VODAFONE GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2001

- Statutory turnover increased by 27% to £8,906 million.
- Statutory operating profit* increased by 40% to £3,392 million.
- Earnings per ordinary share* increased by 63% to 2.51 pence per share.
- Proportionate EBITDA† from mobile businesses increased by 46% to £4,778 million, with an improvement of 3% in EBITDA margin to 35%.
- Operating cash flow per share increased by 69% to 5.37 pence per share.
- Free cash flow of £606 million.
- Interim dividend increased by 5% to 0.7224 pence per share.
- Continued growth in customer base with a 15% increase in proportionate registered customers to 95.6 million since 31 March 2001. Venture customer base now over 210.1 million registered customers.
- Strong financial position. Net debt of £9,240 million, representing 9% of market capitalisation. Single A credit ratings maintained.

* before goodwill amortisation of £6,697 million and exceptional items, which comprise exceptional operating costs of £4,515 million and exceptional non-operating items of £248 million

† before exceptional items

Sir Christopher Gent, Chief Executive of Vodafone Group Plc, commented:

"These results show excellent financial performance with robust growth in EBITDA†, operating profit* and earnings per share*, improved margins and strong cash flow generation. This growth in all respects is better than we expected following the realignments to our strategy announced earlier this year.

"Vodafone's enhanced global leadership position, excellent progress on new products and service initiatives, combined with our better operational performance, is delivering strong growth momentum which serves to highlight both the defensive as well as growth qualities of Vodafone."

Julian Horn-Smith, Group Chief Operating Officer, commented:

"I am pleased to report that the Group's performance reflects our shift in operational focus towards driving customer value and further cost improvements. Customer growth in the period was ahead of our expectations with a better mix of higher value customers. Service revenue growth continues to improve, with an encouraging trend in ARPU stabilisation. Our margin improvement resulted from more targeted customer acquisition and retention programmes and tighter cost control in all parts of the business. In addition, we have made excellent progress in rolling out the Vodafone brand globally and we remain on track to deliver the synergy benefits identified at the time of the Mannesmann transaction."

GROUP FINANCIAL HIGHLIGHTS

Increased profitability

Statutory basis	Six months to 30 September 2001 £m	2000[(2)] £m	Increase %
Turnover	**8,906**	7,019	**27**
Total Group operating profit/(loss)			
- before goodwill amortisation and exceptional items	**3,392**	2,420	**40**
- after goodwill amortisation and exceptional items [(1)]	**(7,820)**	(3,306)	
Profit/(loss) on ordinary activities before taxation			
- before goodwill amortisation and exceptional items	**3,011**	1,823	**65**
- after goodwill amortisation and exceptional items [(1)]	**(8,449)**	(3,898)	

- Exceptional items include an impairment charge of £4.75 billion in respect of the carrying value of Arcor and two other investments. No impairment charge necessary in respect of the Group's controlled mobile businesses.

Proportionate basis Mobile telecommunications[(3)]	Proportionate turnover Six months to 30 September 2001 £m	2000[(4)] £m	Increase %	Proportionate EBITDA * Six months to 30 September 2001 £m	2000[(4)] £m	Increase %
Northern Europe	**3,133**	2,582	**21**	**1,028**	785	**31**
Central Europe	**2,343**	2,115	**11**	**1,026**	624	**64**
Southern Europe	**2,408**	1,612	**49**	**1,049**	673	**56**
Americas	**2,839**	2,414	**18**	**1,000**	815	**23**
Asia Pacific	**2,517**	1,234	**104**	**567**	285	**99**
Middle East and Africa	**252**	213	**18**	**108**	100	**8**
	13,492	10,170	**33**	**4,778**	3,282	**46**
Organic growth at constant exchange rates			**13**			**26**

* before exceptional items

Increased earnings and dividend growth

Per share information	Six months to 30 September 2001	2000[(2)]	Increase %
Basic earnings/(loss) per share			
- before goodwill amortisation and exceptional items	**2.51p**	1.54p	**63**
- after goodwill amortisation and exceptional items [(1)]	**(14.36)p**	(8.01)p	
Dividend per share	**0.7224p**	0.6880p	**5**
Operating cash flow per share	**5.37p**	3.18p	**69**

Notes

(1) Goodwill amortisation charge of £6,697m, compared with £5,589m for the six months ended 30 September 2000. Exceptional items comprise exceptional operating costs of £4,515m, including an impairment charge of £4,450m in respect of Arcor and Iusacell, and exceptional non-operating items of £248m including an impairment charge of £300m in respect of the Group's investment in China Mobile (Hong Kong) Limited. For the six months ended 30 September 2000, exceptional operating and non-operating items totalled £137m and £5m, respectively. Further details are given in Notes 2, 3 and 4 on pages 23 and 24.

(2) Certain prior period comparative information has been restated following the adoption of FRS 19 during the period. Further details are given in Note 1 on page 22.

(3) Proportionate information is presented for the Group's mobile telecommunications businesses only, and is calculated on the basis described in Note 1 on page 22.

(4) Proportionate comparative financial information is presented on a pro forma basis for the acquisition of Mannesmann as described in Note 1 on page 22.

GROUP OPERATING HIGHLIGHTS

Key performance indicators

- ARPU stabilising across the Group, one year ahead of expectations, with ARPU in the Group's German, Italian and UK markets all increasing in the second quarter compared with the first.

- Non-voice service revenues in the Group's controlled mobile businesses represented 9.1% of total service revenues for the twelve month period to 30 September 2001, compared with 8.1% for the year ended 31 March 2001. In the month of September 2001, non-voice service revenues represented 9.9% of total service revenues.

- Worldwide customer base of 95.6 million proportionate registered customers at 30 September 2001, representing growth of 15% since 31 March 2001. Venture customer base over 210.1 million registered customers.

- Improved customer mix between prepaid and contract customers through strategic focus on gaining and retaining high value customers.

- Active customers represented 90% of the total registered customer base in the Group's controlled mobile businesses.

- Acquisition incentives to new customers connecting to prepaid tariffs reduced in all the Group's major markets.

Commercial initiatives

Improved service offerings

- Commercial GPRS services available in all the Group's major markets.

- Competitively secured a broad base of multi-national accounts through the new global account strategy, providing a range of voice and data services to large numbers of high value corporate customers.

- Launch of new services including: Eurocall with almost 4 million customers in eleven markets; Virtual Home Environment rolled out to eleven countries generating more than 6 million minutes of traffic; prepaid roaming, available to customers in five of the Group's networks, generating more than 11 million minutes of traffic and 5 million SMS messages; and assisted roaming, offered by sixteen Vodafone operators, is increasing the inbound roaming capture rate.

Global branding

- All non-Vodafone branded subsidiaries in Europe and Africa now dual-branded. Operations in Spain and Portugal migrated to single Vodafone brand in October 2001, ahead of schedule, with others planned throughout 2002.

- Launch of the global Vodafone brand through "How are you?" campaign.

- Ferrari sponsorship from the 2002 Formula One motor racing season to enhance global awareness of the Vodafone brand.

Transactions

- Acquisition of additional stakes in Japan Telecom and the J-Phone Group during the period, followed in October 2001 by the successful completion of the Group's tender offer for a further 21.7% stake in Japan Telecom taking the Group's interests to a controlling 66.7% in Japan Telecom and an economic interest of almost 70% in the J-Phone Group.

- Completion during the period of the acquisition of Eircell in Ireland, a 34.5% interest in Grupo Iusacell in Mexico, together with increased stakes in the Group's subsidiaries in Spain to 91.6% and Australia to 95.5%.

- Disposal of 11.7% equity stake in Shinsegi Telecom, Inc. in Korea.

BUSINESS REVIEW

At the beginning of the calendar year the Group announced the outcome of a review which sought to realign the Group's strategic objectives to emphasise cost control and margin management as the market transitions to the full impact of new data services, technologies and 3G. This realignment is having a positive impact on the Group's results with proportionate turnover, EBITDA before exceptional items, statutory turnover and total Group operating profit, before goodwill amortisation and exceptional items, all growing strongly. In addition, earnings per share, before goodwill amortisation and exceptional items, increased by 63% to 2.51 pence per share and operating cash flow per share improved 69% to 5.37 pence per share.

Statutory turnover increased by £1,887m from £7,019m in the comparable period to £8,906m in the six months ended 30 September 2001. The increase comprised £197m from Eircell which was acquired by the Group during the period, £876m from Airtel Vodafone which was acquired by the Group in the second half of the financial year ended 31 March 2001, and £814m from existing businesses, representing growth of 12% on the prior period. This growth resulted from the larger customer base in controlled businesses, offset by an overall decline in ARPU, compared to the prior period, and lower connection revenues, due to the lower net customer growth. The tragic events of 11 September have not had a material effect on the Group's results for the period. However, the Group has seen a small decline in roaming revenue associated with the reduction in international air traffic.

The Group's overall mobile proportionate EBITDA margin increased from 32% in the comparable period to 35% for the six months ended 30 September 2001. EBITDA margins increased in all the Group's major markets, except in Japan, due to the Group's strategy of focusing on cost control, including reduced connection costs, and the retention of high value customers. In Germany in particular, EBITDA margins increased significantly, from 30% to 45%, due primarily to lower customer acquisition costs from the significantly lower gross customer growth and the focus on customer retention initiatives. In Japan, a combination of competitor activity and the increased demand for internet-access handsets pushed up acquisition and upgrade costs, resulting in an EBITDA margin of 20% compared to 22% in the prior period.

The total statutory Group operating loss, after goodwill amortisation and exceptional items, increased in the period, primarily as a result of a £4.45 billion impairment charge taken in respect of certain of the Company's investments, further details of which are given on page 15.

A review of the Group's principal business, the supply of mobile telecommunications services and products, is described below. A review of the Group's other operations, which primarily comprise fixed line telecommunications businesses and the Vizzavi Europe joint venture, can be found on page 12.

The appendices to these Interim Results also contain a summary of certain key performance indicators for each of the Group's segments, providing details of the registered customer base, including further analysis between prepaid and contract, active and inactive customers, ARPU, and non-voice service revenue data.

On 1 April 2001, in response to the rapid expansion of the Group, the Company implemented a planned reorganisation of its overall management structure into five main regions: Northern Europe, Middle East and Africa; Central Europe; Southern Europe; Americas and Asia; and Pacific. The geographical segments for the analysis of the Group's operating results for the six months ended 30 September 2001 have been amended and comparatives have been restated. Comparative results for the Group have also been restated following the adoption of FRS 19, 'Deferred tax', further details of which can be found on page 22.

Mobile Telecommunications

The Group's mobile businesses performed strongly in challenging and competitive conditions. Proportionate turnover increased by 33% to £13,492m, with all segments reporting double-digit growth, and proportionate EBITDA, before exceptional items, increased by 46% to £4,778m.

In the six months to 30 September 2001, the Group added a further 12.6 million customers to its proportionate registered base. At the period end the Group had 95.6 million proportionate customers and the total venture base was 210.1 million registered customers. This compares with a proportionate registered base and total venture base of 65.5 million and 116.2 million, respectively, as at 30 September 2000.

