VODAFONE GROUP PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS – YEAR ENDED 31 MARCH 2001

FINANCIAL HIGHLIGHTS	Year ended 31 March 2001	Year ended 31 March 2000	Increase / (decrease) %
Pro forma proportionate basis - mobile businesses [1] [2]			
Proportionate turnover	£21,428m	£16,590m	29
Proportionate EBITDA - before exceptional items [3]	£7,043m	£5,504m	28
Proportionate Group operating profit - before goodwill and exceptional items [3]	£5,019m	£3,977m	26
Proportionate registered customers	82,997,000	53,327,000	56
Statutory basis [1] (Details on page 22)			
Total Group operating profit - before goodwill and exceptional items [3]	£5,204m	£2,538m	105
Profit on ordinary activities before taxation - before goodwill and exceptional items [3]	£4,027m	£2,154m	87
Basic earnings/(loss) per share - before goodwill and exceptional items [3]	3.75p	4.71p	(20)
- after goodwill and exceptional items [3]	(15.89)p	1.80p	
Dividend per share	1.402p	1.335p	5

(1) Pro forma proportionate customer and financial information is calculated on the basis that the merger with AirTouch Communications, Inc. (now Vodafone Americas Asia, Inc.) and the acquisition of Mannesmann AG took place on 1 April in each period presented, which is further described on page 32. Statutory financial information is calculated on the basis required by accounting standards and includes the results of AirTouch Communications, Inc. from 30 June 1999, the date of closure of the merger, the results of Verizon Wireless from 3 April 2000, the date on which the Group's US wireless assets were contributed to the joint venture partnership, and the results of Mannesmann AG from 12 April 2000, the date that clearance for the acquisition was received from the European Commission.

(2) Pro forma proportionate customer and financial information is presented for the Group's mobile telecommunications businesses only, excluding paging customers and businesses sold or held for resale at 31 March 2001.

(3) Exceptional items comprise exceptional operating costs totalling £320m, compared with £30m for the year ended 31 March 2000, and an exceptional non-operating profit (net) of £80m, compared with £954m last year. Further details are included in Notes 2 & 3 on pages 27 and 28.

Group Highlights:

- Continued strong progress following the acquisition of Mannesmann and formation of Verizon Wireless in April 2000, reflected in substantial increases in mobile pro forma proportionate turnover (up 29%), EBITDA (up 28%), operating profit (up 26%) and registered customers (up 56%).

Pro forma proportionate EBITDA – Mobile telecommunications*	2001 £m	2000 £m
Continental Europe	3,534	2,906
United Kingdom	1,068	934
United States	1,627	1,145
Asia Pacific	587	377
Middle East and Africa	227	142
* before exceptional items	7,043	5,504

- Underlying growth in mobile pro forma proportionate EBITDA, after making adjustment for businesses acquired during the year, of 25% at constant exchange rates.

- Worldwide customer base of almost 83 million proportionate registered customers, with over 188 million registered customers in ventures the Group controls or invests in.

- Non-voice services, which include Short Message Service (SMS), data and internet services, in the Group's controlled businesses increased to over 8% of service revenues for the year to 31 March 2001 and 9.3% of service revenues in the month of March 2001.

- Group net debt at 31 March 2001 of £6.7 billion represented 5.4% of the Group's market capitalisation, after payment for 3G licences, which have been acquired in virtually all of our markets. 3G infrastructure spend will commence in the current financial year with commercial launches expected in the second half of 2002.

- Global footprint extended to six new territories: 100% ownership of Eircell in Ireland; 25% stake in Swisscom Mobile in Switzerland; 34.5% interest in Grupo Iusacell in Mexico; 40% stake in Safaricom in Kenya; 2.18% stake in China Mobile in China; effective 78% interest in a consortium awarded the GSM licence in Albania.

- Consolidated ownership in Airtel Móvil in Spain increased to 73.8% and increased ownership in J-Phone in Japan through acquisition of a 25% stake in Japan Telecom. Pending acquisition of BT's stakes in these businesses will further increase the Group's ownership interests to 91.6% in Airtel, 45% in Japan Telecom and a 60% economic interest in the J-Phone companies, including indirect ownership interests.

- Agreement for the sale of non-core businesses acquired as part of the Mannesmann transaction for an aggregate value of approximately £33.3 billion.

Chris Gent, Chief Executive of Vodafone Group Plc, commented:

These results show the positive benefits of the effective integration of the recent acquisitions of both Mannesmann and AirTouch and the first year of trading for Verizon Wireless. They also confirm the strong competitive position of the Group, highlighting its diversified global presence, strong funding position and track record of successful execution.

The Group's three-pronged growth strategy has delivered strong customer growth, continued geographic expansion and strong data revenue growth from the introduction of new services.

Following the recent introduction of changes to our commercial policies the focus in this financial year, as we transition to new data services, will be on continued margin improvement and cash flow growth, rather than customer growth and market share. Vodafone, with its unrivalled global positioning, is ideally placed to sustain its leadership in the exciting growth opportunity that lies ahead, for the benefit of its customers and shareholders.

Regional Highlights:

Continental Europe

- Pro forma proportionate registered customers increased by 73% during the year to over 49.6 million, including the stake increases in Airtel and the acquisition of Swisscom Mobile.

- Mobile pro forma proportionate EBITDA, before exceptional items, increased to over £3.5 billion, growth of 22%. Excluding the results of D2 Vodafone, mobile pro forma proportionate EBITDA increased by over 46%.

- D2 Vodafone remained market leader in Germany with almost 21 million venture customers, record customer connections during the year increasing its registered customer base by 89%. EBITDA margin in Germany increased in the second half of the year to 39%, giving an EBITDA margin for the full year of 35%.

- Omnitel Vodafone market leader on net connections in Italy with 4.4 million net additions (38% of total market growth) in the year, with 15.6 million venture customers at 31 March 2001.

- Vizzavi Europe, Vodafone's and Vivendi Universal's European joint venture multi-access portal company, had more than 0.7 million customers at 31 March 2001, which is projected to increase substantially as service is rolled out to Germany, Italy, Spain, Greece and Portugal by the end of 2001.

United Kingdom

- Market leader with approximately 12.3 million registered customers, an increase of approximately 40% in the year.

- Proportionate EBITDA of almost £1.1 billion, a 14% increase.

- Vodafone rated the number one UK network in latest Oftel customer satisfaction survey.

United States

- Proportionate EBITDA of more than £1.6 billion, before exceptional restructuring costs.

- Almost 1 million data customers registered by Verizon Wireless at the end of the year.

- Verizon Wireless successful in the FCC's auction of 1.9 GHz spectrum, winning 113 licences at a total cost of $8.8 billion, providing additional capacity for advanced services in key markets in the US.

Asia Pacific

- J-Phone's total customer base increased by 23% to almost 10 million customers, 62% of which have internet-capable phones.

- Non-voice service revenues accounted for almost 13% of J-Phone revenues in the month of March 2001, with over 8% of revenues being internet data.

- Proportionate registered customers in Vodafone Pacific increased by over 58% to more than 2.8 million. Proportionate EBITDA increased by 35%.

Middle East and Africa

- 93% increase in proportionate registered customers during the period to 2.3 million, reflecting continued strong growth of the Group's profitable operations in Egypt and South Africa.

CONTINENTAL EUROPE

The Continental Europe region made good progress during the year, both in terms of customer growth and financial performance. Pro forma proportionate registered customers increased by 73% in the year to close at over 49.6 million at 31 March 2001. Regional turnover, EBITDA and operating profit (calculated on a pro forma proportionate basis before goodwill and exceptional items) increased by 21%, 22% and 14%, respectively, compared with the pro forma results for the previous financial year. The completion of the Mannesmann acquisition on 12 April 2000 had a major impact on the results from the region, bringing in both D2 Mobilfunk and Omnitel Pronto Italia as controlled subsidiaries in two of Europe's most important markets. The businesses have since been rebranded to D2 Vodafone and Omnitel Vodafone, respectively. In the largest market, Germany, D2 Vodafone recorded unprecedented customer growth and retained market leadership during the year. Omnitel Vodafone has achieved market leadership in net additions, whilst maintaining a high EBITDA margin.

Two further significant acquisitions were also completed during the year. In December 2000 the Group increased its stake in Airtel from 21.7% to 73.8% and, during the first quarter of 2001, acquired a 25% shareholding in Swisscom Mobile. Airtel is the second largest network in Spain and Swisscom Mobile is the market leader in Switzerland.

Mobile Operations

D2 Vodafone - Germany

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase / (decrease) %
Pro forma proportionate turnover	**£4,102m**	**£3,554m**	**15**
Pro forma proportionate EBITDA - before exceptional items	**£1,421m**	**£1,457m**	**(2)**
Pro forma proportionate EBITDA margin	**35%**	**41%**	
Operational data			
Proportionate customers(1)			
- Registered	**20,807,000**	**11,007,000**	**89**
- Active	**18,045,000**		
ARPU – Blended registered contract & prepay(2)	**Euro 378**	**Euro 559**	**(32)**
ARPU – Blended active contract & prepay(2)	**Euro 430**		
Total non-voice services - % of service revenue(2)	**13.4%**		
Messaging - % of service revenue(2)	**13.1%**		
Data - % of service revenue(2)	**0.3%**		

(1) Comparative data presented on a pro forma basis

(2) Calculated for the twelve month periods to 31 March

Customer growth in the German cellular market was approximately 95% in the year to 31 March 2001, a rate which exceeded that of previous years and all other European markets. D2 Vodafone had 20,968,000 registered venture customers at 31 March 2001, representing growth of 89% in the year. This explosive growth was attributable principally to prepay product, which represented 60% of the closing customer base, up from 32% at 31 March 2000. Active customers represented 87% of the total registered customer base.

D2 Vodafone maintained its market leadership throughout the year in a four operator market, with its closing customer base representing a market share of approximately 39%. The unprecedented customer growth in this highly competitive market resulted in a substantial increase in total customer acquisition costs, although blended cost to connect per customer remained largely unchanged at Euro 116. Primarily as a consequence of these increased costs, EBITDA margin reduced by eleven percentage points to 30% in the first six months of the year, recovering to 39% in the second half to give an EBITDA margin of 35% for the full year.

Across the total customer base ARPU decreased from Euro 559 for the year ended 31 March 2000 to Euro 378 this year. The substantial increase in the prepay customer base and reductions in incoming national interconnect were the principal reasons for this decrease. Excluding inactive customers, ARPU for the year would amount to Euro 430, split between an active contract ARPU of Euro 683 and an active prepay ARPU of Euro 178. Customer churn was 11%, a decrease of 4 percentage points from last year.

D2 Vodafone leads the Group's European networks in terms of messaging and data revenues, which represented 16.2% of total monthly service revenues in March 2001. Short Message Service (SMS) comprises the largest element of data-related revenues at present, although good growth is anticipated in other data revenues as data speeds and product offerings increase in a 2.5G / 3G environment.

