IFRS Update - Part 1

Vodafone Group Plc 20 January 2005 PART I 20 January 2005 Embargo: Not for publication before 07:00 hours 20 January 2005 UPDATE ON ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS Vodafone Group Plc ("Vodafone") is preparing for the adoption of International Financial Reporting Standards ("IFRS") as its primary accounting basis for the year ending 31 March 2006. As part of this transition, Vodafone is presenting today financial information prepared in accordance with IFRS for the six months to 30 September 2004 and, for illustrative purposes only, pro forma financial information for the year ended 31 March 2004. Vodafone will report under UK Generally Accepted Accounting Practice ("UK GAAP") for the year ending 31 March 2005, and will subsequently present this financial information in accordance with IFRS. The primary changes to Vodafone's reported financial information from the adoption of IFRS are as a result of the: requirement not to amortise goodwill; proportionate consolidation for certain Group interests, most notably Vodafone Italy, resulting from their reclassification as joint ventures; requirement to amortise mobile licences on a straight line basis; recognition of deferred tax liabilities on a different basis; inclusion of a fair value charge in relation to employee share options; recognition of all employee benefit related assets and obligations, principally pensions; and recognition of certain financial instruments at fair value and the reclassification of preference shares as debt. Ken Hydon, Financial Director, commented: "The financial information provided today shows how IFRS impacts on Vodafone's recent results in advance of its adoption in the next financial year. The most significant change is that Vodafone will no longer amortise goodwill, resulting in a clearer presentation of underlying business performance. For the six months ended 30 September 2004 the impact of the adoption of IFRS is to increase profit attributable to equity shareholders by £6.8 billion comprising a credit of £7.3 billion in relation to the cessation of goodwill amortisation, a £0.3 billion reduction in non-recurring tax income and a net charge of £0.2 billion in relation to other adjustments". For further information: Vodafone Group Simon Lewis, Group Corporate Affairs Director Tel: +44 (0) 1635 673310 Investor Relations Media Relations Charles Butterworth Bobby Leach Darren Jones Ben Padovan Sarah Moriarty Tel: +44 (0) 1635 673310 Tel: +44 (0) 1635 673310 Tavistock Communications Lulu Bridges John West Tel: +44 (0) 20 7920 3150 VODAFONE GROUP PLC UPDATE ON ADOPTION OF IFRS CONTENTS The following detailed reconciliations of UK GAAP to IFRS are available on www.vodafone.com/investor: Income Statement, Balance Sheet and Cash Flow Statement for six months ended 30 September 2004 Income Statement, Balance Sheet and Cash Flow Statement for year ended 31 March 2004 (pro forma) INTRODUCTION Vodafone Group Plc and its subsidiaries (together, "the Group") are preparing for the adoption of International Financial Reporting Standards ("IFRS")(1) as its primary accounting basis, following the adoption of Regulation No. 1606/2002 by the European Parliament on 19 July 2002. IFRS will apply for the first time in the Group's Annual Report for the year ending 31 March 2006. Consequently, the Group's financial results for the six month period ending 30 September 2005 will be prepared under IFRS. This press release explains how the Group's previously reported UK GAAP financial performance and position are reported under IFRS. It includes, on an IFRS basis: the Group's consolidated balance sheet at 1 April 2004, the Group's expected date of transition (2); the Group's consolidated balance sheet at 30 September 2004; and the Group's consolidated income statement, consolidated statement of recognised income and expense and consolidated cash flow statement, for the six months ended 30 September 2004. In addition, certain pro forma financial information in relation to the year ended 31 March 2004 has been included in this analysis, for illustrative purposes only. As set out in the "Basis of preparation" on page 6, this information does not reflect the full adoption of IFRS for that year but has been presented to provide an indication of how the adoption of IFRS would have affected the Group's consolidated income statement, and consolidated cash flow statement for that year. Reconciliations to assist the reader in understanding the nature and quantum of differences between UK GAAP and IFRS for the financial information above are available on www.vodafone.com/investor. The consolidated opening balance sheet as at 1 April 2004, as prepared on the basis set out in "Basis of preparation" on page 5, has been audited by Deloitte & Touche LLP. Their audit report to the Company is set out on page 26. The consolidated balance sheet as at 30 September 2004, the consolidated income statement, consolidated statement of recognised income and expense and consolidated cash flow statement for the six months ended 30 September 2004, as prepared on the basis set out in "Basis of preparation" on page 5, have been reviewed by Deloitte & Touche LLP. Their review report to the Company is set out on page 27. (1) References to IFRS throughout this document refer to the application of International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as interpreted by