VODAFONE GROUP PUBLIC LTD CO
Form 6-K
December 15, 2005

Form 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rules 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Dated 15 December 2005

VODAFONE GROUP

PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

VODAFONE HOUSE, THE CONNECTION, NEWBURY, BERKSHIRE RG14 2FN, ENGLAND

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82_______________

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN EACH OF AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-110941) AND THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-81825) OF VODAFONE GROUP PUBLIC LIMITED COMPANY AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

This Report on Form 6-K contains the following items

(a) Chief Executive s Statement;

(b) Operating and Financial Review;

(c) summary of Vodafone s mobile telecommunications businesses customer information at 30 September 2005; and

(d) unaudited condensed consolidated financial information for Vodafone as of and for the six month periods ended 30 September 2005 and 2004, including comparative consolidated financial information for Vodafone as of and for the year ended 31 March 2005 including Condensed Consolidated Financial Statements:

Certain information listed above is taken from the previously published results announcement of Vodafone Group Plc for the six months ended 30 September 2005 (interim results announcement). This document does not update or restate any of the financial information set forth in the interim results announcement.

In addition to the information listed above, this document provides certain additional information in accordance with SEC Release 33-8567 relating to the presentation of interim period financial statements by foreign private issuers. The release provides four options for foreign private issuers that are first-time adopters of International Financial Reporting Standards (IFRS) and are required to provide interim financial statements in Securities Act or Exchange Act documents used after a date which is more than nine months after the financial year end. Vodafone is using the option that allows foreign private issuers to use condensed financial information prepared in accordance with US Generally Accepted Accounting Principles (GAAP) to bridge the gap in interim financial information between previous GAAP (UK GAAP in the case of Vodafone) and IFRS. The condensed US GAAP financial information provides a level of detail consistent with that required by Article 10 of Regulation S-X for interim financial statements. The additional information is as follows:

reconciliations of the IFRS financial statements of Vodafone Group Plc for the six months ended 30 September 2005 and 30 September 2004 and the year ended 31 March 2005 to US Generally Accepted Accounting Principles;

reconciliations of (i) the IFRS consolidated income statement of Vodafone Group Plc for the six months ended 30 September 2004 and the year ended 31 March 2005 to UK GAAP, as previously in effect, and (ii) the IFRS balance sheet at 1 April 2004, 30 September 2004 and 31 March 2005 to UK GAAP, as previously in effect;

condensed consolidated statement of operations for Vodafone Group Plc for the six months ended 30 September 2005 and 30 September 2004 and the year ended 31 March 2005, and a condensed consolidated balance sheet of Vodafone Group Plc at 30 September 2005, 30 September 2004 and at 31 March 2005, all prepared in accordance with US GAAP.

All of the financial information presented in this document is unaudited. The information contained in this document that is based on Vodafone s previous GAAP, UK GAAP, is not comparable to the information in this document that is prepared in accordance with IFRS.

The interim financial data as of 30 September 2005 and for the six months ended 30 September 2005 and 30 September 2004 include, in the opinion of Vodafone, all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results of the interim periods. The interim financial information complies with IAS 34, Interim Financial Reporting .