Northern Europe

Financial highlights		Six months to 30 September 2001 £m	2000 £m	Increase %
Statutory turnover	- United Kingdom	**1,805**	1,655	**9**
	- Other Northern Europe	**777**	527	**47**
		2,582	2,182	
Statutory total Group operating profit(1)	- United Kingdom	**394**	361	**9**
	- Other Northern Europe	**355**	235	**51**
		749	596	
Proportionate turnover(2)	- United Kingdom	**1,805**	1,662	**9**
	- Other Northern Europe	**1,328**	920	**44**
		3,133	2,582	
Proportionate EBITDA(2) (before exceptional items)	- United Kingdom	**565**	495	**14**
	- Other Northern Europe	**463**	290	**60**
		1,028	785	
Proportionate EBITDA margin(2)	- United Kingdom	**31%**	30%	
	- Other Northern Europe	**35%**	32%	

(1) - before goodwill amortisation and exceptional items
(2) - comparatives are presented on a pro forma basis for the acquisition of Mannesmann

United Kingdom

Vodafone UK continued to make good progress against a backdrop of competitive and challenging market conditions with both statutory turnover and total Group operating profit, before goodwill amortisation and exceptional items, increasing by 9% to £1,805m and £394m, respectively. Proportionate EBITDA, before exceptional items, increased by 14% to £565m.

At 30 September 2001, Vodafone UK had 12,799,000 registered customers, of whom 4,631,000 were contract customers. During the period, Vodafone UK reported contract net additions of 337,000, representing a 45% increase compared to the six month period ended 30 September 2000, which reflected the continued focus on gaining and retaining higher value customers. Vodafone UK's service provider companies accounted for 56% of the contract customer base.

Both contract and prepaid ARPU has stabilised over recent months. ARPU for the contract customer base for the twelve months to 30 September 2001 reduced to £535 compared to £550 for the year to 31 March 2001, primarily as a result of price reductions in the second half of 2000, with further dilution arising from the migration of higher value prepaid customers onto contract tariffs. The average cost to connect for contract customers increased slightly to £119 for the six month period to 30 September 2001, compared to £115 for the previous period, reflecting the competitive nature of the market and the increased proportion of higher value customers connected in the period.

The migration of higher value prepaid customers also impacted on prepaid ARPU, which declined from £156 for the year to 31 March 2001 to £139 for the year to 30 September 2001. Prepaid cost to connect for the period to 30 September 2001 was £32 compared to £56 in the six months to 30 September 2000 as a result of continued reductions in distribution incentives for prepaid products in order to improve the profitability of this market segment.

Continued investment in network infrastructure improved network quality significantly and ensured Vodafone's position as the UK's leading network. This, together with improvements to customer service, helped to control network churn in the last twelve months to 25.9%, despite the increased number of replacement prepaid sales, compared to 25.0% in the year ended 31 March 2001. In the latest OFTEL survey Vodafone UK was recognised as the leading UK network for customer service with a level of customer satisfaction which, at 98%, exceeded its nearest competitor by 4%.

During the period Vodafone UK continued to re-focus its resources for the future and look for ways to improve efficiency. The results of a detailed operational review were announced to employees on 16 October 2001, which will deliver a rebalancing of resources into new product development, product management and customer development activities in addition to an overall reduction in headcount. This is likely to result in up to 650 redundancies out of Vodafone UK's 10,000 permanent employees.

During the period, Vodafone UK successfully launched its GPRS service. Vodafone UK's 3G plans remain on schedule for launch in the second half of 2002.

Other Northern Europe

The Group's other interests within Northern Europe reported financial performance in line with expectations. The results for the segment include a proportionate turnover and EBITDA contribution from Eircell, which was acquired by the Group in May 2001, of £197m and £76m, respectively.

At 30 September 2001, Eircell, Ireland's largest mobile operator, had approximately 1,611,000 registered customers, 29% of whom are contract customers. On 1 October 2001, Eircell was rebranded Eircell Vodafone. Eircell Vodafone is expected to participate in the competitive tendering process for a 3G licence once the award process has been finalised.

Libertel Vodafone significantly improved its EBITDA margin during the period from 24% to 31% as a result of its strategy of focusing on higher value customers, with over 1,096,000 contract customers out of a total base of 3,223,000 as at 30 September 2001. Libertel Vodafone has launched electronic recharging for the prepaid market and also introduced prepaid roaming.

Europolitan Vodafone reported a customer base of over 1,071,000 at 30 September 2001, 75% of whom are connected on the more profitable contract tariffs. The company was successful in winning one of four 3G licences in December 2000 and has signed a joint venture agreement with Hi3G Access AB to co-build most of the network in rural areas. The joint venture company will build and operate the infrastructure to provide coverage for up to 70% of the population.

In July 2001, SFR was successful in obtaining one of two 3G licences for a total cost of €4.95 billion. In September 2001, the first instalment of €619m was paid. In October the French Government agreed to extend the licence term from 15 to 20 years and to revise the terms of the licence so that, whilst the initial payment stands, further amounts will be based on a percentage of 3G revenue. The level and precise terms of this percentage fee have yet to be finalised but it is likely that there will be a significant reduction in the total licence fee.

GPRS has now been launched in all Northern European markets except in Ireland, where Eircell Vodafone plans to introduce GPRS services in January 2002. All expect to launch 3G services at the beginning of 2003, except for Europolitan Vodafone, which expects to launch during the second half of 2002.

Central Europe

Financial highlights		**Six months to 30 September**		
		2001	2000	**Increase**
		£m	£m	**%**
Statutory turnover	- Germany	**2,067**	1,952	**6**
	- Other Central Europe	**23**	12	
		2,090	1,964	
Statutory total Group operating profit/(loss)(1)	- Germany	**707**	451	**57**
	- Other Central Europe	**75**	(17)	
		782	434	
Proportionate turnover(2)	- Germany	**2,057**	2,056	**-**
	- Other Central Europe	**286**	59	
		2,343	2,115	
Proportionate EBITDA(2) (before exceptional items)	- Germany	**931**	620	**50**
	- Other Central Europe	**95**	4	
		1,026	624	
Proportionate EBITDA margin(2)	- Germany	**45%**	30%	
	- Other Central Europe	**33%**	7%	

(1) - before goodwill amortisation and exceptional items
(2) - comparatives are presented on a pro forma basis for the acquisition of Mannesmann

Germany

D2 Vodafone has made a strong start to the year. Statutory turnover increased by 6% to £2,067m due to the inclusion of a full period's statutory results whilst total Group operating profit, before goodwill amortisation and exceptional items, increased by 57% to £707m, primarily reflecting lower connection costs.

Proportionate turnover remained constant on a pro forma basis as an 8% increase in service revenues, and in particular, growth in messaging data revenues which increased 39% to over £271m, was almost entirely offset by the reduction in connection revenues as a result of significantly lower gross customer growth. Proportionate EBITDA, before exceptional items, increased by 50% on a pro forma basis to £931m. The proportionate EBITDA margin increased from 30% to 45%. D2 Vodafone is the market leader in terms of both cost efficiency and profitability in comparison with the other German mobile network operators.

The six month period ended 30 September 2000 was characterised by significant growth in customers as D2 Vodafone experienced record growth with over 5.4 million net connections in that period, mainly on prepaid tariffs. In the six month period ended 30 September 2001, as the focus switched to customer retention initiatives and improving revenue returns, D2 Vodafone recorded net customer connections of 896,000, resulting in a total proportionate registered customer base of 21,787,000. As at 30 September 2001, active customers represented approximately 91% of the total registered customer base, compared with 87% at 31 March 2001. Contract customers now account for 40% of total customers.

Total ARPU continued to decline in the period when compared to the year ended 31 March 2001, falling from €378 to €317 as a result of the significant growth in prepaid customers experienced over the last eighteen months. Contract ARPU fell from €611 to €586 and prepaid ARPU decreased from €151 to €119. The total average cost to connect reduced from €122 to €110, with the costs to connect prepaid customers reducing from €107 to €61. Costs to connect contract customers decreased from €194 to €175.

The exceptional growth in prepaid customers last year has resulted in D2 Vodafone experiencing an increase in the number of inactive prepaid customers during the current period and has led to an increase in churn to 15% for the twelve months ended 30 September 2001.

D2 Vodafone remains the Group's European leader in terms of messaging and data revenues, which, in the twelve months ended 30 September 2001, represented 14.2% of service revenues. Whilst SMS revenues continue to comprise the largest single element of data-related revenues, growth in other non-voice service revenues is also expected following the launch of GPRS services and the introduction of other innovative data product offerings launched during the period.

D2 Vodafone's 3G plans remain on schedule for commercial launch by the end of 2002. In August 2001, D2 Vodafone became the first German network operator to successfully conduct a test transmission of videos, using its Munich based 3G pilot network.

Other Central Europe

The Group's other interests in Central Europe also reported satisfactory results, benefiting from the inclusion of results from Swisscom Mobile.

Vodafone Hungary is one of three cellular network operators in Hungary and has network coverage of 73% of the population. During the period, it increased its customer base by 52% to almost 338,000 customers and strengthened distribution channels through co-operation with additional dealers.

Polkomtel is the second largest operator in Poland. Due to the very low mobile penetration rate of approximately 23%, the Polish market still offers significant growth potential for the future.

Swisscom Mobile successfully retained its market leadership in the Swiss mobile market, which is characterised by strong competition and an estimated penetration rate of 70%. The focus for Swisscom Mobile's business remains the retention of high value customers and, during the period, it completed its tariff portfolio for all customer segments with clear focus on contract customers.

In September 2001, Vodafone satisfied in cash the second and final payment of CHF2.3 billion (£1.0 billion) in respect of the acquisition of its interest in Swisscom Mobile.

Southern Europe

Financial highlights		Six months to 30 September 2001 £m	2000 £m	Increase %
Statutory turnover	- Italy	**1,739**	1,409	**23**
	- Other Southern Europe	**1,489**	523	**185**
		3,228	1,932	
Statutory total Group operating profit[(1)]	- Italy	**676**	511	**32**
	- Other Southern Europe	**390**	182	**114**
		1,066	693	
Proportionate turnover[(2)]	- Italy	**1,328**	1,137	**17**
	- Other Southern Europe	**1,080**	475	**127**
		2,408	1,612	
Proportionate EBITDA[(2)] (before exceptional items)	- Italy	**655**	515	**27**
	- Other Southern Europe	**394**	158	**149**
		1,049	673	
Proportionate EBITDA margin[(2)]	- Italy	**49%**	45%	
	- Other Southern Europe	**36%**	33%	

(1) - before goodwill amortisation and exceptional items
(2) - comparatives are presented on a pro forma basis for the acquisition of Mannesmann

Italy

In the six month period ended 30 September 2001, Omnitel Vodafone increased its statutory turnover by 23% to £1,739m, whilst statutory total Group operating profit, before goodwill amortisation and exceptional items, increased 32% to £676m. Proportionate turnover and proportionate EBITDA, before exceptional items, increased by 17% and 27%, on a pro forma basis, to £1,328m and £655m, respectively. Proportionate EBITDA margin also improved from 45% to 49%, largely as a result of revenue growth combined with continued focus on cost control measures.

During the period, Omnitel Vodafone consolidated its position as the second largest of four operators in Italy in terms of its registered customer base, which grew by 22% to 16,652,000. The Italian mobile market is characterised by intense competition, with four operators, a high level of prepaid product and, at 86%, one of the highest penetration rates in any country in the world. As at 30 September 2001, 9% of Omnitel Vodafone's total proportionate registered customer base were contract customers, with active customers representing approximately 93% of the total customer base, in line with the position at 31 March 2001. Given these market dynamics, Omnitel Vodafone has continued to focus on high value customers in both the contract and prepaid markets.