any regulatory bodies applicable to the Group. (2) Under current US Securities and Exchange Commission ("SEC") reporting requirements, the Group is required to provide two years of audited comparative income statements and cash flow statements and one year of audited comparative balance sheet data. Therefore, the year ended 31 March 2004 would ordinarily be included in the Group's Annual Report on Form 20-F for the year ending 31 March 2006 under IFRS. However, the Group has assumed that the SEC will finalise a proposed SEC rule on first time adoption of IFRS, which would require only one year of IFRS comparative information to be provided in the Group's Annual Report on Form 20-F for the year ending 31 March 2006. The opening IFRS balance sheet and transition date to IFRS is therefore expected to be 1 April 2004. BASIS OF PREPARATION The financial information presented in this document has been prepared on the basis of all International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as interpreted by any regulatory bodies applicable to the Group. These are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to possible change. As a result, information contained within this release will require updating for any subsequent amendment to IFRS required for first time adoption or those new standards that the Group may elect to adopt early. In preparing this financial information, the Group has assumed that the European Commission will endorse IFRS 2, "Share-based Payment" and the amendment to IAS 19, "Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures". On 19 November 2004, the European Commission endorsed an amended version of IAS 39, "Financial Instruments: Recognition and Measurement" rather than the full version as previously published by the IASB. In accordance with guidance issued by the UK Accounting Standards Board, the full version of IAS 39, as issued by the IASB, has been adopted in the preparation of this financial information. 1. IFRS 1 exemptions IFRS 1, "First-time Adoption of International Financial Reporting Standards" sets out the procedures that the Group must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRS accounting policies as at 31 March 2006 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 April 2004. This standard provides a number of optional exceptions to this general principle. The most significant of these are set out below, together with a description in each case of the exception adopted by the Group. a. Business combinations that occurred before the opening IFRS balance sheet date (IFRS 3, "Business Combinations"). The Group has elected not to apply IFRS 3 retrospectively to business combinations that took place before the date of transition. As a result, in the opening balance sheet, goodwill arising from past business combinations (£96,931m) remains as stated under UK GAAP at 31 March 2004. b. Employee Benefits - actuarial gains and losses (IAS 19, "Employee Benefits") The Group has elected to recognise all cumulative actuarial gains and losses in relation to employee benefit schemes at the date of transition. The Group has recognised actuarial gains and losses in full in the period in which they occur in a statement of recognised income and expense in accordance with the amendment to IAS 19, issued on 16 December 2004. c. Share-based Payments (IFRS 2, "Share-based Payment") The Group has elected to apply IFRS 2 to all relevant share based payment transactions granted but not fully vested at 1 April 2004. d. Financial Instruments (IAS 39, "Financial Instruments : Recognition and Measurement" and IAS 32, "Financial Instruments: Disclosure and Presentation") The Group has applied IAS 32 and IAS 39 for all periods presented and has therefore not taken advantage of the exemption in IFRS 1 that would enable the Group to only apply these standards from 1 April 2005. 2. Pro forma financial information for the year ended 31 March 2004 The pro forma financial information for the year ended 31 March 2004 has been prepared for illustrative purposes only. It has been prepared on the basis that the IFRS transition date is 1 April 2003, with the exception that, other than the reversal of goodwill amortisation reported in the UK GAAP financial statements, the full requirements of accounting for business combinations under IFRS 3 have not been applied. If IFRS 3 had been adopted in full for the year ended 31 March 2004 and business combinations occurring in the period from 1 April 2003 to 31 March 2004 had been reported accordingly, additional intangible fixed assets and related deferred tax liabilities would have been recognised with a corresponding reduction in goodwill. The income statement would have included amortisation expense, in relation to the recognised finite lived intangible assets and the related deferred tax effects. Furthermore, were the IFRS transition date to be 1 April 2003, then these additional intangible fixed assets, deferred tax liabilities and related amortisation charge and tax credits would have similarly impacted the consolidated income statement for the six months ended 30 September 2004, and the consolidated balance sheet at 30 September 2004. As a result of the above, the pro forma financial information for the year ended 31 March 2004 is not presented in full accordance with IFRS. 3. Presentation of financial information The primary statements within the financial information contained in this document have been presented substantially in accordance with IAS 1, "Presentation of Financial Statements". However, this format and presentation may require modification in the event that further guidance is issued and as practice develops. KEY IMPACT ANALYSIS The analysis below sets out the most significant adjustments arising from the transition to IFRS. In addition, the pro forma adjustments for the year ended 31 March 2004 are presented for illustrative purposes only as described in "Basis of preparation" on page 6. 