Despite the increase in data volumes, the economic model of continuing high customer connection costs to generate lower marginal ARPU is not sustainable. The focus in Germany, along with other key markets in Europe, during the coming year will be to maximise economic returns rather than continuing to increase the size of the customer base, even if this results in some loss of market share. Initial reductions in handset subsidies have been implemented and more actions are envisaged over the coming months to further reduce customer connection costs and improve customer retention.

In August 2000, the German government licensed six operators to offer third generation mobile services. D2 Vodafone paid approximately £5.55 billion for a twenty year licence. GPRS commercial service was launched on 28 February 2001. Infrastructure rollout for UMTS services is proceeding according to plan and, subject to handset availability, should be available in 2002.

OPI - Italy

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase / (decrease) %
Pro forma proportionate turnover	**£2,323m**	**£1,960m**	**19**
Pro forma proportionate EBITDA	**£1,048m**	**£818m**	**28**
Pro forma proportionate EBITDA margin	**45%**	**42%**	
Operational data			
Proportionate customers[1]			
- Registered	**11,937,000**	**8,533,000**	**40**
- Active	**11,100,000**		
ARPU – Blended registered contract & prepay[2]	**Euro 338**	**Euro 380**	**(11)**
ARPU – Blended active contract & prepay[2]	**Euro 364**		
Total non-voice services - % of service revenue[2]	**6.2%**		
Messaging - % of service revenue[2]	**6.0%**		
Data - % of service revenue[2]	**0.2%**		

(1) Comparative data presented on a pro forma basis

(2) Calculated for the twelve month periods to 31 March

Omnitel Pronto Italia is the second largest of four operators in Italy and, operating under the brand name Omnitel Vodafone, had a market share at 31 March 2001 of approximately 35%. The Italian market is characterised by a high level of prepay product and relatively low ARPU. However, customer acquisition costs and churn are also low in comparison with other major markets in Europe. Net connection costs stabilised at Euro 37 per customer in the year to 31 March 2001 despite growing competitive pressures in the Italian market, which has four mobile operators. Churn has increased from 13% to 14%.

Pro forma proportionate turnover increased 19% despite an 11% decrease in ARPU throughout the period to Euro 338. A reduction in fixed-to-mobile rates in February 2000 contributed significantly to this decrease. Excluding inactive customers, ARPU for the year was Euro 364. EBITDA on a pro forma proportionate basis increased 28% due to increases in cost efficiency. EBITDA margin increased from 42% to 45%.

Omnitel Vodafone's registered customer base grew by 40% in the year and totalled 15,680,000 at 31 March 2001, of which 90% were on prepay tariffs. 93% of the closing registered customer base was active. A successful advertising campaign has made Omnitel Vodafone the most recognisable brand of all the mobile operators in Italy.

Omnitel Vodafone is amongst the Group's leading European networks in terms of messaging and data revenues, which represented 7.2% of total monthly service revenues in March 2001. Short Message Service (SMS) comprises the largest element of data revenues at present resulting from high levels of SMS penetration in the marketplace. 49.1% of the customer base used the service in March 2001.

Following an auction, five operators were licensed to offer third generation mobile services in November 2000. Omnitel Vodafone's fifteen year licence cost approximately £1.6 billion and 3G services are anticipated to be available in the second half of 2002. GPRS service is now being tested with corporate customers and commercial launch, subject to handset availability, is anticipated later in 2001.

Mobile operations in the rest of Continental Europe

	Year to 31 March 2001	Year to 31 March 2000	Increase %
<u>**Financial highlights**</u>			
Pro forma proportionate turnover	**£3,318m**	**£2,549m**	**30**
Pro forma proportionate EBITDA	**£1,065m**	**£631m**	**69**
Pro forma proportionate EBITDA margin	**32%**	**25%**	
<u>**Operational data**</u>			
Proportionate registered customers (1)	**16,857,000**	**9,092,000**	**85**

(1) Comparative data presented on a pro forma basis

The Group has majority shareholdings in four European subsidiary undertakings listed on public stock exchanges each of which trade under the Vodafone brand; Europolitan Vodafone in Sweden (71.1% ownership interest), Libertel Vodafone in the Netherlands (70.0%), Panafon Vodafone in Greece (55.0%), and Telecel Vodafone in Portugal (50.9%).

The Group's other European subsidiary undertakings include Vodafone Hungary (50.1%), Vodafone Malta (80.0%) and Airtel Móvil in Spain (73.8%). Additionally, the Group has interests in Proximus in Belgium (25.0%), Société Française du Radiotéléphone (SFR) in France (31.9%), Plus GSM in Poland (19.6%), Connex GSM in Romania (20.1%) and Swisscom in Switzerland (25.0%).

Pro forma proportionate EBITDA growth of 69% for the rest of Continental Europe includes the increase in the Group's ownership interests in Airtel and the acquisition of Swisscom Mobile during the year. Underlying organic growth (at constant exchange rates and after adjusting for stake increases in the year) in pro forma proportionate EBITDA was 61%.

Europolitan Vodafone, the third network operator in Sweden, traded in line with expectations. Its registered customer base increased by 14% during the year to 1,008,000, reflecting the high levels of market penetration in Sweden. Europolitan Vodafone, which has traditionally targeted high value customers through tailored service offerings, began to actively address the prepay market at the end of 2000. By 31 March 2001, 23% of the registered customer base was connected to a prepay service.

Europolitan Vodafone was awarded a fifteen year UMTS licence, for no fee, in a "beauty contest" in November 2000. The infrastructure rollout requirements, which are extensive, are being satisfied primarily through a network build programme being undertaken as a joint venture with Hutchison Investor 3G Access AB, one of the other UMTS licence holders in Sweden.

Libertel Vodafone, one of five GSM operators in the Netherlands, traded satisfactorily in a highly competitive market, which continued to demonstrate low tariffs, high customer connection costs and high levels of churn. Despite the difficult trading environment, Libertel Vodafone increased its total registered customer base by 34% to 3,281,000 and recorded year on year EBITDA growth of almost 42%. Registered prepay customers made up 69% of the closing customer base, with the proportion of active customers estimated to be 91%.

Libertel Vodafone was successful in winning one of five fifteen year UMTS licences, auctioned in July 2000, at a cost of approximately £467m.

Panafon Vodafone performed satisfactorily, increasing its registered customer base by 32% to close at 2,340,000, of which 68% were connected to prepay services. In October 2000 Panafon Vodafone launched CU, a prepay product aimed at the youth market, with low SMS and CU to CU charges. In 2001, CU accounted for approximately 50% of Panafon Vodafone's prepay gross additions generating ARPU which is 60% higher than the existing prepay product, À La Carte. The Greek government is expected to conduct an auction of four UMTS licences in the summer of 2001.

Telecel Vodafone traded in line with expectations, increasing its registered customer base by 38% to 2,478,000 at 31 March 2001. Telecel Vodafone is the second largest operator in Portugal in terms of total customers, but has maintained its market leadership in the corporate sector and is the leader in post-paid services in the Portuguese market. Telecel Vodafone was awarded one of four UMTS licences in January 2001 for a fee of approximately £65m.

Vodafone Hungary, which is the third operator in Hungary, suffered from the effects of tariff reductions implemented by competing networks following the launch of its service in the final quarter of 1999. Vodafone Hungary connected 176,000 net customers to its network during the year, increasing its registered customer base to 223,000 at the end of the year. Network rollout is progressing satisfactorily and reliance on domestic roaming has now been largely eliminated.

Through a number of agreements entered into during January, July and September 2000, and following the receipt of regulatory approvals, the Group increased its shareholding in Airtel Móvil from 21.7% to 73.8% on 29 December 2000. Airtel has been consolidated in the Group accounts as a subsidiary undertaking from that date. On 2 May 2001, the Group announced that it had agreed to acquire BT's 17.8% stake in Airtel for a cash consideration of Euro 1.77 billion (approximately £1.1 billion), which will increase the Group's ownership interest to approximately 91.6%. The transaction is conditional upon EU regulatory approval. The two remaining shareholders retain a put option to sell their stakes in Airtel to Vodafone.

Airtel had 7,148,000 registered customers at 31 March 2001, representing growth of 27% in the year. 56% of the customer base are connected to its prepay tariffs. A third operator entered the market during the year and the increased competition reduced the market share of both Airtel and the other existing operator. This reduced market share also reflects a revised approach to the less profitable prepay market and increased focus on customer retention, with reduced subsidies being paid to distributors for the acquisition of new prepay customers. The business is expected to be rebranded as Airtel Vodafone in the second half of 2001.

The Group has significant minority interests in Proximus in Belgium, SFR in France and the recently acquired Swisscom Mobile in Switzerland. Third generation licences have not yet been awarded in France, although SFR was one of only two applicants for the four licences on offer. Swisscom Mobile is the clear market leader in Switzerland with a market share of approximately 69% and a customer base of over 3.3 million at 31 March 2001. All three businesses traded according to expectations.

In February 2001, the Group was successful in winning a licence to operate a GSM network in Albania. The network start up is being managed by Panafon Vodafone and the Group has an effective ownership interest in the new venture of approximately 78%.

Other Operations

The Group's other operations mainly comprise interests in Mannesmann Arcor, a German fixed line business, Telecommerce, a German IT and data services business, Cegetel of France and Vizzavi Europe, the Group's 50% owned multi-access consumer portal joint venture with Vivendi Universal. These other operations recorded pro forma proportionate EBITDA losses of £27m, and proportionate operating losses of £237m.

Mannesmann Arcor is the leading wireline competitor to Deutsche Telekom in Germany. In addition to its wireline activities Arcor provides telecommunication services for Deutsche Bahn AG, the German railway company. An important part of this is a long-term contract under which Arcor has been building a GSM network for railway operations in Germany.

By 31 March 2001, Arcor had more than 2.2 million contract voice customers and more than 16.2 billion voice and internet minutes were switched over Arcor's network in the financial year. The revenue of Arcor Group in the year ended 31 March 2001 reached approximately Euro 1.6 billion and the business is EBITDA positive. With the build-up of the point to multi-point joint venture, Arctel, and the recent acquisition of a controlling stake in the city carrier Netcom Kassel, Arcor is successfully pursuing its multi-access strategy.

Telecommerce undertakes a range of activities for Group and external customers, from the maintenance of IT facilities to the development of technologies and services supporting cellular networks. The main contribution to revenue is derived from the IT-solutions business.

Cegetel, in which the Group has a 15% stake, is the second largest fixed line operator in France. The company also provides internet access services. At 31 December 2000 the company had a share of over 15% of the French telecommunications market with over 2.5 million fixed line customers.

Vizzavi, Vodafone's 50:50 joint venture with Vivendi Universal to develop a multi-access portal for the European market, was created in May 2000 and received EU approval in July 2000.