Total ARPU decreased slightly from €338 in the year ended 31 March 2001 to €332. Whilst prepaid ARPU fell from €289 to €287, contract ARPU increased from €735 to €757. The rate of decline has begun to level out as Omnitel Vodafone benefits from a stabilising trend in voice usage and an increase in revenues generated from the use of data services following the launch in the period of additional products and services. Average customer acquisition costs remain very low compared to all the Group's other major networks at €38, compared to €40 in the six month period ended 30 September 2000.

Total churn increased from 14% in the twelve months ended 31 March 2001 to 17% in the twelve months to 30 September 2001, with contract churn reducing from 18% to 16% and prepaid churn increasing from 13% to 17%. These rates reflect the high level of market penetration and the competitive environment combined with the successful implementation of retention initiatives, mainly through structured loyalty schemes targeted at high value customers.

The successful launch of new SMS-based services and products has resulted in 49% of customers using the service. These new product offerings contributed to an increase in data and SMS revenues, which represented 7.3% of total service revenues in the twelve months to 30 September 2001, compared to 6.2% in the year ended 31 March 2001. For the month of September 2001, data and SMS revenues represented 8.8% of service revenues.

Omnitel Vodafone launched its GPRS service in both the corporate and consumer markets during the period and its 3G plans remain on schedule for commercial launch in the second half of 2002.

Other Southern Europe

The Group's other interests within Southern Europe produced encouraging results. The results for the segment include the effect of stake increases in Airtel Vodafone.

Airtel Vodafone made good progress in the period increasing both turnover and EBITDA. The increased profitability is related to the continuous focus on the acquisition and retention of the more profitable customers as reflected by an increased market share of net new customer additions in contract services. Non-voice service revenues represented 7.5% of total service revenues in the twelve months to 30 September 2001 and are expected to increase in future with the launch of GPRS services announced in October 2001. At the end of October 2001, Airtel Vodafone migrated its brand to Vodafone.

Panafon Vodafone performed satisfactorily in a highly competitive market, despite a tariff reduction for contract customers that took effect from July 2001. In May 2001, Panafon Vodafone acquired Unifon, a service provider, as a result of which Panafon now owns an extensive nationwide distribution network of retail outlets servicing over 77% of its customer base.

At the end of March 2001, Panafon Vodafone launched its commercial GPRS services to both its retail and corporate customers. In July 2001, Panafon Vodafone was awarded one of three 3G licences for a fee of approximately €176m. In addition it acquired extra 2G spectrum, which will allow Panafon Vodafone to continue to improve the quality of services for its customers.

Telecel Vodafone is the second largest operator in Portugal. All Telecel Vodafone customers have access to a GPRS service on its network, following the extension of the service to prepaid customers in May 2001. In October 2001, Telecel Vodafone was renamed Vodafone.

Following the award of its licence to operate a GSM network in Albania, Vodafone Albania launched its GSM mobile telephone service in August 2001 and had a registered customer base of over 53,000 at 30 September 2001, mostly in the prepaid segment.

AMERICAS

Financial highlights	**Six months to 30 September**		
	2001	2000	**Increase**
	£m	£m	**%**
Statutory turnover	**6**	3	**100**
Statutory total Group operating profit(1)	**740**	584	**27**
Proportionate turnover	**2,839**	2,414	**18**
Proportionate EBITDA (before exceptional items)	**1,000**	815	**23**
Proportionate EBITDA margin	**35%**	34%	

(1) - before goodwill amortisation and exceptional items

Verizon Wireless

Verizon Wireless is the leading mobile telecommunications provider in the United States in terms of number of customers, network coverage, revenues and cash flow. Verizon Wireless ended the six month period to 30 September 2001 with a total customer base of 28,682,000 registered customers of whom more than 94% were on contract plans. Verizon Wireless has continued to focus on high value customers with 86% of gross customer additions for the period being contract customers. Of the total customer base approximately 20,000,000 are digital customers, more than any other US wireless carrier, generating 90% of peak-hour usage.

The popularity of higher value price plans with new and existing digital customers together with the migration of existing analogue customers to digital service have helped to sustain ARPU at high levels. ARPU increased to $577 for the twelve months to 30 September 2001 compared to $551 in the year ended 31 March 2001. The average cost to connect increased from $169 to $187 driven by the company's focus on attracting high value digital contract customers.

The events of 11 September did have a brief localised impact on service, however there has been no material impact to the ongoing operations of Verizon Wireless. In response to the tragedy, the Vodafone-US Foundation and UK Charitable Trust contributed a total of $1 million to the America Red Cross disaster relief fund.

At 30 September 2001 Verizon Wireless had nearly 1,200,000 data customers, with the number of data customers having increased 135% since the same time last year.

Verizon Wireless continued

Annualised churn on the Verizon Wireless network decreased from 30% for the same six month period last year to 27%. This was due in part to the company's churn management programmes, "New Every Two" and "Worry Free Guarantee", designed to increase customer loyalty and the percentage of contract sales.

Innovative new products have been developed and launched by Verizon Wireless, such as Express Network, which has been launched in the Philadelphia area, offering access to corporate intranets and the internet at high-speed data rates. This will be rolled out to key areas around the country before the end of 2001.

Verizon Wireless was the winning bidder for 113 licences in the Federal Communications Commission's ("FCC") auction of 1.9 GHz spectrum. While 33 of the licences were awarded to Verizon Wireless and transferred to the company for approximately $82m, the remaining licences are subject to litigation following the successful appeal to the federal courts by NextWave Personal Communications Inc., the entity that originally held most of the reauctioned 1.9 GHz spectrum. The FCC cancelled these licences and reclaimed the spectrum after NextWave failed to make payments to the FCC. Negotiations between NextWave, the FCC and winning auction bidders are ongoing to find a resolution that could result in Verizon Wireless receiving the licences won in the auction.

Verizon Wireless has indicated its intention to undertake an Initial Public Offering of a minority stake in the company which it hopes to complete by mid-2002.

Mexico

Grupo Iusacell currently provides wireless services in four of Mexico's nine regions and expects to launch services, in December 2001, in a further two regions for which it holds licences to provide wireless PCS services. In September 2001, Grupo Iusacell announced that it had entered into agreements to acquire a controlling interest in another cellular provider in a further region. Once these new regions are fully operational, Iusacell will have operations in seven of the nine regions, covering a potential market population of 80 million people, representing approximately 81% of the country's total population. At 30 September 2001, Iusacell had 1,707,000 registered customers.

ASIA PACIFIC

Financial highlights		Six months to 30 September 2001 £m	2000 £m	Increase/ (decrease) %
Statutory turnover	- Japan	**-**	-	
	- Other Asia Pacific	**366**	341	**7**
		366	341	
Statutory total Group operating profit(1)	- Japan	**167**	90	**86**
	- Other Asia Pacific	**18**	32	**(44)**
		185	122	
Proportionate turnover	- Japan	**2,018**	854	**136**
	- Other Asia Pacific	**499**	380	**31**
		2,517	1,234	
Proportionate EBITDA (before exceptional items)	- Japan	**413**	186	**122**
	- Other Asia Pacific	**154**	99	**56**
		567	285	
Proportionate EBITDA margin	- Japan	**20%**	22%	
	- Other Asia Pacific	**31%**	26%	

(1) - before goodwill amortisation and exceptional items

Japan

The substantial increase in proportionate turnover and EBITDA, before exceptional items, from the prior year is primarily due to the increases in Vodafone's effective ownership interest in the J-Phone Group during the eighteen months ended 30 September 2001. Further details of the transactions completed during the six months to 30 September 2001 are provided on page 17. The Group's interest in the J-Phone Group has been accounted for as an associated undertaking throughout the period.

Japan continued

On 24 August 2001, the Group jointly announced with the J-Phone Group and Japan Telecom that agreement had been reached to merge the four companies of the J-Phone Group to create a unified structure for J-Phone's operations in Japan. The merger, which became effective on 1 November 2001, will further strengthen J-Phone's competitive position in the Japanese market and is expected to generate significant synergy benefits and efficiency gains.

Japan's cellular market has continued to expand with the number of mobile users increasing by 4,412,000 to 65,356,000 during the six months to 30 September 2001, resulting in a market penetration of 51.6%. There are now nearly 45 million internet access-enabled handsets in the Japanese market, or approximately 69% of the total customer base. J-Phone added 1,136,000 new customers in the six month period, increasing its customer base to 11,102,000 at 30 September 2001, representing a market share of approximately 17%. Approximately 77% of J-Phone's customer base now have internet access phones, which is a higher proportion of its customer base than any other operator.

ARPU has stabilised at Yen 101,760 for the twelve months ended 30 September 2001, compared to Yen 105,971 for the year ended 31 March 2001. Data and SMS revenue as a percentage of total service revenue has continued to increase from 12.1% in April 2001 to 14.6% in September 2001. A combination of competitor activity and the Japanese consumers' appetite for internet access phones continues to push acquisition and upgrade costs higher, adding increased pressure to EBITDA margins.

Over the six month period, J-Phone has been able to consistently manage churn and capture a growing share of new customers. Market share of monthly net additions has grown from approximately 17% in April 2001 to over 27% in September 2001. A significant reason for this performance is the new range of handsets J-Phone has been offering. Beginning in April 2001, J-Phone launched the first of a series of mobile handsets with an integrated camera feature. The popularity of the camera-enabled phone has attracted new customers as well as existing J-Phone customers to upgrade their handsets and increase usage. In addition to the camera feature, J-Phone launched Java-compatible handsets earlier this summer. The new handset enables customers to customise software in their phones and to run a variety of other applications. It also enables three-dimensional animated graphics, games and advertisements.

J-Phone has postponed the planned launch of its 3G service due to major revisions in the international standards for W-CDMA technical specifications, 3GPP, which were announced in December 2000. This 3G standard will be compatible with the European standard and therefore will provide roaming capabilities. The initial launch of 3G service in the Tokyo area is now currently scheduled for June 2002, with planned launches in other regions in October 2002.

Other Asia Pacific

Statutory turnover in the Asia Pacific region relates to the Group's operations in Australia and New Zealand, and increased by 7% to £366m in the six months to 30 September 2001. Proportionate EBITDA, before exceptional items, from the Group's other interests in the Asia Pacific region increased by 56% to £154m during the six month period, on turnover of £499m, up 31% on the corresponding period. The increases in proportionate turnover and EBITDA primarily relate to the inclusion of the Group's 2.18% interest in China Mobile (Hong Kong) Limited which was acquired in the second half of the year ended 31 March 2001.

Vodafone Pacific, which comprises the Group's interests in Australia, New Zealand and Fiji, increased proportionate turnover, EBITDA, before exceptional items, and registered customers, despite highly competitive market conditions, particularly in Australia. Vodafone Pacific's focus continues to be on delivering profitable growth and on the retention of high value customers, rather than customer acquisition. Subsidies for low value customers have been reduced and ARPU levels are beginning to stabilise. The mix in contract customers has improved in both Australia and New Zealand, with more high value customers in both markets. Non-voice service revenues continued to rise in the six months to 30 September 2001, increasing by 75% on the comparable period, driven by the introduction of new non-voice services.