1) Presentation of Financial Statements The format of the Group's primary financial statements has been presented substantially in accordance with IAS 1, "Presentation of Financial Statements". This has a significant impact on the presentation of the Group's share of the results of associated undertakings in the Group's consolidated income statement. Under UK GAAP, the Group's share of associated undertaking operating profit, interest and tax have been disclosed separately in the consolidated income statement. In accordance with IAS 1, the results of associated undertakings are presented as a single line item. In addition, discontinued operations have been presented in the Group's pro forma income statement for the year ended 31 March 2004 in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations". 2) Scope of Consolidation IAS 31, "Interests in Joint Ventures" defines a jointly controlled entity as an entity where unanimous consent over the strategic financial and operating decisions is required between the parties sharing control. Control is defined as the power to govern the financial and operating decisions of an entity so as to obtain economic benefit from it. The Group has reviewed the classification of its investments and concluded that the Group's 76.8% interest in Vodafone Italy, currently classified as a subsidiary undertaking under UK GAAP, should be accounted for as a joint venture under IFRS. In addition, the Group's interests in South Africa, Poland, Romania, Kenya and Fiji, which are currently classified as associated undertakings under UK GAAP, have been classified as joint ventures under IFRS as a result of the contractual rights held by the Group. The Group has adopted proportionate consolidation as the method of accounting for these six entities. Under UK GAAP, the revenue, operating profit, net financing costs and taxation of Vodafone Italy are consolidated in full in the income statement with a corresponding allocation to minority interest. Under proportionate consolidation, the Group recognises its share of all income statement lines with no allocation to minority interest. There is no effect on the result for a financial period from this adjustment. Under UK GAAP, the Group's interests in South Africa, Poland, Romania, Kenya and Fiji are accounted for under the equity method, with the Group's share of operating profit, interest and tax being recognised separately in the consolidated income statement. Under proportionate consolidation the Group recognises its share of all income statement lines. There is no effect on the result for a financial period from this adjustment. Under UK GAAP, the Group fully consolidates the cash flows of Vodafone Italy, but does not consolidate the cash flows of its associated undertakings. The IFRS consolidated cash flow statements reflect the Group's share of cash flows relating to its joint ventures on a line by line basis, with a corresponding recognition of the Group's share of net debt for each of the proportionately consolidated entities. The IFRS consolidated balance sheet at 1 April 2004 reflect the proportionate consolidation on a line by line basis of the balance sheets of the operations listed above. Accordingly, the UK GAAP minority interest balance in respect of Vodafone Italy and the UK GAAP carrying value of investments in associated undertakings (excluding goodwill) in South Africa, Poland, Romania, Kenya and Fiji are eliminated from the consolidated balance sheets. 3) Intangible Assets a) Goodwill and acquired intangible asset amortisation IAS 38, "Intangible Assets" requires that goodwill is not amortised. Instead it is subject to an annual impairment review. As the Group has elected not to apply IFRS 3 retrospectively to business combinations prior to the opening balance sheet date under IFRS, the UK GAAP goodwill balance at 31 March 2004 (£96,931m) has been included in the opening IFRS consolidated balance sheet and is no longer amortised. The credit arising from the adoption of IAS 38 on the Group's consolidated income statement in respect of goodwill amortisation is set out below: Six months Pro Forma ended Year ended 30 September 31 March 2004 2004 £m £m Goodwill amortisation (7,300) (15,207) ------------ ------------ From 1 April 2004, business acquisitions have been accounted for in accordance with IFRS 3, "Business Combinations". The amortisation charge in relation to acquired intangible assets, principally related to the recognition of finite lived intangible assets on the acquisition of minority interests in Vodafone Japan, is set out below: Six months Pro Forma ended Year ended 30 September 31 March 2004 2004 £m £m(1) Acquired intangible asset amortisation 32 N/A ------------ ------------ (1) As described in "Basis of Preparation" on page 6 the requirements of IFRS 3 have not been applied to business combinations in the year