AND THE UNITED STATES.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP"), which differ in certain material respects from those generally accepted in the United States ("US GAAP"). The differences that are material to the Group relate to the following items and the necessary adjustments are shown on page 53.

GOODWILL AND EQUITY IN LOSSES OF ASSOCIATED UNDERTAKINGS

Under UK GAAP, costs of acquisition in excess of the fair value of the attributable net assets of acquired businesses at the date of acquisition may be capitalised or may be written off against shareholders' equity, either in the fiscal year of acquisition or in a subsequent fiscal year. The Group has written off such goodwill against shareholders' equity in the fiscal year of acquisition. Under US GAAP, goodwill must be capitalised and amortised against income over the estimated period of benefit, but not in excess of 40 years.

Investments in associated undertakings can also include an element of goodwill in the amount of the excess of the investment over Vodafone Group Plc's share in the fair value of the net assets at the date of investment. For US GAAP purposes the Group would capitalise and amortise goodwill over the estimated period of benefit. The Group's equity in earnings of the associated undertakings is reduced by the amortisation of such goodwill.

MARKETABLE SECURITIES

Under UK GAAP, quoted investments held as fixed asset investments are carried at cost. Under US GAAP, they are classified as available-for-sale securities and are valued at market price with unrealised gains and losses excluded from earnings and reported within a separate component of shareholders' equity.

LICENCE FEE AMORTISATION

Under UK GAAP, licence fees are amortised in proportion to the expected usage of the network during the start up period. Under US GAAP, licence fees are amortised on a straight line basis from the date of acquisition.

DEFERRED TAXATION

Under UK GAAP, deferred taxation is provided at the rates at which the taxation is expected to become payable. No provision is made for amounts which are not expected to become payable in the foreseeable future.

Under US GAAP, deferred taxation is provided on all temporary differences under the liability method at rates at which the taxation would be payable in the relevant future year.

FOREIGN CURRENCY TRANSLATION

Under US GAAP, income from foreign subsidiaries is translated at average exchange rates for the year, while under UK GAAP year end rates are used. The difference results in a reclassification between retained earnings and the translation component of shareholders' equity.

COMPENSATION EXPENSE

Under UK GAAP, on the granting of share options, no amounts are normally attributed to employee remuneration. Under US GAAP, upon the granting of share options to employees, the employer records as employee compensation the difference between the market value of the shares and the total amount the employees are required to pay.

CAPITALISATION OF INTEREST COSTS

Under UK GAAP, interest on borrowings used to finance the construction of an asset is not required to be included in the cost of the asset. Under US GAAP, the interest cost on borrowings used to finance the construction of an asset is capitalised during the period of construction until the date that the asset is placed in service. Such interest cost is amortised over the estimated useful life of the related asset.

PENSION COSTS

Under both UK GAAP and US GAAP pension costs are provided so as to provide for future pension liabilities. However, there are differences in the prescribed methods of valuation which give rise to GAAP adjustments to the pension cost and the pension prepayment.

GAIN ON SALE OF ASSOCIATE

Under UK GAAP, goodwill written off against shareholders' equity must be reinstated in determining gain or loss on the sale of all or part of the business acquired. Under US GAAP, the gain on sale would be higher to the extent that goodwill amortisation had been charged against income in prior periods.

PROPOSED DIVIDENDS

Under UK GAAP, dividends are included in the financial statements when recommended by the board of directors to the shareholders. Under US GAAP, dividends are not included in the financial statements until declared by the board of directors.

EARNINGS PER ORDINARY SHARE

Earnings per ordinary share are calculated by dividing net income of £234.9m and £203.3m for the years ended 31 March 1994 and 1995 respectively, by 3,020,692,956 and 3,043,774,906 which are the approximate weighted average number of ordinary shares outstanding for the years ended 31 March 1994 and 1995 respectively.

ANNUAL GENERAL MEETING

The eleventh Annual General Meeting of Vodafone Group Public Limited Company will be held at The Institution of Electrical Engineers, Savoy Place, London WC2 on 19 July 1995 at 11.30am. The Notice of Meeting, together with details of the business to be conducted at the Meeting, is being circulated to shareholders with this report.

FINANCIAL CALENDAR

Vodafone Group Plc usually announces results and pays dividends at the following times:

	Announcement of results	Payment of dividend
Interim	November	February
Final	June	August

REGISTRARS AND TRANSFER OFFICE

The Registrars of Vodafone Group Plc are:

Barclays Registrars, Bourne House,
34 Beckenham Road, Beckenham, Kent BR3 4TU.

Telephone 0181 650 4866.

SHARE PRICE INFORMATION

The current share price for Vodafone Group Plc can be obtained in the United Kingdom by dialling the Financial Times Cityline service on 0336 435555. Calls are charged at 36p per minute cheap rate and 48p per minute at all other times.