UNITED KINGDOM

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase / (decrease) %
Proportionate turnover	**£3,458m**	**£2,945m**	**17**
Proportionate EBITDA	**£1,068m**	**£934m**	**14**
Proportionate EBITDA margin	**31%**	**32%**	
Operational data			
Customers			
- Registered	**12,279,000**	**8,791,000**	**40**
- Active	**10,780,000**		
ARPU – Blended registered contract & prepay(1) (2)	**£306**	**£380**	**(19)**
ARPU – Blended active contract & prepay(1) (2)	**£348**		
Total non-voice services - % of service revenue(1)	**6.6%**		
Messaging - % of service revenue(1)	**5.7%**		
Data - % of service revenue(1)	**0.9%**		

(1) Calculated for the twelve month periods to 31 March.
(2) UK ARPU has been calculated based on total UK service revenue, consistent with other territories. The calculation was formerly based on UK network service revenue only.

The UK mobile phone market grew by 16.3 million net new customers in the year to 31 March 2001, resulting in a total market of 43.4 million registered customers. On this basis, market penetration is 72% compared with 46% at the beginning of the year.

Vodafone UK has maintained its clear leadership in this highly competitive market place with a market share of 28.3%, 1.1 million customers ahead of the nearest competitor. Net customer connections during the year were 3,488,000 giving a registered customer base of 12,279,000 at 31 March 2001. There were 10,780,000 active customers, approximately 88% of the registered base.

Strong growth in the contract customer base continued throughout the year, resulting in net additions of 582,000 and giving a closing contract customer base of 4,294,000. Continued focus on high value customers ensured that our share of the corporate market was maintained at over 50%. At 31 March 2001, Vodafone UK's service provider companies accounted for 59% of the contract customer base.

Prepay products continued to drive the growth in the UK mobile market. The introduction of new tariffs and products stimulated this growth, with the result that 2,906,000 net connections were made in the year ended 31 March 2001. Prepay customers totalled 7,985,000 at 31 March 2001, representing 65% of Vodafone's UK customer base.

ARPU for the contract customer base for the twelve months to 31 March 2001 was £550 compared with £562 for the year to 31 March 2000. Excluding inactive customers, contract ARPU was £556. Cost to connect rose to £121 for the year to 31 March 2001 from £94 for the previous year, reflecting the competitive market and the connection of higher value customers in the period.

Prepay ARPU has declined from £178 for the year to 31 March 2000 to £156 for this year, due primarily to the impact of lower usage customers being added to the base and the increasing numbers of inactive customers. Excluding inactive customers, prepay ARPU was £191. Prepay cost to connect for the year to 31 March 2001 was £56 compared with £50 in the twelve months to 31 March 2000, reflecting competitive pressures. Vodafone UK has recently announced significant reductions in distribution incentives for prepay products in order to improve the profitability of this market segment.

An investment of £610m in network infrastructure improved network quality significantly and enhanced Vodafone's position as the UK's leading network. This, together with improvements to customer service, has helped to reduce network churn in the last twelve months to 25%, compared with 29.8% in the previous twelve months. The network was rated number one in the Oftel customer satisfaction survey in October 2000.

Commercial service of GPRS was launched in April 2001 in the corporate market, following successful and extensive trials. Initial feedback from customers has been very encouraging. 3G development is progressing and the first 3G call was made by Vodafone in April 2001, within our initial network in the Thames Valley. Commercial launch of 3G services remains on track for the second half of 2002.

UNITED STATES

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase / (decrease) %
Proportionate turnover [1]	£5,008m	£3,650m	37
Proportionate EBITDA [1] - before exceptional items	£1,627m	£1,145m	42
Proportionate EBITDA margin	32%	31%	
Operational data			
Proportionate registered customers[1]	11,570,000	10,553,000	10
ARPU – Blended registered contract & prepay[1] [2]	$551	$472	17
Total non-voice services - % of service revenue[2]	0.6%		
Data - % of service revenue[2]	0.6%		

[1] Proportionate turnover, EBITDA, customer numbers and ARPU for the period to 31 March 2000 are presented on a pro forma basis for the merger with AirTouch and comprise the pro forma proportionate results of AirTouch's US wireless assets
[2] Calculated for the twelve month periods to 31 March

Verizon Wireless

Verizon Wireless was formed at the beginning of the year by the combination of the US cellular operations of Vodafone, Bell Atlantic and GTE. The combination created a nationwide network using CDMA digital technology, covering nearly 90% of the US population and 96 of the top 100 US wireless markets. Verizon Wireless is the leading mobile telecommunications provider in the United States in terms of number of customers, network coverage, revenues and cash flow. Vodafone owns a 45% interest in the venture.

Verizon Wireless maintained its market leadership in a highly competitive market place, which currently comprises six nationwide competitors and several regional and small rural carriers. Verizon Wireless ended the year with a customer base of 27,122,000, after elimination at the year end of 900,000 additional inactive accounts, holding a 24% share of the market with over 6.5 million more customers than its nearest competitor.

Verizon Wireless has focused on gaining and increasing high value customers through new customer additions and migration of existing analogue customers to digital price plans. At 31 March 2001, digital customers totalled over 60% of the customer base and generated 85% of peak-hour usage.

The increase in the company's digital customer base contributed to a strong financial performance for the year. Proportionate turnover for the Group's US operations, including Verizon Wireless, increased to £5,008m for the year to 31 March 2001 and proportionate EBITDA, before exceptional items, was £1,627m, an EBITDA margin of 32%.

Annualised churn on the Verizon Wireless network increased to 31% from 29% last year. This was due in part to Verizon Wireless's removal of non-revenue generating customers from its base. During the year, the company launched an innovative churn management programme, "New Every Two", to increase customer loyalty. Under the programme, digital customers are eligible to receive a free digital handset, or handset credit, after two years of service with a two-year contract renewal.

ARPU has increased to $551 from $472 last year due to the growth of the digital customer base, and the impact of bundled minute plans. SingleRate^{SM} plans, which eliminate long distance and roaming charges, are the cornerstone of the company's product offerings. Customers can choose from several large bundles of minutes, based on their usage requirements, ranging from 150 minutes to 2,000 minutes per month.

At 31 March 2001 Verizon Wireless had almost one million data customers, with the number of data customers having doubled in the second half of the year. During the year, the company launched its Mobile Web service where customers can use their handset or access the "MyVZW" portal. Verizon Wireless also extended its data offerings during the period to include the first wireless service for the next-generation smart phone in the US, being a Web-ready handset incorporating a personal digital assistant. The company announced plans to deploy the first phase of the first commercial 3G high-speed data mobile network in the US.

The company was the winning bidder for 113 licenses in the FCC's auction of 1.9 GHz spectrum. The company added capacity for advanced services in markets including New York, Boston, Los Angeles, Philadelphia, Washington, D.C., Seattle and San Francisco for a total price of $8.8 billion. Verizon Wireless now has spectrum in all of the top 50 Metropolitan Statistical Areas in the United States.

An Initial Public Offering of a minority stake in the business may be undertaken. Market conditions will be monitored to assess the optimal timing for such an offering.

Other businesses

On 4 April 2001 the Group acquired a 34.5% equity interest in Grupo Iusacell in Mexico for $973 million. Iusacell has over 1,700,000 customers.

ASIA PACIFIC

Japan

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase / (decrease) %
Proportionate turnover (1)	**£1,897m**	**£890m**	**113**
Proportionate EBITDA (1)	**£360m**	**£239m**	**51**
Proportionate EBITDA margin	**19%**	**27%**	
Operational data			
Proportionate registered customers (1)			
- Registered	**2,826,000**	**1,907,000**	**48**
ARPU – Blended registered contract & prepay(2)	**Yen 105,971**		
Total non-voice services - % of service revenue(2)	**9.6%**		
Messaging - % of service revenue(2)	**4.0%**		
Data - % of service revenue(2)	**5.6%**		

(1) Proportionate turnover, EBITDA and customer numbers for the period to 31 March 2000 are presented on a pro forma basis for the merger with AirTouch.
(2) Calculated for the twelve month period to 31 March

Japan Telecom is one of Japan's leading telecommunications companies and the parent company of J-Phone Communications which, together with its three subsidiary operating companies, comprises the J-Phone Group. The fast-growing J-Phone Group, with approximately 10 million customers and a greater than 16% market share, is the third largest operator in the Japanese market. Japan is the second largest mobile telecommunications market in the world.

In transactions completed before and after 31 March 2001, Vodafone acquired shareholdings in Japan Telecom through the acquisition of an aggregate 15% equity interest from West Japan Railway Company and Central Japan Railway Company. The total cash consideration was Yen 249.7 billion (£1.4 billion), the transaction being completed in two stages with the acquisition of a 7.5% shareholding on 31 January 2001 and a 7.5% shareholding on 12 April 2001. The Group completed the acquisition of a further 10% shareholding in Japan Telecom from AT&T for a cash consideration of $1.35 billion (£0.9 billion) on 26 April 2001.

On 2 May 2001, Vodafone announced that it had agreed to acquire, for a cash consideration of approximately £3.7 billion, BT's ownership interests in Japan Telecom and the J-Phone Group, comprising £3.05 billion for BT's combined shareholdings of 20% in Japan Telecom and 20% in J-Phone Communications, with a further Euro 1.04 billion (£0.65 billion) for BT's aggregate direct interest of approximately 4.9% in the J-Phone operating companies. BT's aggregate interest of 4.9% in the J-Phone operating companies is the subject of a call option and the payment of £0.65 billion is only payable upon delivery of the shares to Vodafone.

Completion of these transactions will increase Vodafone's ownership interest in Japan Telecom to 45% and in J-Phone Communications to 46%, excluding the indirect interest held through Japan Telecom. Vodafone's total effective ownership interest in the J-Phone Group is expected to increase to between approximately 58% and 63%. Vodafone has not, however, acquired control of the J-Phone Group through these transactions and accounts for its interests on an equity basis rather than full consolidation.

The substantial increase in proportionate turnover and EBITDA is primarily due to increases in Vodafone's effective ownership interest in the J-Phone Group during each of the financial years ended 31 March 2001 and 31 March 2000. At 31 March 2001, the Group's effective ownership interest in the J-Phone Group (including indirect holdings through its 7.5% stake in Japan Telecom) ranged between approximately 27% and 31%. This compares with initial shareholdings of between 4.5% and 15% following the acquisition of AirTouch. Underlying organic growth in proportionate EBITDA was 22% in the year to 31 March 2001.

Japan's cellular market remained robust as mobile services continued to expand. The number of mobile phone users increased by 9.8 million, or 19.2%, year-on-year to 60.9 million at 31 March 2001 and market penetration was 48%. A driver of this growth is the ability to access mobile internet services using phones with an "always-on" capacity, which differentiates the service in Japan from the Group's other main markets. There are now nearly 35 million mobile internet access-enabled handsets in the Japanese market, approximately 57% of the total customer base. J-Phone added 1,859,000 new customers during the year, increasing its customer base by 23% to 9,966,000 at 31 March 2001, representing a market share of approximately 16%. Almost 6,200,000 (62%) of its customers now have internet-capable phones, a higher proportion of its customer base than any other operator.