ended 31 March 2004. In accordance with IAS 12, a deferred tax liability has been established relating to the acquired intangible assets in respect of the acquisition of minority interests in Vodafone Japan. IFRS 1 requires that an impairment review of goodwill be conducted in accordance with IAS 36, "Impairment of Assets" at the date of transition irrespective of whether an indication exists that goodwill may be impaired. No impairments were necessary as at 1 April 2004 following the review carried out in accordance with this standard. b) Licence fee amortisation Under IAS 38, capitalised payments for mobile licences are amortised on a straight-line basis over their useful economic life. Amortisation is charged from the commencement of service of the network. Under UK GAAP, the Group's policy is to amortise such costs in proportion to the capacity of the network during the start up period and then on a straight-line basis thereafter. The incremental charge in the Group's income statement as a result of the adoption of straight-line amortisation of licences is as follows: Six months Pro Forma ended Year ended 30 September 31 March 2004 2004 £m £m Licence fee amortisation 244 88 ------------ ------------ As a result of this adjustment an additional deferred tax credit of £94m and £29m was recognised for the six months ended 30 September 2004 and year ended 31 March 2004 (on a pro forma basis), respectively. The total charge under IFRS in respect of amortisation of licences and acquired intangible assets was £480m for the six months ended 30 September 2004 and £186m for the year ended 31 March 2004 (on a pro forma basis). c) Computer Software Under UK GAAP, all capitalised computer software is included within tangible fixed assets on the balance sheet. Under IFRS, only computer software that is integral to a related item of hardware should be included as property, plant and equipment. All other computer software should be recorded as an intangible asset. Accordingly, a reclassification has been made in the opening balance sheet of £949m between property, plant and equipment and intangible assets. 4) Deferred and Current Taxes The scope of IAS 12, "Income Taxes" is wider than the corresponding UK GAAP standards, and requires deferred tax to be provided on all temporary differences rather than just timing differences under UK GAAP. As a result, the Group's IFRS opening balance sheet at 1 April 2004 includes an additional deferred tax liability of £1,801m in respect of the differences between the carrying value and tax written down value of the Group's investments in associated undertakings and joint ventures. This comprises £1.3bn in respect of differences that arose when US investments were acquired and £0.5bn in respect of undistributed earnings of certain associated undertakings and joint ventures, principally Vodafone Italy. At 30 September 2004, the liability fell to £1,762m due to the reversal of certain withholding tax costs following changes in tax legislation (£73m), which offset the increase in liability due to undistributed earnings generated in the period (£34m). UK GAAP does not permit deferred tax to be provided on the undistributed earnings of the Group's associated undertakings and joint ventures until there is a binding obligation to distribute those earnings. IAS 12 also requires deferred tax to be provided in respect of the Group's liabilities under its post employment benefit arrangements and on other employee benefits such as share and share option schemes. The tax impact of these and other IFRS adjustments is quantified in the relevant section of this release. Under IFRS, in accordance with IAS 1, "Presentation of Financial Statements", "Tax on (loss)/profit on ordinary activities" on the face of the consolidated income statement comprises the tax charge of the Company, its subsidiaries and its share of the tax charge of joint ventures. The Group's share of its associated undertakings' tax charges is shown as part of "Share of result in associated undertakings" rather than being disclosed as part of the tax charge under UK GAAP. In respect of the Verizon Wireless partnership, the line "Share of result in associated undertakings" includes the Group's share of pre-tax partnership income and the Group's share of the post-tax income attributable to corporate entities (as determined for US corporate income tax purposes) held by the partnership. The tax attributable to the Group's share of allocable partnership income is included as part of "Tax on (loss)/profit on ordinary activities" on the consolidated income statement. This treatment reflects the fact that tax on allocable partnership income is, for US corporate income tax purposes, a liability of the partners and not the partnership. 