The Australian business was restructured in May 2001 and included a 12% reduction in the workforce. The restructuring will ensure the business is in a better position to capitalise on future opportunities in an increasingly competitive market.

Vodafone in Australia and New Zealand expect to start offering customers access to 3G services in 2004, to coincide with the expected mass-market availability of handsets in these countries.

China Mobile (Hong Kong) Limited continued to report strong EBITDA margins in the period. This was achieved through expense savings in leased line costs due primarily to a one-time reduction in tariffs and the realisation of synergies in its thirteen-province network. These savings offset a fall in monthly ARPU to Rmb152, caused by an increase in the relative number of lower usage customers and the elimination of surcharges in various provinces. SMS usage volumes experienced continued rapid growth in the first nine months of the calendar year with a total volume of 2.76 billion messages, of which 1.46 billion messages were sent in the last three months alone. In July 2001, China Mobile (Hong Kong) Limited began a GPRS commercial trial in 22 cities in its licensed territories.

MIDDLE EAST AND AFRICA

Financial highlights	**Six months to 30 September 2001 £m**	2000 £m	**Increase/ (decrease) %**
Statutory turnover	**168**	147	**14**
Statutory total Group operating profit[(1)]	**83**	99	**(16)**
Proportionate turnover	**252**	213	**18**
Proportionate EBITDA (before exceptional items)	**108**	100	**8**
Proportionate EBITDA margin	**43%**	47%	

(1) - before goodwill amortisation and exceptional items

Statutory turnover in the Middle East and Africa segment, which relates to the Group's subsidiary in Egypt, Click Vodafone, showed an increase of 14% on the comparable period to £168m. Statutory total Group operating profit, before goodwill amortisation and exceptional items, decreased by 16% to £83m. This reduction is primarily as a result of new prepaid products being launched in the Egyptian market leading to increasingly competitive conditions which have caused high levels of churn and increased customer acquisition and retention costs.

In South Africa, Vodacom continued to perform well, with improved EBITDA margins compared to the six months ended 30 September 2000, and an increase in its customer base of 11% to 5,657,000 registered customers at 30 September 2001.

Other Operations

The Group's other operations mainly comprise interests in fixed line telecommunications businesses, including Arcor in Germany, Japan Telecom, Cegetel in France and Vodafone Telecommerce, an IT and data services business based in Germany, as well as the Group's 50% interest in Vizzavi Europe, the Group's multi-access consumer portal joint venture with Vivendi Universal Net (see 'Internet and Mobile Data' on page 14).

Proportionate turnover for the Group's other operations for the six months to 30 September 2001 increased to £834m, from £372m in the comparable period, primarily due to the inclusion of the Group's interest in Japan Telecom, which was acquired during the period. Proportionate EBITDA, before exceptional items, fell from £6m in the six months ended 30 September 2000 to a loss of £1m.

Arcor
Arcor provides fixed network services in Germany and has retained its position as the leading private operator and strongest competitor to Deutsche Telekom. Compared to September 2000, total traffic volumes increased by 24% and the contract voice customer base increased by 27% to 2.4 million customers. During the six month period ended 30 September 2001, Arcor progressed two significant initiatives. In July 2001, Arcor signed a Memorandum of Understanding with Deutsche Bahn AG, covering the key elements of a transaction which will carve out Arcor's railway-specific telecommunications business into a separate entity. Arcor has also chosen to change its dual-brand strategy and plans to integrate the business of o.tel.o into Arcor, focusing on the Arcor brand. This change is expected to produce significant cost synergies.

Japan Telecom
The fixed line operations of Japan Telecom face an increasingly competitive environment, following the lifting of restrictions on market entry. The start of new telecom services and the participation of foreign capital in the Japanese telecommunications market has put increased pressure on the company's financial performance. In particular, with the new carrier designation service "My-Line", which enables customers to pre-select their local or long-distance carrier, having been introduced in May 2001, maintaining market share in the consumer voice segment has been particularly challenging. In response, Japan Telecom has been actively working to maximise growth opportunities as telecommunication services shift increasingly towards mobile and Internet and data related services, positioning Japan Telecom as a stronger, more diversified competitor in the Japanese market. Following completion of the Group's recent tender offer in October 2001, which increased the Group's interest in Japan Telecom to 66.7%, the Group has conducted an initial review of the business which has resulted in Japan Telecom issuing revised forecasts in November. The Group has also agreed with Japan Telecom that it will make further appointments in key management positions.

Others
Cegetel is the second largest fixed line operator in France. The company offers broadband services in addition to fixed line services. Vodafone Telecommerce provides a range of services to external customers as well as other Group companies, including billing and IT solutions, m-commerce products and solutions and mobile business services.

OTHER BUSINESS DEVELOPMENTS

Vision and Values

As the Group becomes increasingly integrated it has become important to achieve employee behaviour that reflects a 'one company' attitude and supports the values behind our single global brand. The Group has therefore launched a major Vision and Values programme which aims to develop a single culture based around common values. This programme, led by the Chief Executive and the Chief Operating Officer, has been rolled out to all subsidiary companies in the Group, involving over 50,000 employees, and has been enthusiastically received.

Corporate Social Responsibility

During the period the Group made significant progress with its Corporate Social Responsibility (CSR) initiatives. The Group's first CSR report, which was published in June 2001, made commitments to implement a Group-wide Code of Business Principles, together with new guidance for the Group's social investment and a CSR policy. Achievement of these objectives is well on track and the Group has already been recognised as taking a leading position on environmental and community issues through its recent inclusion in both the FTSE4Good and the Dow Jones Sustainability indices.

Global Products and Services

Established in April 2001, the Global Products and Services team is generating benefits from the Group's global presence across a wide range of functions: Product management and innovation; Global account management; Brand management; Supply chain management; and IT and technology, and ensuring the realisation of the Group's cost and revenue synergies.

Product management and innovation
The Group has enjoyed considerable success following the introduction of new voice services including Eurocall, Virtual Home Environment, Prepaid roaming and Assisted roaming. These services are helping the Group both gain new customers in key market segments and achieve incremental revenue growth from existing customers. Eurocall has achieved a customer base of almost 4 million customers since its introduction in January and is up and running in eleven Vodafone countries. Progress with Virtual Home Environment is ahead of expectations having generated more than 6 million minutes of traffic since launch. Prepaid roaming is having a similar effect and in the five networks where Vodafone has prepaid roaming it has generated more than 11 million minutes of traffic and 5 million SMS messages since its launch in June. Assisted roaming is offered by sixteen Vodafone operators and is increasing the inbound roaming capture rate.

Global account management
Vodafone's global account management team forms relationships with customers who have a significant requirement for multi-national business. With the Group's new global account strategy, Vodafone is providing a range of voice and data services to large numbers of high value corporate customers. The Group has secured multi-national business with a broad base of customers including KPMG, Deloitte & Touche, Unilever, Sun Microsystems and Reuters. The global account strategy is enhanced by Vodafone's commitment to use systems integrators to develop corporate solutions.

Brand management
Following the development earlier in the year of a comprehensive brand strategy framework and the introduction of the dual-branding process, the past six months has seen considerable implementation progress. All of the Group's non-Vodafone branded subsidiaries in Europe and Africa have implemented a dual-branded programme of advertising to explain to their customers the benefits of adopting the Vodafone brand. In parallel, the Group is running a strong Vodafone awareness campaign, particularly at major airports, targeting high value business roaming customers. Commencing with the 2002 Formula One motor racing season, Vodafone will become a principal sponsor of Ferrari, further promoting awareness of the brand globally. In September 2001, the Group launched the brand globally through the 'How are you?' campaign, reflecting the Group's passion for understanding its customers, and communicating its core brand values of dependability, empathy, 'can-do' attitude, innovation and joie de vivre. The campaign is being rolled out across most of the Group's European markets over the remainder of 2001, paving the way for the move to the single Vodafone brand. Following the successful dual brand approach in Spain and Portugal, both markets successfully moved to the single Vodafone brand ahead of expectations.

Supply chain management
The globalisation of the Group's network infrastructure purchasing relationships, including more than twenty operating companies in which the Group has an interest, is well advanced. This process is yielding significant purchasing synergy benefits and provides for a co-ordinated approach to the roll-out of 3G networks.

IT and technology
The work the Group is undertaking to create a seamless GPRS environment for its customers across Europe requires the implementation of standardised platforms across the networks. As Vodafone harmonises technologies, it will unlock the potential of its networks to deliver data products and services that will enrich customers' lives wherever they may be. The Group has developed a European-wide technology roadmap which is setting guidelines for the successful design and European roll-out of data services and the harmonisation of the Group's approach to 3G technology.

Internet and Mobile Data

Vodafone Global Platform
The platform offers the presentation of a unique Vodafone user experience and provides operators with the ability to integrate multiple and new services with existing systems and processes, address multiple customer segments and extend the Vodafone brand. Vodafone has also positioned the global platform to support other major Group initiatives within Global Products and Services and the roll-out of GPRS and 3G networks.

Development of the Group's global Internet platform strategy is the responsibility of the Vodafone Global Platform and Internet Services organisation, located in California. During the period, the Group reached several key milestones in its global Internet platform strategy. In June, the platform was deployed in Australia, followed by Romania in July. The Romanian launch was the first non-English language platform deployment. Vodafone continues to enhance and support the platform in New Zealand that has experienced wide acceptance amongst targeted customer segments. The platform has also been delivered to Egypt and was launched commercially in October 2001.

The architectural design of the next major release of the platform was completed in the period, which will be available to Vodafone affiliates by the end of this calendar year. Over the remainder of the current financial year the Group expects to implement the platform, or key components of the platform, to affiliates in the Group's Asia Pacific segment, Europe, Africa and the United States.

Vizzavi Europe
In the last six months Vizzavi has significantly expanded both its customer proposition and geographic reach. In addition to the UK, France and the Netherlands, the portal is now operational in Germany, Italy, Spain, Portugal and Greece. Over the six month period, the registered customer base has grown from 0.7 million to 4.5 million at 30 September 2001, generating 33 million WAP page views during September 2001 and an average of over 820,000 SMS messages per day being sent throughout September 2001.

Vizzavi aims to be the leading multi-access portal in Europe through leadership in mobile and entertainment related services. In the last six months it has launched many new mobile facilities including advanced SMS services, location based services and a PDA portal, in addition to providing a competitive web offering enhanced through the launch of a virtual ISP and an online shopping mall. Future product development will be focused on working with Vodafone to introduce services such as unified messaging, instant messaging and multi-access chat and the continued enhancement of core offerings.

GPRS and 3G

GPRS services are now available in all of the Group's major networks and the Group's first 3G services are expected to become available in the second half of 2002, subject to availability of dual-mode handsets. Both services represent a major element of the Group's strategy and are expected to accelerate the take up and usage of data services, generating significant revenue. Vodafone will be marketing a greater choice of GPRS devices in larger numbers during the Christmas quarter. The combination of supply and diversity of devices, tied with the introduction of some of Vodafone's global services, will make Vodafone's GPRS offering an increasingly attractive proposition for customers. The work undertaken in developing GPRS based customer applications will pave the way for the launch of Vodafone's 3G services.