A combination of competitor activity and the Japanese consumers' appetite for internet-access phones resulted in a substantial increase in customer upgrade and connection costs compared with the previous year, the decrease in EBITDA margin from 27% to 19% resulting from the increased competitiveness of the market. Japan's four operators depend largely on independent retail shops and exclusive dealers to attract new customers.

J-Phone expects to launch its first commercial Java-compatible handsets by June 2001. The new handset will enable J-Sky customers to customise software in their phones and to run a variety of other applications. It will also enable three dimensional animated graphics, games and advertisements.

In July 2000, J-Phone was awarded one of three 3G licences available in Japan; no fee was required by the Japanese government. J-Phone has postponed the planned launch date of its 3G (IMT 2000) service due to major revisions in the international standards for W-CDMA technical specifications, 3GPP, which were announced in December 2000. Revised launch dates of June 2002 are scheduled for the Tokyo area, with planned launches in other regions in October 2002.

China

On 4 October 2000, Vodafone and China Mobile (Hong Kong) Limited announced that they had entered into a memorandum of understanding setting out the principal terms for a strategic alliance and co-operation between the two parties in mobile services, technology, operations and management. The signing of the strategic alliance agreement was completed on 27 February 2001. Vodafone and China Mobile also intend to explore opportunities for joint ventures and other equity-based strategic alliances in areas such as research and development of wireless data services, international investment opportunities and regional and/or global alliances.

Concurrent with the signing of the memorandum of understanding, Vodafone agreed to purchase an equity interest in China Mobile. In an offering that closed on 3 November 2000, Vodafone acquired newly issued shares representing approximately 2.18% of China Mobile's share capital for a cash consideration of US$2.5 billion. At 31 March 2001 China Mobile had approximately 52 million customers.

Vodafone Pacific

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase / (decrease) %
Proportionate turnover	£669m	£531m	26
Proportionate EBITDA	£162m	£120m	35
Proportionate EBITDA margin	24%	23%	
Operational data			
Proportionate customers			
- Registered	2,837,000	1,795,000	58
- Active	2,723,000		

The Group's operations in Australia, New Zealand and Fiji have achieved solid operating results during the financial year. The customer base increased by 58% in the year to 31 March 2001 with proportionate EBITDA increasing by 35% to £162m and EBITDA margin improving to 24% in the year.

In Australia, which is a highly competitive market with six mobile networks, Vodafone's customer base increased by 47% in the year, attracting 671,000 net new customers. Total customers now number 2,111,000, representing 19% of the market. Customers have been enthusiastic adopters of SMS, data and internet services and more than 5% of average customer revenues come from these services.

In New Zealand, strong growth continued with an 88% increase in the customer base to 889,000, an addition of 416,000 net new customers during the year. Vizzavi, the Group's global wireless internet and data platform, was launched in December 2000.

In Fiji, Vodafone's strong growth continues with a total of 55,000 customers at 31 March 2001.

Australia and New Zealand acquired 3G spectrum for A$254 million (£87m) and NZ$29 million (£8m), respectively, in the recent auctions and both expect to introduce 3G services by 2004.

MIDDLE EAST & AFRICA

Financial highlights	Year to 31 March 2001	Year to 31 March 2000	Increase %
Proportionate turnover [1]	£448m	£395m	13
Proportionate EBITDA [1]	£227m	£142m	60
Proportionate EBITDA margin	51%	36%	
Operational data			
Proportionate registered customers [1]	2,349,000	1,218,000	93

[1] Proportionate turnover, EBITDA and customer numbers for the period to 31 March 2000 are presented on a pro forma basis for the merger with AirTouch.

At 31 March 2001, the Middle East & Africa region had network operations in three countries; Egypt, South Africa and Kenya. The Group sold its investment in Celtel (Uganda) for a profit during the period and acquired a 40% stake in Safaricom in Kenya.

Proportionate customers in the Middle East & Africa region increased to 2,349,000, which represents growth of 1,131,000 (93%) on the closing customer base at 31 March 2000. Growth was particularly strong in Egypt where the Group's 60% subsidiary, Vodafone Egypt, almost trebled its customer base in the period from 405,000 to 1,171,000 customers.

In South Africa, Vodacom, in which the Group has a 31.5% shareholding grew its customer base to 5,108,000 from 3,069,000 at the beginning of the period. Safaricom has progressed well and by 31 March 2001 had 93,700 customers.

OTHER BUSINESS DEVELOPMENTS

Business Reorganisation

On 1 April 2001 the Group implemented the planned reorganisation of its overall management structure and governance process in response to the rapid expansion of the Group. Under the overall supervision of the Main Board, the Group now has three Management Committees to oversee the execution of the Board's strategy and policy and to ensure that Vodafone remains at the forefront of its industry.

Following these changes Chris Gent continues to chair the Group Executive Committee and is also chairman of the newly formed Group Policy Committee. Julian Horn-Smith, previously Chief Executive of the Europe region, is the newly appointed Group Chief Operating Officer and chairs the Group Operational Review Committee.

The Group's European operations have also been split into three new regions from 1 April 2001: Northern Europe, Central Europe and Southern Europe. Vittorio Colao, previously Chief Executive of Omnitel Vodafone, was appointed Chief Executive of Southern Europe and Jurgen von Kuczkowski, previously Chief Executive of D2 Vodafone, was appointed Chief Executive with responsibility for Central Europe. Both appointees joined the Executive Committee. Peter Bamford becomes Chief Executive for Northern Europe, Middle East and Africa.

Project Momentum and Global Brand

On 1 April 2001, Thomas Geitner was appointed Chief Executive Group Products and Services with new global responsibilities for Product Management and Innovation, Brand Management, IT and Technology, Supply Chain Management and Multi-National Account Management.

These five key functions, which are being co-ordinated across the Group's controlled businesses, supplement the Group's existing regional structures. The initial focus will be in the three new regions in Europe with subsequent rollout to the Group's global businesses. Each of these new initiatives is currently projected to contribute towards the achievement of after tax cash savings for the Group of £600 million in 2004 and to lead to the introduction of 3G services and customer experience of seamless services across the Group's global footprint.

Product management and innovation: Vodafone has begun to offer its customers Group-wide product offerings, with services such as EuroCall, short code access, and assisted roaming being successfully launched on Vodafone networks in Europe. Short code access allows voice products to "travel" with the customer, with short code dialling and utilisation of the mailbox being identical in each of the visited networks. With EuroCall, the Group has introduced a flat-rate single tariff in Europe, a service already being used by more than 1.6 million customers.

The enhanced data capabilities of GPRS and UMTS, together with the deployment of new handsets, will allow a new set of innovative products to be delivered to customers. New products such as location based services, mobile payment facilities (with micro-payment and e-Wallet functionality), prepay and GPRS roaming, unified messaging and instant messaging have target launch dates for 2001/2002. Further programmes to enable access to the Internet and specific applications for business customers will follow.

Brand management: New seamless products demand a single ubiquitous Vodafone brand in all markets and its adoption will maximise the return from the Group's investment in marketing and application development and will increase customer loyalty. The objective is to rollout a common Vodafone brand without eroding existing brand equity. In January 2001 brand migration started in Europe with new dual brand logos (for example, "D2 Vodafone") replacing existing logos. This marks the beginning of a transition phase, which will lead to a consistent identity and brand positioning for all of the Group's subsidiaries by early 2002. In parallel, the brand campaign will support the launch of Group-wide services, such as EuroCall. It is intended that Vodafone will be one of the world's top brands.

IT and Technology: The next generation of mobile services is expected to be accompanied by the development and implementation of standardised platforms across the Group's networks. GPRS is expected to allow mobile data access speeds that match today's fixed desktop computer with substantial reductions in call set-up times through an "always on" capability for the customer, improving the customer friendliness of mobile data applications. The Group's initial focus will be to offer the benefits of GPRS technology by the launch of an expanded data services portfolio, with harmonised technologies and common billing systems. The launch of 3G services will provide even more capacity, bandwidth and speed and is expected to provide the platform for more sophisticated products such as video streaming and picture messaging. 3G technology is expected to enable mobile to substitute for fixed telephone services in the provision of voice and narrow-band data services, as well as for some broadband applications.

Supply chain management: Global procurement initiatives, initially concentrating on handsets, interconnect agreements, IT and network infrastructure, will enable the Group to leverage its purchasing strength, to improve supply chain processes across Group companies and to develop strategic partnerships with selected suppliers in order to harmonise product and technology planning.

Multi-national account management: Multinational account management fits well with Vodafone's strong and increasing presence in the corporate sector. The Group has begun to serve multinational accounts across markets with competitive price plans and unique pan-European services. Major contracts signed so far are with business customers in the accountancy and the FMCG segments. Vodafone expects demand for multinational services to grow in the coming years.

Internet and Mobile Data

During the year Vodafone continued to implement its strategy to develop a global Internet platform. The development of the platform is the responsibility of the Vodafone Global Internet and Platform Services organisation located in California.

Important milestones were reached during the year, including completion of the long-term platform road map and architecture, building the development and deployment team and identifying key technology partners. The first version of the platform has been deployed in Vodafone New Zealand, where customers are currently using mobile Internet services with the Vizzavi brand.

The current version of the platform offers an attractive user interface including quick and easy navigation, integration of services across multiple access devices: desktop, mobile phones and PDAs, personal information management (calendar, email), user personalisation for web and WAP pages, local content integration, alerts on content and information and location-based services for users with WAP phones.

During 2001, we intend to add increased functionality including unified and instant messaging, mobile commerce, voice navigation, mobile-PIM synchronisation, personal account consolidations, enhanced m-commerce and fully integrated shopping and location-based services. The next full release of the platform will be available commercially by the end of the calendar year 2001.

During 2001 the platform will also be deployed for Vodafone operators in Australia, Egypt, and Romania. The Group is in discussions with affiliates in Japan, the United States, China and Europe for their use of the entire platform or key elements of it.

Vizzavi, which is already available in The Netherlands, the UK and France as a PC and mobile portal, is expected to roll out its services to Germany, Italy, Greece, Spain and Portugal by the end of 2001. Vizzavi will be well placed to take advantage of the growth in wireless services expected with the roll out of GPRS in 2002. At 31 March 2001 Vizzavi Europe had more than 700,000 customers. Headquartered in London, the company currently has more than 800 employees in six countries.

In addition to its core offering, Vizzavi has launched services such as WAP games, e-mail, picture mail, music streaming, news and finance content and location-based services. Later this year, functionality such as unified messaging, instant messaging and e-commerce capabilities will be added to the portal. With the advent of GPRS's 'always on' capability and the introduction of new devices and technology, Vizzavi customers will see continuous enhancements to the portal.