5) Share-based Payment IFRS 2, "Share-based Payment" requires that an expense for equity instruments granted be recognised in the financial statements based on their fair value at the date of grant. This expense, which is primarily in relation to employee option and performance share schemes, is recognised over the vesting period of the scheme. While IFRS 2 allows the measurement of this expense to be calculated only on options granted after 7 November 2002, the Group has applied IFRS 2 to all instruments granted but not fully vested as at 1 April 2004. The Group has adopted the binomial model for the purposes of computing fair value under IFRS. The charges arising from the adoption of IFRS 2 on the Group's income statement are as follows: Six months Pro Forma ended Year ended 30 September 31 March 2004 2004 £m £m Pre 7 November 2002 grants 36 123 Post 7 November 2002 grants 14 19 ------------ ----------- Total 50 142 =========== =========== Deferred tax is provided based upon the expected future tax deductions relating to share-based payment transactions, and is recognised over the vesting period of the schemes concerned. The additional deferred tax credit in respect of the recognition of these share-based payment transactions was £37m for the year ended 31 March 2004, on a pro forma basis, and £9m in the six months ended 30 September 2004. 6) Post Employment Benefits The Group currently applies the provisions of SSAP 24 under UK GAAP and provides detailed disclosure under FRS 17 in accounting for pensions and other post-employment benefits. The Group has elected to adopt early the amendment to IAS 19, "Employee Benefits" issued by the IASB on 16 December 2004 which allows all actuarial gains and losses to be charged or credited to equity. The Group's opening IFRS balance sheet reflects the assets and liabilities of the Group's defined benefit schemes totalling a net liability of £154m. This amount represents less than 0.2% of the Group's market capitalisation at 31 March 2004. The transitional adjustment of £257m to opening reserves comprises the reversal of entries in relation to UK GAAP accounting under SSAP 24 less the recognition of the net liabilities of the Group's and associated undertakings' defined benefit schemes. The incremental (credit)/charge arising from the adoption of IAS 19 on the Group's income statement is as follows: Six months Pro Forma ended Year ended 30 September 31 March 2004 2004 £m £m Defined Benefit Schemes (3) 10 ------------ ----------- A related tax charge/(credit) of £1m and (£2m) was recognised for the six months ended 30 September 2004 and year ended 31 March 2004, on a pro forma basis, respectively. 7) Financial Instruments IAS 32, "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" address the accounting for, and reporting of, financial instruments. IAS 39 sets out detailed accounting requirements in relation to financial assets and liabilities. All derivative financial instruments are accounted for at fair market value whilst other financial instruments are accounted for either at amortised cost or at fair value depending on their classification. Subject to stringent criteria, financial assets and financial liabilities may be designated as forming hedge relationships as a result of which fair value changes are offset in the income statement or charged/credited to equity depending on the nature of the hedge relationship. a) Reclassification of non-equity minority interests to liabilities The primary impact of the implementation of IAS 32 is the reclassification of the $1.65bn preferred shares issued by the Group's subsidiary, Vodafone Americas Inc., from non-equity minority interests to liabilities. The reclassification at 1 April 2004 was £875m. Dividend payments by this subsidiary, which were previously reported in the Group's income statement as non-equity minority interests, have been reclassified to net financing costs. b) Fair value of available for sale financial assets The Group has classified certain of its cost-based investments as 'available for sale' financial assets as defined in IAS 39. This classification does not reflect the intentions of management in relation to these investments. These assets are measured at fair value at each reporting date with movements in fair value taken to equity. At 1 April 2004, a cumulative increase of £233m in the fair value over the carrying value of these investments has been recognised, with a further £28m increase recognised in the period to 30 September 2004, principally related to the Group's investment in China Mobile (Hong Kong) Limited. c) Other adjustments Hedge accounting has been adopted for the majority of the Group's interest rate swaps and underlying capital market debt, thereby reducing potential volatility in the income statement. Certain derivative financial instruments used to manage interest rate and foreign exchange exposures are not held in hedge relationships. However, these tend to be relatively short term in nature, causing limited income statement volatility. 8) Post Balance Sheet Events IAS 10, "Events after the Balance Sheet Date" requires that dividends declared after the balance sheet date should not be recognised as a liability at that balance sheet date as the liability does not represent a present obligation as defined by IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". The final dividend declared in May 2004 in relation to the financial year ended 31 March 2004 of £728m has been reversed in the opening balance sheet and charged to equity in the balance sheet as at 30 September 2004. An adjustment to reverse the interim dividend declared in October 2004 (£1,263m) has also been made to the balance sheet as at 30 September 2004. 