LISTINGS

Ordinary shares of Vodafone Group Plc are traded on the London Stock Exchange and, in the form of American Depositary Shares (ADSs), on the New York Stock Exchange.

AMERICAN DEPOSITARY RECEIPTS

ADSs each representing ten ordinary shares are traded on the New York Stock Exchange under the symbol "VOD". ADSs are represented by American Depositary Receipts (ADRs). The ADR programme is administered on behalf of Vodafone Group Plc by The Bank of New York, ADR Division, 101 Barclay Street, New York, N.Y. 10286.

ADR holders are not members of the Company but may instruct The Bank of New York as to the exercise of voting rights relative to the number of ordinary shares represented by their ADRs.

REPORTS TO ADR HOLDERS

ADR holders receive the annual and interim reports issued to ordinary shareholders. Vodafone Group Plc will file with the Securities and Exchange Commission in the USA its annual report in Form 20-F (which corresponds to the 10-K for a US Corporation) and other information as required. A copy of the Form 20-F may be obtained by writing to: Investor Relations, Vodafone Group Plc, The Courtyard, 2-4 London Road, Newbury, Berkshire RG14 1JX, England.

DIVIDENDS AND ADR HOLDERS

ADR holders are generally eligible for all dividends or other entitlements attaching to the underlying shares of Vodafone Group Plc and receive all cash dividends in US dollars. Qualifying US holders will generally be entitled to receive a payment in respect of the United Kingdom tax credit, subject to a United Kingdom withholding tax of 15% of the sum of the dividend and United Kingdom tax credit.

Dividends and any related United Kingdom tax credit and associated withholding tax will be income to the holder for Federal income tax purposes.

ADR holders unsure of their tax position should consult their independent tax adviser.

SHAREHOLDERS

Number of ordinary shares held at 31 March 1995		Number of accounts	% of total issued shares
1–	1,000	9,792	0.16
1,001–	5,000	20,540	1.70
5,001–	50,000	9,906	3.97
50,001–	100,000	507	1.18
100,001–	500,000	659	4.98
More than	500,000	467	88.01
		41,871	100.00

TYPE OF SHAREHOLDER AT 31 MARCH 1995

	Number of accounts	% of total issued shares
Private individuals	32,052	5.35
Nominee companies	7,948	45.49
Investment trusts and funds	657	2.42
Commercial and industrial companies	382	1.01
Banks	397	0.08
Insurance companies	325	7.18
Other corporate bodies	70	0.78
Pension funds and trustees	38	1.26
Bank of New York Nominees – ADRs*	1	32.62
Sepon Limited	1	3.81
	41,871	100.00

With the exception of nominee companies, most of which are institutional investors, stated shareholdings are only those directly held.

* At 31 March 1995 there were 1,028 registered holders of ADRs representing approximately 12,500 beneficial holders.

CONSOLIDATION OF SHARE ACCOUNTS

Shareholders whose total registered shareholding is represented by more than one account, evidenced by the receipt of duplicate copies of mailings to shareholders, and who wish to have their holdings consolidated should send an appropriate letter of instruction to Barclays Registrars. There is no charge for this service.

DIVIDEND MANDATES

Shareholders who wish to receive cash dividends directly into their bank or building society account should contact Barclays Registrars for a mandate form.

SCRIP DIVIDEND SCHEME

The Company has established, pursuant to resolutions passed at the Annual General Meeting in 1993, a scrip dividend scheme to enable shareholders to take new shares in lieu of cash dividends. For further details please contact Barclays Registrars.

PERSONAL EQUITY PLANS ('PEPs')

For UK resident shareholders two PEPs have been established, a General PEP and a Single Company PEP, managed by Bradford & Bingley (PEPs) Limited. For further details please write to the Plan Manager, Bradford & Bingley (PEPs) Limited, P.O. Box 1, Taunton Street, Shipley, West Yorkshire BD18 3NG or telephone 01274 555677.

UNSOLICITED MAIL

The Company is obliged by law to make its share register available to other organisations and some shareholders, therefore, may have received unsolicited mail. If so, and it is unwanted, any shareholder who wishes to limit the receipt of such mail should contact The Mailing Preference Service, Freepost 22, London W1E 7EZ who, as a free service to the public, will notify organisations which support its service that the unsolicited mail should no longer be issued.

Principal activities

Cellular radio network operations

Cellular radio service provision

Data transmission over cellular radio networks

Digital cellular radio systems and equipment

Equipment design and manufacture

Packet radio network operation

Radiopaging

Satellite mobile communications

Value added network services

Vodafone Group Plc

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Registered in England No. 1833679

VODAFONE GROUP