Vodafone recognises the benefits of creating a strong portal offering which will serve to increase airtime usage, reduce churn and create additional value. Vizzavi forms a core part of achieving the data ARPU targets that the Group has set itself.

Sales of Businesses

Following the Mannesmann transaction, the Group has agreed the sale of a number of businesses for an aggregate value of approximately £33.3 billion. Cash proceeds during the year totalled approximately £27.9 billion, including loan repayments to the Group of approximately £1.9 billion, the remaining proceeds of approximately £5.4 billion being subject to the exercise of certain put options and the delivery of France Telecom shares by Vodafone.

In April 2000, Mannesmann reached an agreement with Siemens AG and Robert Bosch GmbH for the sale of a controlling interest in Atecs Mannesmann, its engineering and automotive business. The transaction valued Atecs at approximately Euro 9.6 billion, including pension and non-trading financial liabilities to be assumed on closing. On 29 September 2000, a payment of approximately Euro 3.1 billion (£1.9 billion) plus interest was made to Mannesmann in exchange for the pending transfer of a 50% plus two shares stake in Atecs Mannesmann, which completed on 17 April 2001 following approval from the relevant European Union and US regulatory authorities. Atecs Mannesmann also repaid Group loans of Euro 1.55 billion (£1.0 billion) in March 2001. Further proceeds of between Euro 3.7 billion and Euro 3.8 billion may be realised upon the exercise of certain put options over the remaining stake between 17 April 2001 and 31 December 2003.

The sale of Orange to France Telecom was completed on 22 August 2000, following the receipt of conditional approval by the European Commission and approval by the shareholders of France Telecom. The consideration comprised a cash payment of approximately Euro 21.4 billion (£13.2 billion), a Euro 2.2 billion France Telecom loan note and 113,846,211 France Telecom shares, representing 9.87% of the outstanding share capital of France Telecom. In addition, France Telecom assumed Orange's existing debts, and its financial obligation regarding its UK 3G licence, totalling £4.1 billion. The loan note was redeemed in March 2001 and realised proceeds of £1.4 billion. The Group also renegotiated and exercised its put options over France Telecom shares for a total value of approximately Euro 11.6 billion, of which Euro 6.7 billion (£4.2 billion) was received in March 2001 with the balance being receivable in March 2002. The balancing payment of approximately Euro 4.9 billion (£3.1 billion) is subject to an upward adjustment dependent upon movements in France Telecom's share price and currency fluctuations.

On 9 October 2000, Mannesmann completed the sale of its tubes business to Salzgitter for a nominal consideration. In the period prior to the completion of sale, Mannesmann made capital contributions to the tubes business totalling Euro 271 million. Mannesmann also completed the sale of Les Manufactures Horlogères, its luxury watches business, to Richemont S.A. in December 2000, for a cash consideration of approximately Euro 1.8 billion (£1.1 billion).

On 29 March 2001 the Group completed the sale of Infostrada to Enel S.p.A. Total proceeds received at completion for the entire issued share capital of Infostrada were Euro 7.4 billion (approximately £4.7 billion) and Enel assumed Infostrada's net debt, including Euro 0.8 billion (£0.5 billion) of debt owed to the Group.

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 is subject to regulatory approval.

The formation of Verizon Wireless in April 2000 resulted in net proceeds to the Group of approximately £2.5 billion from a debt push-down arrangement agreed with the other parties. Further proceeds of £1.8 billion have been realised following the disposal of conflicted properties in the US, such disposals being a condition of the regulatory approval of the transaction.

Recent Transactions

On 29 December 2000, the Group completed its acquisition of a total of 4,061,948 shares in Airtel Móvil S.A., representing approximately 52.1% of the issued share capital of Airtel. The acquisition increased the Group's stake in Airtel to 73.8%. In consideration for their shareholdings Vodafone issued 3,097,446,624 new listed ordinary shares to the transferring Airtel shareholders, representing a transaction value of approximately £7.9 billion for the acquired shares.

Following receipt of regulatory approvals and the agreement of Swisscom AG's shareholders, a 25% equity interest in Swisscom Mobile was acquired for CHF4.5 billion (£1.8 billion) during the first quarter of 2001. The consideration for the 25% stake represents an enterprise value of approximately £7.3 billion for Swisscom Mobile, including net debt of £0.2 billion. Vodafone satisfied the first £0.85 billion tranche of consideration by the issue of 422,869,008 new Vodafone shares and the payment of CHF25 million in cash. The second tranche of £0.98 billion will be satisfied in cash or Vodafone Group Plc shares, or a combination of both, at Vodafone's discretion and is payable by March 2002.

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 with over 1.7 million customers, for a cash consideration of $973 million. Verizon Communications Inc., Vodafone's existing partner in Verizon Wireless in the US, owns approximately 37% of Iusacell.

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 cash consideration of £3.7 billion, assuming the exercise by BT of its option over shares in the operating subsidiaries of the J-Phone Group, and the acquisition of BT's 17.8% shareholding in Airtel Móvil S.A. for a cash consideration of £1.1 billion. The acquisition of BT's interests in Japan Telecom and the J-Phone Group are expected to be completed by August 2001, conditional upon regulatory approvals and procedural requirements under agreements to which BT is a party and the exercise of certain options by BT. The Airtel transaction is expected to close by the end of June 2001 and is conditional upon EU regulatory approval. Neither transaction is conditional upon the other.

On 21 December 2000 *eircom* plc announced the proposed demerger of *eircom* plc's mobile communications business, Eircell, to a new company, called Eircell 2000, and Vodafone announced a separate offer for the entire share capital of Eircell 2000. Eircell is the leading provider of mobile communications in Ireland, with over 1.5 million customers at 31 March 2001. At the date it was launched, the offer valued Eircell at approximately Euro 3.6 billion, including the assumption of Euro 250 million of net debt. The offer 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 of Eircell, all shareholders were deemed to have accepted the offer at that date.

FINANCIAL REVIEW

Profit and loss account

The Group has completed a number of significant transactions in the year.

The results and net assets of Mannesmann have been consolidated in the Group's financial statements with effect from 12 April 2000, the date the acquisition was completed. Non-core businesses sold following the acquisition of Mannesmann, including Atecs Mannesmann, Orange, Mannesmann's watches and tubes businesses, Ipulsys, Infostrada and tele.ring, have not been consolidated in the results for the year.

The results and net assets of Airtel have been fully consolidated with effect from 29 December 2000. Prior to the acquisition of a controlling interest, the Group's 21.7% interest in Airtel was accounted for as an associated undertaking within continuing operations under the equity accounting method.

The Group's interest in Verizon Wireless, which was formed on 3 April 2000, has been accounted for using equity accounting in the current year and the Group's share of results is disclosed within continuing operations. In the year ended 31 March 2000, turnover of £2,585m and operating losses of £100m (after goodwill amortisation) in respect of the Group's US businesses were fully consolidated.

Group turnover and total Group operating (loss)/profit

Group turnover increased to £15,004m from £7,873m last year. This reflects growth in continuing operations from £5,288m to £6,637m, after adjusting for the results of US operations in prior year turnover, and includes £8,367m in respect of acquired businesses. Turnover from continuing operations, including the Group's share of joint ventures and associated undertakings, increased from £11,521m to £15,155m, reflecting the strong growth of these businesses.

Total Group operating loss of £6,998m for the year (31 March 2000: profit of £796m) is after charging exceptional operating costs of £320m (31 March 2000: £30m) and goodwill amortisation of £11,882m (31 March 2000: £1,712m). Total Group operating profit, before exceptional operating costs and amortisation of goodwill, increased to £5,204m, compared with £2,538m last year. Acquisitions represented £2,087m of the increase with a further increase of £579m to £3,117m from continuing operations.

Exceptional operating items of £320m primarily comprise impairment charges of £91m in relation to the carrying value of certain assets within the Group's Globalstar service provider businesses, exceptional reorganisation costs of £85m relating to the restructuring of the Group's operations in Germany and the US, and £141m in relation to the Group's share of the restructuring costs incurred by Verizon Wireless.

The increase in the goodwill amortisation charge from £1,712m to £11,882m is primarily due to amortisation of the goodwill arising from the acquisition of Mannesmann, provisionally calculated to be £83 billion, goodwill on formation of the Verizon Wireless joint venture partnership and a full year's amortisation charge for goodwill relating to the acquired AirTouch operations (excluding US businesses contributed to Verizon Wireless). These charges for goodwill amortisation do not affect the cash flows of the Group or the ability of the Group to make dividend payments.

Exceptional non-operating items

The net profit of £80m from exceptional non-operating items primarily comprises a profit of £261m relating to the settlement of a hedging transaction, offset by impairment charges of £193m against the Group's investments in Globalstar and Shinsegi Telecom, Inc. The profit of £954m in the prior year arose mainly on disposal of the Group's interest in E-Plus Mobilfunk GmbH as a condition of EU approval of the acquisition of Mannesmann.

Interest

Total Group interest, including the Group's share of the net interest expense of joint ventures and associated undertakings, increased by £776m to £1,177m. Net interest costs in respect of the Group's net borrowings increased by £517m to £850m, compared with £333m (before exceptional finance costs of £17m) in the year to 31 March 2000. The increase includes interest on Mannesmann's debt of £12,551m, which was assumed at acquisition on 12 April 2000. Group interest, excluding the Group's share of the net interest expense in joint ventures and associated undertakings, is covered 6.2 times by Group EBITDA (before exceptional operating costs) plus dividends received from joint ventures and associated undertakings.

Taxation

The effective rate of taxation for the year, before goodwill and exceptional non-operating items, increased to 33.9% from 32.5% in the year ended 31 March 2000. The 1.4% increase in the effective tax rate is primarily the result of the integration of the Mannesmann businesses into the Group's result. The results of the Mannesmann businesses have been consolidated since acquisition on 12 April 2000.

Pro forma proportionate financial information

Due to the significance of the acquisition of Mannesmann and the merger with AirTouch on the results for each of the years ended 31 March 2001 and 31 March 2000, unaudited pro forma proportionate financial information has been presented on the basis that these transactions took place on 1 April in each financial year. The following discussion of pro forma proportionate Group turnover and EBITDA, before exceptional items, provides a more direct comparison of year-on-year operating performance.

Mobile operations

Pro forma proportionate turnover for the Group's mobile businesses increased by over 29% to £21,428m and pro forma proportionate EBITDA, before exceptional items, increased by 28% from £5,504m to £7,043m, reflecting the strong progress of the business following the Mannesmann transaction and formation of Verizon Wireless.

After making adjustments for acquisitions completed in the year, primarily the increased stakes in Airtel in Spain, the J-Phone Group in Japan and the acquisition of shareholdings in Swisscom Mobile and China Mobile, underlying growth in both mobile pro forma proportionate turnover and EBITDA, at constant exchange rates, was 25%.

In Continental Europe pro forma proportionate turnover grew by almost 21% to £9,743m. This increase comprised strong organic growth, reflecting the rapid growth in customer numbers in all major markets, the Group's increased shareholding in Airtel and the acquisition of an equity interest in Swisscom Mobile.