FINANCIAL UPDATE

Profit and loss account

Total Group operating profit/loss

Total Group operating profit, before goodwill amortisation and exceptional items, increased 40% from £2,420m to £3,392m, comprising £3,270m from continuing operations and £122m in respect of the acquisitions made during the period. Excluding the growth arising from acquisitions in the twelve months to 30 September 2001, the growth from continuing operations on the comparable period was 21%.

Total Group operating loss increased to £7,820m (30 September 2000: £3,306m), primarily as a result of the charge for amortisation of goodwill of £6,697m (30 September 2000: £5,589m) and exceptional operating items of £4,515m (30 September 2000: £137m). Total Group operating loss for the comparable period to 30 September 2000 has been restated, following the adoption of FRS 19, resulting in a £4m reduction to the charge for goodwill amortisation.

Amortisation of goodwill
The increase in the goodwill amortisation charge to £6,697m is primarily due to the amortisation of goodwill arising on the acquisition of Airtel and to a full period's charge for amortisation of goodwill in respect of the Mannesmann acquisition. These charges for goodwill amortisation do not affect the cash flows of the Group or the ability of the Group to pay dividends.

Exceptional items

Exceptional operating items of £4,515m comprise impairment charges of £4,450m, primarily in relation to the carrying value of goodwill for Arcor and Grupo Iusacell, and £65m representing the Group's share of exceptional items of its associated undertakings, comprising £35m of asset write-downs in J-Phone and £30m of reorganisation costs in Verizon Wireless.

Exceptional non-operating items of £248m comprise an impairment charge of £300m in respect of the Group's investment in China Mobile (Hong Kong) Limited, offset by a profit on the disposal of fixed assets and fixed asset investments of £52m, principally relating to the reduction in the Group's interest in Panafon Vodafone from 55% to 52.8% and the disposal of the Group's interest in the Korean mobile operator, Shinsegi Telecom, Inc.

During the six month period to 30 September 2001, the Group undertook a detailed review of the carrying value of its fixed assets, including the Group's goodwill and intangible asset balances. This review assessed whether the carrying value of assets was supported by the net present value of future cash flows to be derived from assets using five year cash flow projections for each asset. The discount rates used were all derived within a Capital Asset Pricing Model framework, using a risk free rate obtained using long-dated government bonds, equity market risk premia taking into consideration trends in long-term data, and an appropriate measure of risk to reflect both local market indices and the risks of similar projects. Long-term growth rates were based on long-term projected GDP and inflation for each of the countries in which the entities operate, plus a premium to reflect expectations of future growth from voice and data services. In accordance with UK accounting standards, Vodafone regularly monitors the carrying value of its fixed assets.

The review indicated that no impairment charge was required in respect of the carrying values of the Group's controlled mobile businesses. However, an impairment charge totalling £4.75 billion was necessary in respect of the following interests:

	£m
Arcor	4,000
Grupo Iusacell	450
China Mobile (Hong Kong) Limited	300
	4,750

Interest

Group interest, excluding the Group's share of the net interest expense of joint ventures and associated undertakings, reduced by £268m from the comparable period to £188m. This reflects the reduction in average net debt, primarily due to proceeds received from the disposal of assets held for resale in the second half of the year ended 31 March 2001. Group interest is covered 17.8 times by Group EBITDA (before exceptional items) plus dividends received from joint ventures and associated undertakings, compared to 5.1 times for the six months to 30 September 2000. Interest cover is expected to fall in the second half of the year following completion of the Group's recent tender offer in respect of Japan Telecom.

The Group's share of the net interest expense of joint ventures and associated undertakings increased from £141m to £193m, due to the Group's share of the interest costs of its recently acquired interests in Swisscom Mobile and Grupo Iusacell and the Group's share of higher interest costs in Verizon Wireless.

Taxation

Following the adoption of FRS 19 during the period, the effective rate of taxation has been restated on a full provision basis for the period ended 30 September 2000 from 34.5% to 40.3%, and for the year ended 31 March 2001 from 33.9% to 37.5%. The adoption of FRS 19 has no impact on Group cash flows. Further information on FRS 19 is provided on page 22. The effective rate of taxation, before goodwill amortisation and exceptional items, for the period to 30 September 2001, reduced by 1.0% to 36.5% as a result of a change in the mix of the Group's profits across countries with differing corporate tax rates.

Exchange rates

The effect of translating the results of overseas subsidiaries, joint ventures and associates at exchange rates prevailing in the comparable period to 30 September 2000, would have been to reduce total Group operating profit, before goodwill amortisation and exceptional items, for the six months to 30 September 2001 by £21m.

Earnings per share

Following the adoption of FRS 19, basic earnings per share, before goodwill amortisation and exceptional items, was restated from 1.70p to 1.54p per ordinary share for the comparative period ended 30 September 2000. Basic earnings per share, before goodwill amortisation and exceptional items, increased 63% from 1.54p to 2.51p for the period to 30 September 2001.

Basic loss per share, after goodwill amortisation and exceptional items, increased from 8.01p to a loss per share of 14.36p for the period to 30 September 2001. The loss per share of 14.36p includes a charge of 9.88p per share (30 September 2000: 9.42p per share) in relation to the amortisation of goodwill and a charge of 6.99p per share (30 September 2000: 0.13p per share) in relation to exceptional items.

Dividends

In considering the level of dividend to declare and recommend, the Board takes account of the outlook for earnings growth, operating cash flow generation, capital expenditure requirements and the possibilities for debt reductions and share buy-backs. In the current circumstances the Board believes a 5% increase in the dividend to be appropriate and accordingly it has declared a dividend of 0.7224 pence per share.

The record date for the interim dividend is 23 November 2001, the ex-dividend date is 21 November 2001 and the dividend is payable on 8 February 2002. The Company has withdrawn the Scrip Dividend Scheme and introduced a Dividend Reinvestment Plan in its place. The last date for elections or variations to mandates under the Dividend Reinvestment Plan is 18 January 2002, being fifteen working days before the dividend payment date.

Cash flows and funding

Cash generated by operating activities during the six months ended 30 September 2001 increased by 93% from £1,888m to £3,640m. Group consolidated free cash flow (after payments for 3G licences) was £606m comprising the operating net cash inflow of £3,640m plus dividends from joint ventures and associates of £32m, partially offset by payments of £545m in respect of taxation, £449m of interest on Group debt, £33m of dividends paid to minority shareholders in subsidiary undertakings and capital expenditure of £2,039m in respect of intangible and tangible fixed assets.

The Group's consolidated net debt position at 30 September 2001 increased to £9,240m, from £6,722m at 31 March 2001, primarily as a result of merger and acquisition activity undertaken by the Group in the period. The following table presents a summary of the Group's recently completed significant business transactions, together with their impact on Group net debt.

	Impact on net debt £ billion
Stake increases in Airtel, Japan Telecom and J-Phone	6.4
Second tranche of Swisscom Mobile consideration	1.0
Acquisition of interest in Grupo Iusacell	0.7
France Telecom loan note monetisation	(2.9)
Ordinary share placing	(3.5)

At 30 September 2001, net debt represented approximately 9.0% of the Group's market capitalisation compared with 8.5% at 30 September 2000 and 5.4% as at 31 March 2001. A further analysis of net debt can be found in Note 8 on page 25.

As discussed under "Transactions" on page 17, following receipt of valid acceptances, the Group acquired 21.7% of Japan Telecom's ordinary shares, and will consolidate the results and net assets of Japan Telecom and the J-Phone Group in the second half of the financial year. Accordingly, the Group's net debt will increase by approximately £8 billion as Japan Telecom's consolidated debt is assumed and the cash consideration paid.

The Group remains committed to maintaining a strong financial position as demonstrated by credit ratings of P-1/F1/A-1 short-term and A2/A/A long-term from Moody's, Fitch Ratings and Standard and Poor's, respectively. These credit ratings were confirmed by each of the rating agencies on 20 September 2001 following the announcement of the tender offer for 21.7% of Japan Telecom and reflect the Group's financial strength after taking into account the significant transactions undertaken over recent periods.

The Group's credit ratings enable Vodafone to have access to a wide range of debt finance including commercial paper, bonds and committed bank facilities. The Group currently has dollar and euro denominated commercial paper programmes for US$15 billion and £2 billion, respectively, which are used to meet short-term liquidity requirements. The commercial paper facilities are backed by a US$13.275 billion (£9.0 billion) committed bank facility, which may be extended for one year from June 2002. This facility replaced the Group's previous US$14.55 billion committed bank facility. The Group also has approximately £12.9 billion (pounds sterling equivalent) of capital market debt in issue, with maturities from November 2001 to February 2030. At 30 September 2001, no amounts had been drawn under the bank facility.

Equity shareholders' funds

Total equity shareholders' funds at 30 September 2001 decreased from £145,007m (restated for FRS 19) at 31 March 2001 to £138,445m at 30 September 2001. The decrease comprises the loss for the period of £9,735m (after goodwill amortisation of £6,697m and impairment charges of £4,750m), dividends of £514m, net currency translation losses of £1,264m and a £978m reduction in shares to be issued for the acquisition of an interest in Swisscom Mobile which was subsequently settled in cash, offset by the issue of new share capital of £5,929m, primarily in relation to the acquisition of Eircell and the £3.5 billion share placing during the period.

TRANSACTIONS

The following significant transactions were undertaken by the Group in the six months to 30 September 2001:

Acquisitions

Australia – acquisition of minority interest stake in Vodafone Pacific
On 22 June 2001, the Group announced that it had acquired an interest in 97.8% of the share capital of Mobile Communications Holdings (MCH) and, in accordance with the terms of the agreement, has since compulsorily acquired the remaining MCH shares. As a result of the transaction the Group's effective interest in its Australian operations has increased from 91% to 95.5%.

Greece – acquisition of Unifon by Panafon Vodafone
On 11 May 2001, Panafon Vodafone increased its shareholding in Unifon SA, one of Panafon Vodafone's service providers, from 19.6% to 100%. The acquisition was funded through the issue of new Panafon shares, as a result of which the Group's ownership interest in Panafon Vodafone was reduced from 55% to 52.8%.

Ireland – acquisition of 100% shareholding in Eircell
The offer for Eircell was declared unconditional on 14 May 2001 following the receipt of valid acceptances representing approximately 79.6% of the total shareholding in Eircell. The offer remained open for acceptance until 27 May 2001 and, in accordance with the Articles of Association, all of Eircell's shareholders were deemed to have accepted the offer at that date. Vodafone issued approximately 1,046 million new ordinary shares to shareholders in consideration for their ownership interests.

Japan – increased stakes in Japan Telecom and J-Phone Group
On 12 April 2001, following the second payment of Yen 125.1 billion (£0.7 billion), the acquisition of a 15% stake in Japan Telecom from West Japan Railway Company and Central Japan Railway Company was completed. The initial payment of Yen 124.6 billion (£0.7 billion) was made on 31 January 2001. On 26 April 2001, the Group completed the acquisition of a further 10% stake in Japan Telecom from AT&T for a cash consideration of $1.35 billion (£0.9 billion).

On 2 May 2001, Vodafone announced that it had agreed to acquire BT's ownership interests in Japan Telecom and the J-Phone Group for a total cash consideration of £3.7 billion. The acquisition of BT's interests in Japan Telecom and J-Phone Communications Co. Ltd was completed on 1 June 2001, and the acquisition of BT's interests in the operating subsidiaries of J-Phone Communications was completed on 12 July 2001.