9) Minority Interests IAS 27, "Consolidated and Separate Financial Statements" requires that except in certain specific circumstances, where a minority shareholder exists in a subsidiary, and where losses of the relevant entity applicable to the minority exceed the minority interest in the subsidiary's equity then this excess should be allocated to the majority shareholder. In this instance, the minority's share of continuing losses of the investment cannot be attributed against that minority shareholder. The impact of this adjustment is a charge to profit attributable to equity shareholders in the Group's income statement as follows: Six months Pro Forma ended Year ended 30 September 31 March 2004 2004 £m £m Negative minority interests - 15 ----------- ----------- PERFORMANCE MEASUREMENT Income Statement The IASB and the US Financial Accounting Standards Board ("FASB") have established an international working group on performance reporting. This has been set up to help the Boards in their joint project to establish standards for the presentation of information in financial statements that would improve the usefulness of that information in assessing the financial performance of an entity. Given that this project has yet to reach any conclusions, the Group has provisionally defined a number of additional performance measures that it anticipates publishing under IFRS. "Adjusted Group operating profit" defined as: "Operating profit from subsidiaries and the share of operating profit from joint ventures that are proportionately consolidated plus the Group's share of the net result from equity accounted interests and excluding items not related to underlying business performance". This measure will include the Group's share of the tax and interest and minority interests in equity accounted interests. The adjustment for items not relating to underlying business performance is broadly equivalent to the current UK GAAP classification for exceptional operating items. "Adjusted earnings per share" is measured using: "Net income attributable to equity shareholders, adjusted for: - Non-operating income and expense; - Net result in relation to discontinued operations; and - Other items not relating to underlying business performance" An analysis of adjusted Group operating profit and the adjusted earnings per share measure is provided in the notes to IFRS information on page 21. Cash Flow Statement The Group will continue to disclose free cash flow, which under IFRS will comprise free cash flow from subsidiaries, the Group's share of free cash flow of proportionately consolidated joint ventures. The Group defines free cash flow as net cash from operating activities less net cash flow arising from the purchase and sale of tangible and intangible fixed assets, plus dividends received from associated undertakings, less taxation cash flows and net cash outflows for returns on investments and servicing of finance. Proportionate information The Group will continue to publish proportionate financial information. The basis of preparation of this information together with restated financial information is set out on page 23. OUTLOOK The tables below set out the Group's outlook statements for the years ending 31 March 2005 and 31 March 2006 as announced on 16 November 2004 and on the basis that they had been provided under IFRS at that date. Please see forward-looking statements on page 25. Under IFRS, these expectations may also vary as a result of changes in the accounting bases under which these outlook statements are based. This could arise from the non-adoption of IFRS standards by the EU and the issue of new IFRS standards that the Group may either be required or may wish to adopt in the relevant financial year. For the year ending 31 March 2005 UK GAAP IFRS --- Organic average proportionate mobile customer Around 10% Around 10% growth Organic proportionate mobile revenue growth High single High single digit digit (1) Proportionate mobile EBITDA margin excluding Broadly Broadly stake changes in the 2005 financial year stable stable (1) Capitalised tangible and intangible fixed asset Around £5 Around £5 additions (excluding licences) billion billion Free cash flow Around £7 Slightly below £7 billion billion (2) Share purchases Around £4 Around £4 billion billion (1) Compared to the amount computed under IFRS for the year ended 31 March 2004 (2) Results from presentational changes arising from the proportionate consolidation of joint ventures under IFRS (3) The proportionate mobile EBITDA margin including the impact of stake changes in the 2005 financial year is expected to be slightly lower compared to that for the year ended 31 March 2004 on both an IFRS and UK GAAP basis For the year ending 31 March 2006 UK GAAP IFRS --- Organic average proportionate mobile customer High single High single growth digit digit Organic proportionate mobile revenue growth High single High single digit digit (1) Vodafone live! with 3G registered customers 10 million 10 million at 31 March 2006 (2) Proportionate mobile EBITDA margin Broadly Broadly stable stable (1) Capitalised tangible and intangible fixed asset In the order In the order additions (excluding licences) of £5 of £5 billion billion (1) Compared to the amount computed under IFRS for the year ending 31 March 2005 (2) Outlook includes all customers in the following countries: Albania, Australia, Egypt, Germany, Greece, Hungary, Ireland, Italy, Japan, Malta, Netherlands, New Zealand, Portugal, Spain, Sweden, United Kingdom This information is provided by RNS The company news service from the London Stock Exchange

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Company Announcement - General
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