Pro forma proportionate EBITDA for Continental Europe increased by almost 22% to £3,534m. A reduction in EBITDA margin of 6% in Germany impacted this result, the decrease being due to the high level of connection costs resulting from record customer growth, particularly in the first half of the financial year. The increase in pro forma proportionate EBITDA reflects strong trading throughout the region with particularly strong margin improvements in the Group's subsidiaries in Italy, Greece, the Netherlands and Spain.

Proportionate turnover in the UK increased by 17% to £3,458m and proportionate EBITDA increased by 14% to £1,068m, reflecting further strong prepay customer growth and the increased usage of data services, offset by the impact of tariff reductions.

In the United States, proportionate turnover and EBITDA were £5,008m and £1,627m, respectively, resulting in an EBITDA margin of 32%. This reflects the profitable trading of Verizon Wireless during the year, as the business has focused on gaining high value customers through new customer additions and the migration of existing analogue customers to digital price plans.

The Asia Pacific region saw an increase in pro forma proportionate turnover of over 80% to £2,771m and an increase in pro forma proportionate EBITDA of almost 56% to £587m. This comprised underlying organic growth of 50% and 28%, respectively, with the balance being primarily due to the acquisition of increased stakes in the J-Phone Group and the acquisition of a 2.18% stake in China Mobile during the year.

The Middle East and Africa region reported an increase in pro forma proportionate EBITDA of almost 60% to £227m. Strong growth occurred in both the Group's subsidiary in Egypt and associated undertaking in South Africa.

Other operations

Pro forma proportionate turnover in the Group's other operations remained relatively constant at £802m. Pro forma proportionate EBITDA was an overall loss of £27m primarily as a result of the Group's share of the losses incurred by Vizzavi Europe.

Exchange rates

The net impact of movements in exchange rates was not significant to the year on year increases in pro forma proportionate turnover and EBITDA, with the effect of adverse exchange rate movements against the Euro being offset by favourable movements against the US dollar and Japanese yen.

Earnings per share

Basic earnings per share, before goodwill and exceptional items, decreased by 20% from 4.71p to 3.75p, primarily reflecting the dilution arising from the issue of new shares in connection with the Mannesmann acquisition.

Basic earnings per share, after goodwill and exceptional items, fell from 1.80p last year to a loss per share of 15.89p in the year to 31 March 2001. The loss per share of 15.89p includes a charge of 19.34p per share (2000: 6.32p per share) in relation to the amortisation of goodwill.

Dividends

The proposed final dividend of 0.714p produces a total for the year of 1.402p, an increase of 5% over last year, and reflects the continuing strong trading performance and operating cash flow generation of the Group's operations. The dividend was covered 2.4 times by Group earnings, before goodwill amortisation, compared with 3.5 times in the year ended 31 March 2000.

Employees

The Company and its subsidiary undertakings employed approximately 56,800 people at 31 March 2001, including 29,800 employees in businesses acquired during the year. This compares with 25,600 employees at 31 March 2000, after excluding 15,100 people employed in the US wireless businesses transferred to Verizon Wireless. Of the total employees at 31 March 2001, 81% worked outside the United Kingdom.

Measurement of prepay churn and active customers

The Group's global policy for the measurement of prepay customer churn by subsidiaries is to adopt the local market practice agreed by operators for the purposes of market share comparisons. If a local policy is not in place, the Group's policy is to exclude from the measurement of total registered customers those prepay customers who have not used their mobile phones for over six months.

Active customers are defined as registered customers who have made or received a call in the last three months or, where information on incoming calls is not available, defined as customers who have made a chargeable call in the last three months.

Balance sheet

Total fixed assets have increased in the year from £150,851m last year to £154,375m at 31 March 2001.

At 31 March 2000, the Group's interest in Mannesmann AG was included in fixed asset investments at a cost of £101,246m. Following completion on 12 April 2000, and the consolidation of the acquired net assets, goodwill has been provisionally calculated to be £83,028m and is included in intangible assets.

The assets of the US businesses contributed to Verizon Wireless have been treated as having been disposed, including attributed goodwill of £19.5 billion arising from the AirTouch transaction that was previously included in intangible fixed assets. The Group's interest in the new venture has been equity accounted within investments in associated undertakings at an initial value of £19,809m.

The remaining increase in intangible assets primarily comprises £13,347m in respect of 3G licences acquired in the year and goodwill on the acquisition of a controlling interest in Airtel of approximately £7,740m. The increase in tangible fixed assets from £6,307m to £10,586m includes fixed assets from acquisitions of £4,840m. Other fixed asset investments at 31 March 2001 include the Group's equity interests in China Mobile (2.18%) and Japan Telecom (7.5%), which were acquired during the year.

Current asset investments with an aggregate value of £13,211m primarily comprise the Group's remaining interest in Atecs Mannesmann, a balancing payment of approximately £3,092m receivable from the exercise of a put option over France Telecom shares and liquid investments with a value of £7,593m. The liquid investments arose primarily from the receipt of sales proceeds following the disposal of Infostrada and receipts in relation to the France Telecom shares and loan notes received from the disposal of Orange.

Equity shareholders' funds

Total equity shareholders' funds at 31 March 2001 had increased from £140,833m at 31 March 2000 to £145,393m. The movement primarily comprises new share capital and share premium of £9,950m, including shares issued as consideration for acquisitions completed during the year, net currency translation gains of £5,197m, offset by a loss for the year of £9,763m (after goodwill amortisation of £11,882m) and dividends paid and declared in respect of the year totalling £887m.

Cash flows and funding

Cash generated from operating activities increased by £2,077m from £2,510m to £4,587m for the year, due primarily to the growth in the Group's operations and the inclusion of the operating cash flows of acquired businesses. The principal cash outflows in the period related to the purchase of intangible assets (£13,163m), primarily 3G licences, purchases of tangible fixed assets (£3,698m), acquisitions of fixed asset investments (£3,254m), primarily China Mobile and Japan Telecom and the payment of taxation (£1,585m) and equity dividends (£773m).

Cash proceeds, including loan repayments, were generated from the disposal of certain assets as set out below.

	£billion
Orange	18.7
Infostrada	5.2
Atecs Mannesmann	2.9
Mannesmann's watches and clocks businesses	1.1
	27.9

In addition, approximately £4.3 billion was received upon the formation of Verizon Wireless and the disposal of certain conflicted properties in the US.

The resulting net cash inflow, before repayment of debt and management of liquid resources, was £13,744m. This cash inflow was offset by the consolidation of the net debt of Mannesmann and Airtel, totalling £13,184m at acquisition, and other non-cash movements of £639m, primarily relating to exchange movements. These movements resulted in a small increase in net debt at 31 March 2001 to £6,722m, compared with £6,643m last year.

Net debt at 31 March 2001 represented 5.4% of the Group's market capitalisation. This represented a reduction of £6.5 billion from net debt of £13.2 billion at 30 September 2000, primarily due to proceeds received in the second half of the year from the disposal of non-core businesses, offset by payments for 3G licences and other investments.

The Group remains committed to maintaining a strong financial position as demonstrated by its 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. The credit ratings reflect the financial strength of the Group and were re-confirmed by each of the rating agencies on 2 May 2001, following the announcement of the acquisition of further equity interests in Japan and Spain, which is being financed in part by an offering of 1.825 billion new Vodafone ordinary shares raising approximately £3.5 billion.

The Group's preservation of its credit ratings has enabled it to access a wide range of debt finance including commercial paper, bonds and committed bank facilities. The Group has dollar and Euro commercial paper programmes for US$15 billion and £2 billion, respectively, which it uses to meet its short term liquidity requirements. The commercial paper facilities are backed by a US$14.55 billion (£10.2 billion) committed bank facility, which expires in September 2001, with a one year term-out option. The Group also has £13.5 billion (sterling equivalent) of capital market debt in issue, with maturities from June 2001 to February 2030.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2001

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Turnover: Group and share of joint ventures and associated undertakings		
- Continuing operations	15,155	11,521
- Acquisitions	8,838	-
	23,993	11,521
Less: Share of joint ventures and associated undertakings	(8,989)	(3,648)
	15,004	7,873
Group turnover (Note 2)		
- Continuing operations*	6,637	7,873
- Acquisitions	8,367	-
	15,004	7,873
Operating (loss)/profit		
- Continuing operations*	1,044	981
- Acquisitions	(7,483)	-
	(6,439)	981
Share of operating loss in joint ventures and associated undertakings		
- Continuing operations	(26)	(185)
- Acquisitions	(533)	-
Total Group operating (loss)/profit (Note 2)	(6,998)	796
Exceptional non-operating items (Note 3)	80	954
(Loss)/profit on ordinary activities before interest	(6,918)	1,750
Net interest payable	(1,177)	(401)
- Group	(850)	(350)
- Share of joint ventures and associated undertakings	(327)	(51)
(Loss)/profit on ordinary activities before taxation	(8,095)	1,349
Tax on (loss)/profit on ordinary activities (Note 4)	(1,290)	(685)
- Group	(1,118)	(494)
- Share of joint ventures and associated undertakings	(172)	(191)
(Loss)/profit on ordinary activities after taxation	(9,385)	664
Minority interests	(378)	(177)
(Loss)/profit for the financial year	(9,763)	487
Equity dividends (Note 5)	(887)	(620)
Retained loss for the Group and its share of joint ventures and associated undertakings	(10,650)	(133)
Basic (loss)/earnings per share (Note 6)	(15.89)p	1.80p
Diluted (loss)/earnings per share	(15.90)p	1.78p
Adjusted basic earnings per share (Note 6)	3.75p	4.71p

* The AirTouch US Cellular business is included within continuing subsidiary operations in prior year comparatives, but not in the current year. See Note 1 – Basis of Preparation.