On 20 September 2001, the Group announced an agreed tender offer to acquire up to 693,368 Japan Telecom ordinary shares, representing 21.7% of the ordinary shares of Japan Telecom, for a total cash consideration of up to Yen 312 billion (£1.8 billion). The offer successfully completed in October 2001.

As a result of these transactions, Vodafone's shareholding in Japan Telecom has increased to 66.7%, and the Group's effective interest in the J-Phone Group is now approximately 70%.

Mexico – acquisition of an interest in Grupo Iusacell
On 4 April 2001, the Group completed its acquisition of a 34.5% stake in Grupo Iusacell, S.A. de C.V., the second largest mobile operator in Mexico, for a cash consideration of $973m (£0.7 billion).

Spain – increased stake in Airtel Móvil S.A.
The Group increased its interest in Airtel Móvil S.A. to 91.6% with the acquisition of BT's 17.8% shareholding for a cash consideration of £1.1 billion. The transaction completed on 29 June 2001 following the receipt of regulatory approval.

Disposals

Austria – disposal of tele.ring
On 8 May 2001, the Group announced that agreement had been reached to sell its 100% equity stake in the Austrian telecommunications company, tele.ring Telekom Service GmbH. The transaction completed on 29 June 2001, following receipt of regulatory approval.

Germany – disposal of 50% plus 2 shares stake in Atecs Mannesmann
On 17 April 2001, the Group announced the completion of the disposal of a 50% plus 2 shares stake in Atecs Mannesmann, following approval from the relevant European and US regulatory authorities. The Group may also realise further proceeds of between €3.7 billion and €3.8 billion upon the exercise of certain put options over its remaining stake in Atecs Mannesmann between 17 April 2001 and 31 December 2003.

Korea – disposal of Shinsegi Telecom, Inc.
On 24 August 2001, the Group announced that agreement had been reached to sell its 11.7% equity stake in Shinsegi Telecom, Inc. for an undisclosed amount to SK Telecom, Ltd. The value of net assets disposed represented less than 1% of the Group's net assets.

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS TO 30 SEPTEMBER 2001

	Six months to 30 September 2001 £m	Six months to 30 September 2000 *as restated* £m	Year ended 31 March 2001 *as restated* £m
Turnover: Group and share of joint ventures and associated undertakings			
- Continuing operations	**13,720**	11,340	23,993
- Acquisitions	**1,563**	-	-
	15,283	11,340	23,993
Less: Share of joint ventures and associated undertakings	**(6,377)**	(4,321)	(8,989)
	8,906	7,019	15,004
Group turnover (Note 2)			
- Continuing operations	**8,709**	7,019	15,004
- Acquisitions	**197**	-	-
	8,906	7,019	15,004
Operating loss			
- Continuing operations	**(7,056)**	(3,130)	(6,439)
- Acquisitions	**(33)**	-	-
	(7,089)	(3,130)	(6,439)
Share of operating loss in joint ventures and associated undertakings			
- Continuing operations	**(162)**	(176)	(550)
- Acquisitions	**(569)**	-	-
Total Group operating loss (Note 2)	**(7,820)**	(3,306)	(6,989)
Exceptional non-operating items (Note 4)	**(248)**	5	80
Loss on ordinary activities before interest	**(8,068)**	(3,301)	(6,909)
Net interest payable	**(381)**	(597)	(1,177)
- Group	**(188)**	(456)	(850)
- Share of joint ventures and associated undertakings	**(193)**	(141)	(327)
Loss on ordinary activities before taxation	**(8,449)**	(3,898)	(8,086)
Tax on loss on ordinary activities (Note 5)	**(1,086)**	(680)	(1,426)
- Group	**(940)**	(461)	(1,195)
- Share of joint ventures and associated undertakings	**(146)**	(219)	(231)
Loss on ordinary activities after taxation	**(9,535)**	(4,578)	(9,512)
Minority interests (including non-equity minority interests)	**(200)**	(176)	(373)
Loss for the financial period	**(9,735)**	(4,754)	(9,885)
Equity dividends	**(514)**	(423)	(887)
Retained loss for the Group and its share of joint ventures and associated undertakings	**(10,249)**	(5,177)	(10,772)
Basic loss per share (Note 6)	**(14.36)p**	(8.01)p	(16.09)p
Diluted loss per share	**(14.41)p**	(8.01)p	(16.10)p
Adjusted basic earnings per share (Note 6)	**2.51p**	1.54p	3.54p

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2001

	30 September 2001 £m	30 September 2000 *as restated* £m	31 March 2001 *as restated* £m
Fixed assets			
Intangible assets	**102,872**	96,504	108,853
Tangible assets	**11,309**	7,767	10,586
Investments	**39,274**	32,315	34,769
Loans to joint ventures	**188**	-	85
Investments in associated undertakings	**37,284**	31,237	31,729
Other investments	**1,802**	1,078	2,955
	153,455	136,586	154,208
Current assets			
Stocks	**247**	378	316
Debtors	**4,873**	5,582	4,587
Investments	**6,987**	17,436	13,211
Cash at bank and in hand	**96**	1,133	68
	12,203	24,529	18,182
Creditors: amounts falling due within one year	**(12,302)**	(8,466)	(12,377)
Net current (liabilities)/assets	**(99)**	16,063	5,805
Total assets less current liabilities	**153,356**	152,649	160,013
Creditors: amounts falling due after more than one year	**(10,810)**	(13,092)	(11,235)
Provisions for liabilities and charges	**(1,739)**	(1,194)	(1,350)
Investments in joint ventures:			
- Share of gross assets	**95**	21	88
- Share of gross liabilities	**(242)**	(31)	(146)
	(147)	(10)	(58)
Other provisions	**(1,592)**	(1,184)	(1,292)
	140,807	138,363	147,428
Capital and reserves			
Called up share capital	**4,271**	3,804	4,054
Share premium account	**51,989**	39,772	48,292
Merger reserve	**98,928**	96,914	96,914
Other reserve	**977**	1,082	1,024
Profit and loss account	**(17,720)**	(5,368)	(6,255)
Shares to be issued	**-**	-	978
Total equity shareholders' funds	**138,445**	136,204	145,007
Equity minority interests	**1,269**	1,077	1,292
Non-equity minority interests	**1,093**	1,082	1,129
	140,807	138,363	147,428

CONSOLIDATED CASH FLOW

FOR THE SIX MONTHS TO 30 SEPTEMBER 2001

	Six months to 30 September 2001 £m	Six months to 30 September 2000 £m	Year ended 31 March 2001 £m
Net cash inflow from operating activities (Note 7)	**3,640**	1,888	4,587
Dividends received from joint ventures and associated undertakings	**32**	138	353
Net cash outflow for returns on investments and servicing of finance	**(482)**	(646)	(47)
Taxation	**(545)**	(829)	(1,585)
Net cash outflow for capital expenditure and financial investment	**(2,107)**	(12,915)	(19,011)
Purchase of intangible fixed assets	**(223)**	(11,470)	(13,163)
Purchase of tangible fixed assets	**(1,816)**	(1,348)	(3,698)
Purchase of investments	**(37)**	(189)	(3,254)
Disposal of investments	**110**	485	513
Other	**(141)**	(393)	591
Net cash (outflow)/inflow for acquisitions and disposals	**(6,003)**	19,395	30,653
Purchase of subsidiary undertakings	**(1,163)**	(86)	(219)
Purchase of interests in joint ventures and associated undertakings	**(7,088)**	(35)	(79)
Disposal of acquired businesses held for sale	**2,210**	14,924	26,002
Disposal of interests in joint ventures and associated undertakings	**-**	1,483	1,878
Proceeds on formation of joint venture	**-**	2,544	2,544
Other	**38**	565	527
Equity dividends paid	**(486)**	(391)	(773)
Cash (outflow)/inflow before management of liquid resources and financing	**(5,951)**	6,640	14,177
Management of liquid resources	**2,881**	24	(7,541)
Net cash inflow/(outflow) from financing	**3,099**	(5,697)	(6,691)
Issue of ordinary share capital	**3,548**	31	65
Debt repayment	**(449)**	(5,757)	(6,800)
Other	**-**	29	44
Increase/(decrease) in cash in the period	**29**	967	(55)

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the period	**29**	967	(55)
Cash outflow from decrease in debt	**449**	5,757	6,800
Cash (inflow)/outflow from management of liquid resources	**(2,881)**	(24)	7,541
(Increase)/decrease in net debt resulting from cash flows	**(2,403)**	6,700	14,286
Debt acquired on acquisition of subsidiaries	**(167)**	(13,106)	(13,726)
Translation difference	**52**	(131)	(629)
Other movements	**-**	2	(10)
Increase in net debt in the period	**(2,518)**	(6,535)	(79)
Opening net debt	**(6,722)**	(6,643)	(6,643)
Closing net debt (Note 8)	**(9,240)**	(13,178)	(6,722)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS TO 30 SEPTEMBER 2001

	Six months to 30 September 2001 £m	Six months to 30 September 2000 *as restated* £m	Year ended 31 March 2001 *as restated* £m
Loss for the financial period			
- Group	**(8,653)**	(4,183)	(8,730)
- Share of joint ventures and associated undertakings	**(1,082)**	(571)	(1,155)
	(9,735)	(4,754)	(9,885)
Currency translation			
- Group	**(284)**	(1,114)	2,724
- Share of joint ventures and associated undertakings	**(980)**	1,672	2,448
	(1,264)	558	5,172
Total recognised gains and losses for the period	**(10,999)**	(4,196)	(4,713)
Prior period restatement for FRS 19	**(386)**		
Total gains and losses recognised since last annual report	**(11,385)**		

MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

FOR THE SIX MONTHS TO 30 SEPTEMBER 2001

Loss for the financial period	**(9,735)**	(4,754)	(9,885)
Equity dividends	**(514)**	(423)	(887)
	(10,249)	(5,177)	(10,772)
Currency translation	**(1,264)**	558	5,172
New share capital subscribed	**5,929**	202	8,972
Shares to be issued	**(978)**	-	978
Scrip dividends	**-**	26	67
Other	**-**	1	(4)
Net movement in equity shareholders' funds	**(6,562)**	(4,390)	4,413
Opening equity shareholders' funds (originally £145,393m before restatement for FRS 19 of £386m)	**145,007**	140,594	140,594
Closing equity shareholders' funds	**138,445**	136,204	145,007

1 Basis of preparation

Statutory financial information

The unaudited interim results have been prepared on a basis consistent with the accounting policies set out on pages 29 and 30 of Vodafone Group Plc's Annual Report & Accounts for the year ended 31 March 2001, with the exception that deferred taxation is now stated in accordance with FRS 19, 'Deferred Tax', as discussed below. The interim results should therefore be read in conjunction with the 2001 Annual Report & Accounts.

The interim results for the six months to 30 September 2001, which were approved by the Board of Directors on 13 November 2001, do not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. Full accounts for the year ended 31 March 2001, incorporating an unqualified auditors' report, have been filed with the Registrar of Companies.

Restatements

Following the reorganisation of the Group's overall management structure and geographical division of operations on 1 April 2001, the Group has adopted the following segments for the presentation of its geographical analysis of results: Europe (further sub-analysed between Northern Europe, Central Europe and Southern Europe); the Americas; Asia Pacific; and Middle East and Africa. Prior period comparatives have been restated on the new segmental basis.