CONSOLIDATED BALANCE SHEET
31 MARCH 2001

	31 March 2001 £m	31 March 2000 £m
Fixed assets		
Intangible assets	108,839	22,206
Tangible assets	10,586	6,307
Investments	34,950	122,338
Investments in joint ventures:		
- Share of gross assets	-	2,912
- Share of gross liabilities	-	(241)
- Loans to joint ventures	85	-
	85	2,671
Investments in associated undertakings	31,910	17,979
Other investments	2,955	101,688
	154,375	150,851
Current assets		
Stocks	316	190
Debtors	4,095	2,138
Investments	13,211	30
Cash at bank and in hand	68	159
	17,690	2,517
Creditors: amounts falling due within one year	(12,377)	(4,441)
Net current assets/(liabilities)	5,313	(1,924)
Total assets less current liabilities	159,688	148,927
Creditors: amounts falling due after more than one year	(11,235)	(6,374)
Provisions for liabilities and charges	(671)	(193)
Investments in joint ventures:		
- Share of gross assets	88	-
- Share of gross liabilities	(146)	-
	(58)	-
Other provisions	(613)	(193)
	147,782	142,360
Capital and reserves		
Called up share capital	4,054	3,797
Share premium account	48,292	39,577
Merger reserve	96,914	96,914
Other reserve	1,024	1,120
Profit and loss account	(5,869)	(575)
Shares to be issued	978	-
Total equity shareholders' funds	145,393	140,833
Minority interests	2,389	1,527
	147,782	142,360

CONSOLIDATED CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2001

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Net cash inflow from operating activities (Note 7)	4,587	2,510
Dividends received from joint ventures and associated undertakings	353	236
Net cash outflow for returns on investments and servicing of finance	(47)	(406)
Taxation	(1,585)	(325)
Net cash outflow for capital expenditure and financial investment (Note 8)	(19,011)	(756)
Net cash inflow/(outflow) for acquisitions and disposals (Note 9)	30,653	(4,756)
Equity dividends paid	(773)	(221)
Cash inflow/(outflow) before management of liquid resources and financing	14,177	(3,718)
Management of liquid resources	(7,541)	(33)
Net cash inflow/(outflow) from financing:		
Issue of ordinary share capital	65	362
Issue of shares to minorities	44	37
(Decrease)/increase in debt due within one year	(4,774)	149
(Decrease)/increase in debt due after more than one year	(2,026)	3,319
(Decrease)/increase in cash in the year	(55)	116

Reconciliation of net cash flow to movement in net debt

	2001 £m	2000 £m
(Decrease)/increase in cash in the year	(55)	116
Cash outflow/(inflow) from decrease/(increase) in debt	6,800	(3,468)
Cash outflow from management of liquid resources	7,541	33
Decrease/(increase) in net debt resulting from cash flows	14,286	(3,319)
Debt acquired on acquisition of subsidiaries	(13,726)	(2,133)
Translation difference	(629)	316
Other movements	(10)	1
Increase in net debt in the year	(79)	(5,135)
Opening net debt	(6,643)	(1,508)
Closing net debt (Note 10)	(6,722)	(6,643)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2001

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
(Loss)/profit for the financial year		
- Group	(8,658)	914
- Share of joint ventures and associated undertakings	(1,105)	(427)
	(9,763)	487
Currency translation		
- Group	2,743	(355)
- Share of joint ventures and associated undertakings	2,454	(775)
	5,197	(1,130)
Total recognised gains and losses for the year	(4,566)	(643)

MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2001

(Loss)/profit for the financial year	(9,763)	487
Equity dividends	(887)	(620)
	(10,650)	(133)
Currency translation	5,197	(1,130)
New share capital subscribed	8,972	140,037
Scrip dividends	67	81
Goodwill transferred to the profit and loss account in respect of business disposals	1	18
Unvested option consideration	-	1,165
Shares to be issued	978	-
Other	(5)	(20)
Net movement in equity shareholders' funds	4,560	140,018
Opening equity shareholders' funds	140,833	815
Closing equity shareholders' funds	145,393	140,833

NOTES TO THE PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2001

1 Basis of preparation

The preliminary results for the year ended 31 March 2001 are an abridged statement of the full Group accounts which were approved by the Board of Directors on 29 May 2001. The Auditors' Report on these accounts was unqualified. The preliminary results do not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The non-pro forma information relating to the year ended 31 March 2000, is an extract from the published accounts for that year, which have been delivered to the Registrar of Companies, and on which the Auditors' Report was unqualified.

On 3 April 2000, Vodafone contributed its US wireless and paging assets into a new joint venture partnership, Verizon Wireless, in which Vodafone had a 65.1% ownership interest. Following completion of the Bell Atlantic/GTE merger to form Verizon Communications, GTE's US wireless assets were contributed to Verizon Wireless on 10 July 2000 and Vodafone Group's ownership interest reduced to 45%.

Prior to the formation of Verizon Wireless, the turnover and operating results of Vodafone Group's US wireless and paging operations were consolidated within Group operating profit from continuing operations. From 3 April 2000, Vodafone Group has equity accounted for its interest in the operating results of Verizon Wireless, which is included in the Group's share of the operating profit of joint ventures and associated undertakings from continuing operations. The turnover and operating loss (after goodwill amortisation) of Vodafone Group's US businesses for the year ended 31 March 2000 were £2,585m and £100m, respectively. The net assets of the US businesses contributed to the Verizon Wireless joint venture have been treated as having been disposed, and Vodafone Group's interest in the new venture is included within fixed asset investments as an interest in an associated undertaking.

On 12 April 2000, Vodafone Group received clearance from the European Commission for the acquisition of Mannesmann AG. Vodafone Group has accounted for the transaction as an acquisition under UK GAAP in accordance with Financial Reporting Standard 6, "Acquisitions and Mergers". Turnover and operating loss from acquisitions excludes the results of Mannesmann operations that were held for resale on acquisition. These excluded operations include Atecs Mannesmann, Mannesmann's watches and tubes businesses, Orange, Infostrada, tele.ring and Ipulsys.

On 27 July 2000, Vodafone AirTouch Plc was renamed Vodafone Group Plc.

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

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 acquired as part of the acquisition of Mannesmann AG and the Vizzavi Europe joint venture. Analyses of turnover and total Group operating profit by geographical region and class of business are as follows:

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Group turnover		
Mobile telecommunications:		
Continental Europe	9,577	1,705
United Kingdom	3,444	2,901
United States	9	2,585
Asia Pacific	713	565
Middle East and Africa	308	117
	14,051	7,873
Other operations:		
Continental Europe	953	-
	15,004	7,873
Total Group operating profit/(loss) (before goodwill and exceptional items)		
Mobile telecommunications:		
Continental Europe	3,035	955
United Kingdom	795	706
United States	1,237	541
Asia Pacific	205	188
Middle East and Africa	213	148
	5,485	2,538
Other operations:		
Continental Europe	(281)	-
	5,204	2,538
Subsidiary undertakings	3,322	1,685
Share of joint ventures and associated undertakings	1,882	853
Amortisation of goodwill	(11,882)	(1,712)
Exceptional operating items	(320)	(30)
Total Group operating (loss)/profit	(6,998)	796

Exceptional operating items of £320m primarily comprise impairment charges of £91m in relation to the carrying value of certain assets within the Group's Globalstar service provider businesses, exceptional reorganisation costs of £85m relating to the restructuring of the Group's operations in Germany and the US, and £141m in relation to the Group's share of the restructuring costs incurred by Verizon Wireless.

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

3 Exceptional non-operating items

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Profit on termination of hedging instrument	261	-
Impairment of fixed asset investments	(193)	-
Profit on disposal of fixed assets	6	-
Profit on disposal of fixed asset investments	6	954
	80	954

The profit on termination of the hedging instrument arose in March 2001 upon the settlement of a hedging transaction entered into by the Group in order to obtain protection against an adverse market-related price adjustment included in the original terms of the agreement for the sale of Infostrada S.p.A. This hedging transaction was terminated with cash proceeds to the Group of approximately Eur410 million. The impairments of fixed asset investments are in relation to the Group's interests in Globalstar and Shinsegi Telecom, Inc.

4 Taxation

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
United Kingdom:		
Current taxation	217	117
Deferred taxation	(35)	11
	182	128
International:		
Current taxation	793	691
Deferred taxation	280	(134)
Tax on exceptional non-operating items	35	-
	1,108	557
	1,290	685
Parent and subsidiary undertakings	1,118	494
Share of joint ventures and associated undertakings	172	191
	1,290	685

5 Equity dividends

The directors propose a final dividend of 0.714p per share for the year ended 31 March 2001, making a total of 1.402p (2000 – 1.335p) for the year. The record date for the final dividend is 8 June 2001 and the dividend is payable on 10 August 2001.

Shareholders may take a scrip dividend alternative to the cash dividend in accordance with the rules of Vodafone Group Plc's Scrip Dividend Scheme. The ex-dividend date is 6 June 2001 and the last date for elections or variations to mandates under the Scrip Dividend Scheme is 11 July 2001.

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

6 Earnings per share

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
(Loss)/earnings for basic (loss)/earnings per share	(9,763)	487
Amortisation of goodwill	11,882	1,712
Exceptional operating items, net of attributable taxation	230	19
Exceptional non-operating items, net of attributable taxation	(45)	(954)
Exceptional finance costs, net of attributable taxation	-	12
Earnings for adjusted earnings per share	2,304	1,276
Weighted average number of shares (millions):		
Basic and adjusted	61,439	27,100

7 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Operating (loss)/profit before exceptional items	(6,263)	1,011
Depreciation	1,593	746
Amortisation of goodwill	9,585	674
Amortisation of other intangible fixed assets	24	12
	4,939	2,443
Payments in respect of exceptional items	(84)	(30)
Working capital movements	(268)	97
	4,587	2,510

8 Net cash outflow for capital expenditure and financial investment

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Purchase of intangible fixed assets	(13,163)	(185)
Purchase of tangible fixed assets	(3,698)	(1,848)
Purchase of investments	(3,254)	(17)
Disposal of interests in tangible fixed assets	275	294
Disposal of investments	513	991
Loans to joint ventures	(85)	-
Loans repaid by associated undertakings	5	9
Loans to acquired businesses held for sale	(1,509)	-
Loans repaid by acquired businesses held for sale	1,905	-
	(19,011)	(756)

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

9 Net cash inflow/(outflow) for acquisitions and disposals

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Purchase of subsidiary undertakings	(219)	(4,062)
Net cash acquired with subsidiary undertakings	542	4
Proceeds on formation of joint venture	2,544	-
Purchase of interests in associated undertakings	(79)	(717)
Purchase of customer bases	(15)	(9)
Disposal of interests in joint ventures and associated undertakings	1,878	28
Disposal of acquired businesses held for sale	26,002	-
	30,653	(4,756)

9 Analysis of net debt

	At 1 April 2000 £m	Cash flow £m	Acquisitions (excluding cash & overdrafts) £m	Other non-cash changes & exchange movements £m	At 31 March 2001 £m
Liquid resources	30	7,541	-	22	7,593
Cash at bank and in hand	159	(98)	-	7	68
Bank overdrafts	(43)	43	-	(5)	(5)
	116	(55)	-	2	63
Debt due within one year (other than bank overdrafts)	(751)	4,774	(7,186)	(443)	(3,606)
Debt due after one year	(6,038)	2,026	(6,540)	(220)	(10,772)
	(6,789)	6,800	(13,726)	(663)	(14,378)
	(6,643)	14,286	(13,726)	(639)	(6,722)

Included within net debt are bond issues maturing as follows:

	£m
One year or less	3,436
More than one year but not more than two years	622
More than two years but not more than five years	3,629
More than five years	5,801
	13,488

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

9 Summary of differences between UK and US GAAP

The preliminary 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:

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Revenues in accordance with UK GAAP	15,004	7,873
Items decreasing revenues:		
Non-consolidated subsidiaries	(3,409)	-
Other	(492)	-
Revenues in accordance with US GAAP	11,103	7,873
Net (loss)/income in accordance with UK GAAP	(9,763)	487
Items (increasing)/decreasing net loss:		
Goodwill amortisation	(5,293)	(425)
Reorganisation costs	84	25
Capitalised interest	365	-
Income taxes	7,711	439
Minority interests	(35)	35
Other	(140)	(8)
Net (loss)/income in accordance with US GAAP	(7,071)	553
US GAAP basic (loss)/earnings per ordinary share	(11.51)p	2.04p
Shareholders' equity in accordance with UK GAAP	145,393	140,833
Items increasing/(decreasing) shareholders' equity:		
Goodwill – net of amortisation	66,067	10,283
Capitalised interest	365	-
Fixed asset investments	-	9,054
Cumulative deferred income taxes	(51,446)	(12,334)
Proposed dividends	464	417
Minority interests	(5,181)	(1,939)
Other	(140)	20
Shareholders' equity in accordance with US GAAP	155,522	146,334
Total assets in accordance with UK GAAP	172,065	153,368
Items increasing/(decreasing) total assets:		
Goodwill – net of amortisation	66,067	10,283
Capitalised interest	365	-
Fixed asset investments	-	9,054
Non-consolidated subsidiaries	(2,982)	-
Deferred tax asset	177	616
Other	1,275	26
Total assets in accordance with US GAAP	236,967	173,347

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

12 Pro forma proportionate financial information

The tables of unaudited pro forma financial information on page 33 are presented on a proportionate basis. The basis of preparation of pro forma financial information is given below. 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.

Basis of preparation of unaudited pro forma financial information

Pro forma financial information for the year ended 31 March 2000 has been derived from the audited consolidated financial statements of the Group for the relevant period, the unaudited financial results of AirTouch Communications, Inc. for the three month period ended 30 June 1999 and the unaudited financial results of Mannesmann AG for the year ended 31 March 2000. The financial results of Mannesmann for the relevant periods have been adjusted to exclude the results of businesses held for resale on acquisition. The financial statements of AirTouch and Mannesmann, previously prepared under US GAAP and German GAAP, respectively, have been adjusted to conform materially with Vodafone Group's accounting policies under UK GAAP.

The pro forma adjustments for the year ended 31 March 2000 have been determined as if the merger with AirTouch Communications, Inc. and the acquisition of Mannesmann AG took place on 1 April 1999.

Pro forma financial information for the year ended 31 March 2001 has been derived from the Group's consolidated financial results for the year and the unaudited financial results of Mannesmann AG, excluding the results of businesses held for resale on acquisition, for the period from 1 April 2000 to 12 April 2000.

Pro forma adjustments include assumptions made by Vodafone Group's management that it believes to be reasonable. The unaudited pro forma financial information does not take into account any synergies, including cost savings, or any severance and restructuring costs, which may or are expected to occur as a result of the merger with AirTouch or the acquisition of Mannesmann, except insofar as such costs and savings have been included in the financial statements of the Vodafone Group for each of the periods presented.

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

12 Pro forma proportionate information (continued)

	Year ended 31 March 2001 £m	Year ended 31 March 2000 £m
Pro forma proportionate turnover		
Mobile telecommunications:		
Continental Europe	9,743	8,063
United Kingdom	3,458	2,945
United States	5,008	3,650
Asia Pacific	2,771	1,537
Middle East and Africa	448	395
	21,428	16,590
Other operations	802	825
	22,230	17,415
Pro forma proportionate EBITDA*		
Mobile telecommunications:		
Continental Europe	3,534	2,906
United Kingdom	1,068	934
United States	1,627	1,145
Asia Pacific	587	377
Middle East and Africa	227	142
	7,043	5,504
Other operations	(27)	17
Pro forma proportionate EBITDA*	7,016	5,521
Less: depreciation and amortisation, excluding goodwill	(2,234)	(1,715)
Mobile telecommunications	5,019	3,977
Other operations	(237)	(171)
Pro forma proportionate total Group operating profit before goodwill and exceptional items	4,782	3,806

* 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.

NOTES TO THE PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 MARCH 2001

For further information contact:-

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

Lulu Bridges/Sarah Landgrebe
Tavistock Communications
Tel: +44 (0) 20 7600 2288

APPENDIX 1 - VODAFONE GROUP PLC - MOBILE TELECOMMUNICATIONS BUSINESSES CUSTOMER INFORMATION AS AT 31 MARCH 2001

COUNTRY	OPERATOR	PERCENTAGE OWNERSHIP[2]	REGISTERED PROPORTIONATE CUSTOMERS (thousands)	PROPORTION PREPAY (%)	CONTROLLED ACTIVE[1] PREPAY (%)	CONTROLLED ACTIVE[1] CONTRACT (%)	CONTROLLED ACTIVE[1] TOTAL (%)
EUROPE							
Germany	D2 Vodafone	99.2	20,807	60	85	89	87
Greece	Panafon Vodafone	55.0	1,287	68	81	92	84
Hungary	Vodafone	50.1	112	89	85	100	87
Italy	Omnitel Vodafone[3]	76.1	11,937	90	93	92	93
Malta	Vodafone	80.0	86	88	100	100	100
Netherlands	Libertel Vodafone[3]	70.0	2,297	69	87	99	91
Portugal	Telecel Vodafone	50.9	1,261	75	90	100	93
Spain	Airtel[3]	73.8	5,275	56	84	93	88
Sweden	Europolitan Vodafone	71.1	717	23	84	91	89
Belgium	Proximus	25.0	915	57			
France	SFR	31.9	3,297	44			
Poland	Plus GSM	19.6	518	38			
Romania	Connex GSM	20.1	264	57			
Switzerland	Swisscom	25.0	828	40			
TOTAL			**49,601**	**63**			
UNITED KINGDOM	**Vodafone**	**100.0**	**12,279**	**65**	82	99	88
UNITED STATES	**Verizon Wireless[4]**	**45.0**	**11,570[5]**	**8**			
ASIA PACIFIC							
Australia	Vodafone[3]	91.0	1,921	33	95	97	96
New Zealand	Vodafone[3]	100.0	889	77	95	99	96
China	China Mobile	2.2	1,134	34			
Fiji	Vodafone	49.0	27	87			
India	RPG Cellular	20.6	14	49			
Japan	J-Phone	26.6-30.9	2,826	3			
Korea	Shinsegi	11.7	387	-			
TOTAL			**7,198**	**29**			
MIDDLE EAST AND AFRICA							
Egypt	Click GSM	60.0	703	85	98	88	97
Kenya	Safaricom	40.0	37	100			
South Africa	Vodacom	31.5	1,609	79			
TOTAL			**2,349**	**81**			
GROUP TOTAL			**82,997[5]**	**43**	**88**	**94**	**90**

[1] Active customers are defined as customers who have made or received a chargeable call in the last three months or, where information is not available, defined as customers who have made a chargeable call in the last three months (see 3 below).
[2] All ownership percentages are stated as of 31 March 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] Networks where the calculation of active customers is based on both the making or receipt of a call in the last three months (see 1 above).
[4] The Group's proportionate customer base has been adjusted for Verizon Wireless's proportionate ownership of its customer base of approximately 94.8%.
[5] This number has been amended to reflect Verizon Wireless's recent adjustment of 900,000 to their venture customer base.
[6] Venture customers is defined as the number of customers in ventures in which the Group has an ownership interest.

APPENDIX 2 - VODAFONE GROUP PLC - MOBILE TELECOMMUNICATIONS BUSINESSES

ARPU DATA FOR 12 MONTH PERIOD TO 31 MARCH 2001

			ARPU [1] (Average revenue per user)			
COUNTRY	OPERATOR	LOCAL CURRENCY	ACTIVE[2] PREPAY	ACTIVE[2] CONTRACT	ACTIVE[2] TOTAL	REGISTERED TOTAL
EUROPE						
Germany	D2 Vodafone	EUR	178	683	430	378
Greece	Panafon Vodafone	EUR	248	698	418	353
Hungary	Vodafone	HUF	14,942	253,267	58,694	51,364
Italy	Omnitel Vodafone	EUR	311	801	364	338
Malta	Vodafone	MTL	133	855	271	269
Netherlands	Libertel Vodafone	EUR	198	774	394	357
Portugal	Telecel Vodafone	EUR	137	1,103	418	392
Spain	Airtel	EUR	174	749	422	372
Sweden	Europolitan Vodafone	SEK	1,076	7,182	5,939	5,327
UNITED KINGDOM[3]	Vodafone	GBP	191	556	348	306
ASIA PACIFIC						
Australia	Vodafone	AUD	352	982	804	773
New Zealand	Vodafone	NZD	323	1,903	763	731
MIDDLE EAST & AFRICA						
Egypt	Click GSM	EGP	1,447	2,809	1,633	1,582

1 ARPU is calculated for the twelve month period to 31 March 2001 and excludes handset revenues and connection fees.

2 Active ARPU has been calculated by adjusting registered ARPU for the proportion of active customers at 31 March 2001.

3 UK ARPU has been calculated based on total UK service revenue, consistent with other territories. The calculation was formerly based on UK network service revenue only.

APPENDIX 3 - VODAFONE GROUP PLC – MOBILE TELECOMMUNICATIONS BUSINESSES

NON-VOICE SERVICES AS A PERCENTAGE OF SERVICE REVENUES

	YEAR ENDED 31 MARCH 2001			MARCH 2001 (MONTH ONLY)		
OPERATOR	**MESSAGING DATA**	**INTERNET DATA**	**TOTAL NON-VOICE SERVICES**	**MESSAGING DATA**	**INTERNET DATA**	**TOTAL NON-VOICE SERVICES**
EUROPE						
D2 Vodafone	13.1%	0.3%	13.4%	15.7%	0.5%	16.2%
Omnitel Vodafone	6.0%	0.2%	6.2%	7.0%	0.2%	7.2%
Others	4.1%	0.1%	4.2%	5.0%	0.2%	5.2%
TOTAL	8.4%	0.2%	8.6%	9.0%	0.3%	9.3%
UNITED KINGDOM	5.7%	0.9%	6.6%	6.5%	1.1%	7.6%
UNITED STATES (Verizon Wireless)	-	0.6%	0.6%	-	0.8%	0.8%
ASIA PACIFIC						
Vodafone Pacific	5.5%	0.1%	5.6%	7.2%	0.1%	7.3%
J-Phone	4.0%	5.6%	9.6%	4.7%	8.2%	12.9%
MIDDLE EAST & AFRICA	1.4%	-	1.4%	1.5%	0.1%	1.6%
PROPORTIONATE GROUP TOTAL	**5.3%**	**0.9%**	**6.2%**	**5.8%**	**1.2%**	**7.0%**
CONTROLLED GROUP TOTAL	**7.7%**	**0.4%**	**8.1%**	**8.8%**	**0.5%**	**9.3%**