Deferred taxation is now stated on a full liability basis in accordance with FRS 19 and comparative financial information has been restated as necessary. The impact of adopting FRS 19 was to increase the tax charge for the six months to 30 September 2001, the six months to 30 September 2000 and the year ended 31 March 2001 by £262m, £99m and £136m, respectively. In accordance with FRS 19, goodwill in respect of certain past acquisitions has been restated which resulted in the charge for the amortisation of goodwill for the six months to 30 September 2001, the six months to 30 September 2000 and the year ended 31 March 2001, reducing by £4m, £4m and £9m, respectively.

Proportionate financial information

The tables of financial information on page 27 are presented on a proportionate basis. Proportionate presentation is not required by UK GAAP and is not intended to replace the consolidated financial statements prepared in accordance with UK GAAP. However, since significant entities in which the Group has an interest are not consolidated, proportionate information is provided as supplemental data to facilitate a more detailed understanding and assessment of the consolidated financial statements prepared in accordance with UK GAAP.

UK GAAP requires consolidation of entities controlled by the Group and the equity method of accounting for entities in which the Group has significant influence but not a controlling interest. Proportionate presentation is a pro rata consolidation, which reflects the Group's share of turnover and expenses in both its consolidated and unconsolidated entities. Proportionate results are calculated by multiplying the Group's ownership interest in each entity by each entity's results.

Proportionate information includes results from the Group's equity accounted investments and investments held at cost. The Group does not have control over the turnover, expenses or cash flow of these investments and is only entitled to cash from dividends received from these entities. The Group does not own the underlying assets of these investments.

Pro forma proportionate comparative financial information

Pro forma proportionate financial information for the six months ended 30 September 2000 and the year ended 31 March 2001 has been derived from the unaudited and audited consolidated financial statements of the Group for the relevant periods and the unaudited financial results of Mannesmann for the period from 1 April 2000 to 12 April 2000, excluding the results of businesses held for resale on acquisition. The financial results of Mannesmann, previously prepared under German GAAP, have been adjusted to conform materially with Vodafone Group's accounting policies under UK GAAP. The pro forma adjustments for the six month period ended 30 September 2000 and the year ended 31 March 2001 have been determined as if the acquisition of Mannesmann took place on 1 April 2000.

2 Segmental analysis

The Group's principal business is the supply of mobile telecommunications services and products. Other operations primarily comprise fixed line telecommunications businesses and the Vizzavi Europe joint venture. Analyses of turnover and total Group operating profit/(loss) by geographical region and class of business are as follows:

	Six months to 30 September 2001 £m	Six months to 30 September 2000 *as restated* £m	Year ended 31 March 2001 *as restated* £m
Group turnover			
Mobile telecommunications:			
Northern Europe	**2,582**	2,182	4,511
Central Europe	**2,090**	1,964	4,031
Southern Europe	**3,228**	1,932	4,479
Europe	**7,900**	6,078	13,021
Americas	**6**	3	9
Asia Pacific	**366**	341	713
Middle East and Africa	**168**	147	308
	8,440	6,569	14,051
Other operations	**466**	450	953
	8,906	7,019	15,004
Total Group operating profit/(loss) (before goodwill and exceptional items)			
Mobile telecommunications:			
Northern Europe	**749**	596	1,284
Central Europe	**782**	434	1,097
Southern Europe	**1,066**	693	1,449
Europe	**2,597**	1,723	3,830
Americas	**740**	584	1,237
Asia Pacific	**185**	122	205
Middle East and Africa	**83**	99	213
	3,605	2,528	5,485
Other operations	**(213)**	(108)	(281)
	3,392	2,420	5,204
Subsidiary undertakings	**2,246**	1,466	3,322
Share of joint ventures and associated undertakings	**1,146**	954	1,882
Amortisation of goodwill	**(6,697)**	(5,589)	(11,873)
Exceptional operating items (Note 3)	**(4,515)**	(137)	(320)
Total Group operating loss	**(7,820)**	(3,306)	(6,989)

3 Exceptional operating items

	Six months to 30 September 2001 £m	Six months to 30 September 2000 £m	Year ended 31 March 2001 £m
Impairment of fixed assets	**(4,450)**	-	(91)
Reorganisation costs	**-**	(54)	(85)
Share of exceptional operating items of associated undertakings	**(65)**	(83)	(141)
Other items	**-**	-	(3)
	(4,515)	(137)	(320)

4 Exceptional non-operating items

	Six months to 30 September 2001 £m	Six months to 30 September 2000 £m	Year ended 31 March 2001 £m
Impairment of fixed asset investments	**(300)**	-	(193)
Profit on disposal of fixed asset investments	**45**	5	6
Profit on disposal of fixed assets	**7**	-	6
Profit on termination of hedging instrument	**-**	-	261
	(248)	5	80

5 Tax on loss on ordinary activities

	Six months to 30 September 2001 £m	Six months to 30 September 2000 *as restated* £m	Year ended 31 March 2001 *as restated* £m
United Kingdom taxation	**179**	84	217
International taxation	**907**	596	1,209
	1,086	680	1,426

6 Earnings per share

	Six months to 30 September 2001 £m	Six months to 30 September 2000 *as restated* £m	Year ended 31 March 2001 *as restated* £m
Loss for basic loss per share	**(9,735)**	(4,754)	(9,885)
Amortisation of goodwill	**6,697**	5,589	11,873
Exceptional operating items, net of attributable taxation	**4,477**	82	230
Exceptional non-operating items, net of attributable taxation	**263**	(5)	(45)
Earnings for adjusted earnings per share	**1,702**	912	2,173
Weighted average number of shares (millions): Basic and adjusted	**67,776**	59,362	61,439

7 Reconciliation of operating loss to net cash inflow from operating activities

	Six months to 30 September 2001 £m	Six months to 30 September 2000 £m	Year ended 31 March 2001 £m
Operating loss	**(7,089)**	(3,130)	(6,439)
Exceptional items	**4,000**	54	176
Depreciation	**1,053**	690	1,593
Amortisation of goodwill	**5,335**	4,542	9,585
Amortisation of other intangible fixed assets	**19**	10	24
	3,318	2,166	4,939
Working capital movements	**322**	(224)	(268)
Payments in respect of exceptional items	**-**	(54)	(84)
	3,640	1,888	4,587

8 Analysis of net debt

	At 1 April 2001 £m	Cash flow £m	Acquisitions (excluding cash & overdrafts) £m	Other non-cash changes & exchange movements £m	**At 30 September 2001 £m**
Liquid resources	7,593	(2,881)	-	(140)	**4,572**
Cash at bank and in hand	68	30	-	(2)	**96**
Bank overdrafts	(5)	(1)	-	-	**(6)**
	63	29	-	(2)	**90**
Debt due within one year (other than bank overdrafts)	(3,596)	862	(139)	(618)	**(3,491)**
Debt due after one year	(10,630)	(445)	(1)	812	**(10,264)**
Finance leases	(152)	32	(27)	-	**(147)**
	(14,378)	449	(167)	194	**(13,902)**
	(6,722)	(2,403)	(167)	52	**(9,240)**

Included within net debt are bond issues maturing as follows:

	£m
One year or less	3,254
More than two years but not more than five years	3,909
More than five years	5,747
	12,910

9 Summary of differences between UK and US GAAP

The interim results have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"), which differ in certain significant respects from US Generally Accepted Accounting Principles ("US GAAP"). A description of the relevant accounting principles which differ materially is provided within Vodafone Group Plc's Annual Report & Accounts for the year ended 31 March 2001. The effects of these differing accounting principles are as follows:

	Six months to 30 September 2001 £m	Six months to 30 September 2000 *as restated* £m	Year ended 31 March 2001 *as restated* £m
Revenues in accordance with UK GAAP	**8,906**	7,019	15,004
Items decreasing revenues:			
Non-consolidated subsidiaries	**(2,182)**	(1,409)	(3,409)
Deferral of connection revenues	**(155)**	-	(492)
Revenues in accordance with US GAAP	**6,569**	5,610	11,103
Net loss in accordance with UK GAAP	**(9,735)**	(4,754)	(9,885)
Items (increasing)/decreasing net loss:			
Goodwill and other intangibles amortisation	**(6,280)**	(2,338)	(5,302)
Deferral of connection income	**(20)**	-	(54)
Capitalised interest	**203**	-	365
Income taxes	**4,750**	2,302	7,847
Minority interests	**1,020**	19	(40)
Other	**(43)**	14	(2)
Net loss in accordance with US GAAP	**(10,105)**	(4,757)	(7,071)
US GAAP basic loss per ordinary share	**(14.91)p**	(8.01)p	(11.51)p
Shareholders' equity in accordance with UK GAAP	**138,445**	136,204	145,007
Items increasing/(decreasing) shareholders' equity:			
Goodwill and other intangibles – net of amortisation	**62,067**	51,385	66,197
Deferral of connection income	**(105)**	-	(85)
Capitalised interest	**568**	-	365
Cumulative deferred income taxes	**(48,469)**	(44,941)	(51,222)
Minority interests	**(3,887)**	(1,318)	(5,149)
Proposed dividends	**492**	423	464
Other	**(103)**	(65)	(55)
Shareholders' equity in accordance with US GAAP	**149,008**	141,688	155,522

10 Proportionate financial information

	Six months to 30 September 2001 £m	Six months to 30 September 2000[1] £m	Year ended 31 March 2001[1] £m
Proportionate turnover			
Mobile telecommunications:			
Northern Europe	**3,133**	2,582	5,357
Central Europe	**2,343**	2,115	4,323
Southern Europe	**2,408**	1,612	3,521
Europe	**7,884**	6,309	13,201
Americas	**2,839**	2,414	5,008
Asia Pacific	**2,517**	1,234	2,771
Middle East and Africa	**252**	213	448
	13,492	10,170	21,428
Other operations	**834**	372	802
	14,326	10,542	22,230
Proportionate EBITDA[2]			
Mobile telecommunications:			
Northern Europe	**1,028**	785	1,674
Central Europe	**1,026**	624	1,478
Southern Europe	**1,049**	673	1,450
Europe	**3,103**	2,082	4,602
Americas	**1,000**	815	1,627
Asia Pacific	**567**	285	587
Middle East and Africa	**108**	100	227
	4,778	3,282	7,043
Other operations	**(1)**	6	(27)
Proportionate EBITDA[2]	**4,777**	3,288	7,016
Less: depreciation and amortisation, excluding goodwill	**(1,648)**	(1,078)	(2,234)
Mobile telecommunications	**3,321**	2,302	5,019
Other operations	**(192)**	(92)	(237)
Proportionate total Group operating profit before goodwill amortisation and exceptional items	**3,129**	2,210	4,782

Notes

(1) Financial information for the comparative periods is stated on a pro forma basis for the acquisition of Mannesmann, and has been presented in accordance with the new segmental basis. Further details are provided in Note 1.

(2) Proportionate EBITDA (earnings before interest, tax, depreciation and amortisation) is defined as operating profit before exceptional items plus depreciation and amortisation of subsidiary undertakings, joint ventures, associated undertakings and investments, proportionate to equity stakes. Proportionate EBITDA represents the Group's ownership interests in the respective entities' EBITDA. As such, proportionate EBITDA does not represent EBITDA available to the Group.

Other information

1) Copies of the Group's Interim Report will be sent to all shareholders. Further copies will be available from the Company's registered office:

   The Courtyard
   2-4 London Road
   Newbury
   Berkshire RG14 1JX
   England.

2) This report will also be available on the Vodafone Group Plc website: www.vodafone.com from 13 November 2001.

For further information contact:-

Tim Brown, Group Corporate Affairs Director
Melissa Stimpson, Head of Group Investor Relations
Bobby Leach, Head of Group Financial Public Relations
Darren Jones, Senior Investor Relations Manager
Jon Earl, Senior Investor Relations Manager
Tel: +44 (0) 1635 673310

Lulu Bridges/John West
Tavistock Communications
Tel: +44 (0) 207 600 2288

Forward-Looking Statements

This document contains certain "forward-looking statements" with respect to the financial condition, results of operations and business and some of our plans and objectives with respect to these items. In particular, certain statements concerning our expectations and plans, strategy, management's objectives, prospects, trends, market standing, overall market trends, and revenues, contain forward-looking information. In addition, "forward-looking statements" include statements made with respect to expectations as to launch and roll-out dates for products and services, including 3G services, future performance, costs, revenues, improvements in margin, expected synergies, the likelihood of impairment charges, average revenue per customer and revenues derived from the new non-voice services, expected EBITDA results, growth, churn rate, mobile penetration rates and internet use and other trend projections. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "should", "expects", "believes", "intends", "plans", "targets", "goal" or "estimates". By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic conditions in markets served by our operations that would adversely affect the level of demand for mobile services; greater than anticipated competitive activity requiring reduced pricing and/or new product offerings or resulting in higher costs of acquiring new customers; slower customer growth or reduced customer retention; the impact on capital spending from investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology; the possibility that technologies, including mobile internet platforms, and services, including 3G services, will not perform according to expectations or that vendors' performance will not meet our requirements; changes in the projected growth rates of the mobile telecommunications industry; accuracy of or any changes in our projected revenue model or global branding strategy; our ability to meet the objectives of our management initiatives; future revenue contributions of the services we offer as a percentage of total revenue leading to difficulties in meeting our target improvements in margin; lower than expected impact of GPRS, 3G and Vizzavi Europe's partnership with our operators on our future revenues; our ability to harmonise our mobile platforms and any delays, impediments or other problems associated with the roll-out and scope of 3G technology and services and Vizzavi services in new markets; our ability to offer new services and the delivery and performance of GPRS and 3G handsets, network equipment and other key products from our suppliers; greater than anticipated prices of new mobile handsets; any conditions imposed in connection with regulatory approvals sought in connection with pending acquisitions and dispositions; changes in the regulatory framework in which we operate; the impact of legal or other proceedings against us or other companies in the mobile telecommunications industry; and changes in exchange rates, including in particular the exchange rate of the pound to the euro. Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under the heading "Risk Factors" on pages 8 to 10 of our U.S. Annual Report on Form 20-F for the year ended 31 March 2001. All subsequent written or oral forward-looking statements attributable to Vodafone, any Vodafone members or persons acting on our behalf are expressly qualified in their entirety by the factors referred to above.

APPENDIX 1 - VODAFONE GROUP PLC - MOBILE TELECOMMUNICATIONS BUSINESSES CUSTOMER INFORMATION AS AT 30 SEPTEMBER 2001

COUNTRY	OPERATOR	PERCENTAGE OWNERSHIP[2]	REGISTERED PROPORTIONATE CUSTOMERS (thousands)	REGISTERED PREPAID (%)	CONTROLLED ACTIVE[1] PREPAID (%)	CONTROLLED ACTIVE[1] CONTRACT (%)	CONTROLLED ACTIVE[1] TOTAL (%)	CONTROLLED INACTIVE TOTAL (%)
NORTHERN EUROPE								
UK	Vodafone†	100.0	12,799	64	75	99	84	16
Ireland	Eircell	100.0	1,611	71	97	98	97	3
Netherlands	Libertel Vodafone	70.0	2,256	66	93	99	95	5
Sweden	Europolitan Vodafone†	71.1	762	25	82	91	89	11
France	SFR	31.9	3,699	48				
Belgium	Proximus	25.0	1,014	56				
TOTAL			**22,141**	**57**	**80**	**98**	**87**	**13**
CENTRAL EUROPE								
Germany	D2 Vodafone	99.6	21,787	60	88	95	91	9
Hungary	Vodafone†	50.1	169	90	89	97	89	11
Poland	Plus GSM	19.6	620	42				
Switzerland	Swisscom Mobile	25.0	878	40				
TOTAL			**23,454**	**56**	**88**	**95**	**91**	**9**
SOUTHERN EUROPE								
Greece	Panafon Vodafone†	52.8	1,423	72	*	*	*	*
Italy	Omnitel Vodafone	76.5	12,738	91	94	92	93	7
Malta	Vodafone†	80.0	105	91	93	99	94	6
Portugal	Telecel Vodafone	50.9	*	*	*	*	*	*
Spain	Airtel Vodafone	91.6	6,824	56	85	95	89	11
Albania	Vodafone†	76.9	41	99				
Romania	Connex GSM	20.1	N/A	N/A				
TOTAL			**22,815**	**78**	**90**	**94**	**91**	**9**
AMERICAS								
United States	Verizon Wireless[3]	44.1	12,658	6				
Mexico	Iusacell	34.5	590	76				
TOTAL			**13,248**	**10**	**N/A**	**N/A**	**N/A**	**N/A**
ASIA PACIFIC								
Australia	Vodafone	95.5	1,991	34	88	94	92	8
New Zealand	Vodafone	100.0	1,077	78	91	99	93	7
Japan	J-Phone	Various	6,726	3				
China	China Mobile (Hong Kong) Limited	2.2	1,384	47				
Fiji	Vodafone	49.0	36	90				
India	RPG Cellular	20.6	19	57				
TOTAL			**11,233**	**41**	**90**	**95**	**92**	**8**
MIDDLE EAST & AFRICA								
Egypt	Click Vodafone†	60.0	844	89	97	97	97	3
South Africa	Vodacom	31.5	1,782	81				
Kenya	Safaricom	40.0	97	99				
TOTAL			**2,723**	**83**	**97**	**97**	**97**	**3**
GROUP TOTAL			**95,614**	**48**	**88**	**96**	**90**	**10**

1 Active customers are defined as customers who have made or received a chargeable event in the last three months or, where information is not available, defined as customers who have made a chargeable event in the last three months (indicated by †).

2 All ownership percentages are stated as at 30 September 2001 and exclude options, warrants or other rights or obligations of Vodafone Group Plc to increase or decrease ownership in any venture. Ownership interests have been rounded to the nearest tenth of one percent.

3 The Group's proportionate customer base has been adjusted for Verizon Wireless's proportionate ownership of its customer base of approximately 98.1%.

* Listed subsidiaries still to report.

APPENDIX 2 - VODAFONE GROUP PLC - MOBILE TELECOMMUNICATIONS BUSINESSES

ARPU INFORMATION FOR THE 12 MONTH PERIOD TO 30 SEPTEMBER 2001[1]

			ARPU[2]		
COUNTRY	**OPERATOR**	**LOCAL CURRENCY**	**REGISTERED PREPAID**	**REGISTERED CONTRACT**	**REGISTERED TOTAL**
NORTHERN EUROPE					
UK	Vodafone	GBP	139	535	281
Netherlands	Libertel Vodafone	EUR	*	*	*
Sweden	Europolitan Vodafone	SEK	*	6,646	5,329
CENTRAL EUROPE					
Germany	D2 Vodafone	EUR	119	586	317
Hungary	Vodafone	HUF	31,820	200,546	51,048
SOUTHERN EUROPE					
Greece	Panafon Vodafone	EUR	*	*	*
Italy	Omnitel Vodafone	EUR	287	757	332
Malta	Vodafone	MTL	106	922	206
Portugal	Telecel Vodafone	EUR	*	*	*
Spain	Airtel Vodafone	EUR	141	663	369
ASIA PACIFIC					
Australia	Vodafone	AUD	298	906	711
New Zealand	Vodafone	NZD	280	1,821	646
MIDDLE EAST & AFRICA					
Egypt	Click Vodafone	EGP	1,076	2,525	1,275

1 Vodafone introduced a new industry measurement of active customers in March 2001. This is the third quarter for which Vodafone has collated and reported on this information. As there is no historical information prior to 31 March 2001, Vodafone will include active ARPU numbers when it has a history of performance for a proper basis of comparison. However, the underlying levels of active customer spend continue to be higher than the reported registered ARPU.

2 ARPU is calculated for the twelve month period to 30 September 2001 and excludes handset revenues and connection fees.

* Listed subsidiary information not published.

APPENDIX 3 - VODAFONE GROUP PLC – MOBILE TELECOMMUNICATIONS BUSINESSES

NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUES

	12 MONTHS TO 30 SEPTEMBER 2001			SEPTEMBER 2001 (MONTH ONLY)		
OPERATOR	**MESSAGING DATA**	**INTERNET DATA**	**TOTAL NON-VOICE SERVICES**	**MESSAGING DATA**	**INTERNET DATA**	**TOTAL NON-VOICE SERVICES**
NORTHERN EUROPE						
UK Vodafone	7.1%	0.9%	8.0%	8.4%	0.8%	9.2%
Others	4.3%	0.2%	4.5%	6.6%	0.2%	6.8%
TOTAL	**6.0%**	**0.6%**	**6.6%**	**7.6%**	**0.6%**	**8.2%**
CENTRAL EUROPE						
D2 Vodafone	13.9%	0.3%	14.2%	13.7%	0.4%	14.1%
Others	5.8%	0.1%	5.9%	6.0%	0.4%	6.4%
TOTAL	**13.1%**	**0.3%**	**13.4%**	**12.8%**	**0.4%**	**13.2%**
SOUTHERN EUROPE						
Omnitel Vodafone	7.1%	0.2%	7.3%	8.6%	0.2%	8.8%
Others	7.4%	0.1%	7.5%	7.4%	0.1%	7.5%
TOTAL	**7.2%**	**0.2%**	**7.4%**	**8.0%**	**0.2%**	**8.2%**
AMERICAS						
Verizon Wireless	-	0.5%	0.5%	0.1%	0.6%	0.7%
Other	-	-	-	-	-	-
TOTAL	**-**	**0.5%**	**0.5%**	**0.1%**	**0.6%**	**0.7%**
ASIA PACIFIC						
J-Phone	4.4%	7.4%	11.8%	5.4%	9.2%	14.6%
Others	4.9%	0.1%	5.0%	7.0%	0.3%	7.3%
TOTAL	**4.5%**	**5.3%**	**9.8%**	**5.7%**	**7.6%**	**13.3%**
MIDDLE EAST & AFRICA	**2.5%**	**-**	**2.5%**	**3.8%**	**-**	**3.8%**
PROPORTIONATE GROUP TOTAL	**6.0%**	**1.1%**	**7.1%**	**6.7%**	**1.7%**	**8.4%**

CONTROLLED GROUP TOTAL	**8.7%**	**0.4%**	**9.1%**	**9.5%**	**0.4%**	**9.9%**