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group s financial condition, results of operations and businesses and certain of the Group s plans and objectives. In particular, such forward-looking statements include the targeted capital expenditures for the years ending 31 March 2007 and 2008, the statements under Trend Information regarding Vodafone s expectations for the years ending 31 March 2006 and 2007 as to the capitalised fixed asset additions, free cash flow, share purchases, effective tax rate and cash tax payments, statements under Global Services regarding Vodafone s expectations for the year ending 31 March 2008 as to operating expenses, capitalised fixed asset additions and revenue enhancement initiatives, statements under Dividends regarding the targeted dividend pay-out ratio for the year ending 31 March 2007 and the growth in future dividends, statements under Share purchase programme regarding the total amount allocated to the share purchase programme for the year, and statements related to the Group s expectations regarding the adoption of certain IFRS standards and the publication of future financial information under IFRS. Certain of these statements are included in the Chief Executive s Statement . These forward-looking statements are made on the basis of certain assumptions which each of Vodafone and the Group businesses, as the case may be, believes to be reasonable in light of Vodafone s operating experience in recent years. The principal assumptions on which these statements are based relate to exchange rates, customer numbers, usage and pricing, take-up of new services, termination and interconnect rates, customer acquisition and retention costs, network opening and operating costs and, availability of handsets and the availability of technology necessary to introduce new products, services and network or other enhancements.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as anticipates , aims , could , may , should , expects , believes , intends , plans or targets . By their nature, forward-looking statements are inherently predictiv and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements particularly the statements under Trend Information , Global Services , Dividends , Share purchase programme and the statements related to the Group s adoption of IFRS and the publication of future financial information referred to above. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group that would adversely affect the level of demand for mobile services; greater than anticipated competitive activity, including the entry of new competitors in the markets in which we operate, requiring changes in pricing models and/or new product offerings or resulting in higher costs of acquiring new customers or providing new services; the impact on capital spending from investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology; slower customer growth or reduced customer retention; the possibility that technologies, including mobile internet platforms, and services, including 3G services, will not perform according to expectations or that vendors performance will not meet the Group s requirements; changes in the projected growth rates of the mobile telecommunications industry; the Group s ability to realise expected synergies and benefits associated with 3G technologies and the integration of our operations and those of acquired companies; the Group s ability to identify and complete the acquisition of companies or other transactions intended to grow the customer base; future revenue contributions of both voice and non-voice services offered by the Group; lower than expected impact of 3G, Vodafone live!, and the Group s business offerings and other new or existing products, services or technologies on the Group s future revenue, cost structure and capital expenditure outlays; the ability of the Group to harmonise mobile platforms and any delays, impediments or other problems associated with the roll-out and scope of 3G technology and services and Vodafone live! and the Group s business or service offerings as well as other new or existing products, services or technologies in new markets; the ability of the Group to offer new services and secure the timely delivery of high-quality, reliable 3G handsets, network equipment and other key products from suppliers; greater than anticipated prices of new mobile handsets; the ability to realise benefits from entering into partnerships for developing data and internet services and entering into service franchising and brand licensing; the possibility that the pursuit of new, unexpected strategic opportunities may have a negative impact on one or more of the measurements of our financial performance or the level of dividends; any unfavourable conditions, regulatory or otherwise, imposed in connection with pending or future acquisitions or dispositions; changes in the regulatory framework in which the Group operates, including possible action by regulators in markets in which the Group operates or by the European Commission regulating rates the Group is permitted to charge; the Group s ability to develop competitive data content and services which will attract new customers and increase average usage; the impact of legal or other proceedings against the Group or other companies in the mobile telecommunications industry; the possibility that new marketing campaigns or efforts are not an effective expenditure; the possibility that the Group s integration efforts do not increase the speed to market for new products or improve the Group s cost position; changes in exchange rates, including particularly the exchange rate of pound sterling to the euro, US dollar and the Japanese yen; the risk that, upon obtaining control of certain investments, the Group discovers additional information relating to the businesses of that investment leading to restructuring charges or write-offs or with other negative implications; changes in statutory tax rates and profit mix which would impact the weighted average tax rate; changes in tax legislation in the jurisdictions in which the Group operates; final resolution of open issues which might impact the effective tax rate; timing of any tax payments relating to the resolution of open issues; and loss of suppliers or disruption of supply chains.

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under Risk Factors contained in our Annual Report with respect to the financial year ended 31 March 2005. All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above.

No assurance can be given that the forward-looking statements in this document will be realised. Neither Vodafone Group nor any of its affiliates intends to update these forward-looking statements.

PRESENTATION OF INFORMATION

In the discussion of the Group s reported financial position and results for the six month period to 30 September 2005, information in addition to that contained within the unaudited Condensed Consolidated Financial Statements is presented on the basis that it provides readers with access to additional financial information regularly reviewed by management. This information is provided to assist investor assessment of the Group s performance from period to period. However, the additional information presented is not uniformly defined by all companies in the Group s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Definitions of the terms and measures presented are shown on page 17.

In presenting and discussing the Group s reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with IFRS, but this information is not itself an expressly permitted GAAP measure. Such non-GAAP measures should not be viewed in isolation to the equivalent GAAP measure. An explanation as to the use of these measures and a reconciliation to the nearest equivalent GAAP measure can be found on pages 36 to 38.

CHIEF EXECUTIVE S STATEMENT

Vodafone Group has posted another good set of results for the first half of this financial year, underpinned by a strong operational performance.

The main feature of the last six months has been the success our businesses have enjoyed in acquiring and retaining customers. Our Group added 10 million net organic proportionate mobile customers in the first half, representing annualised growth of approximately 13%. The total proportionate customer base of the Group has risen to 171 million as we continue to enjoy success in both low and high penetration markets.

Our focus on customers can also be seen in the continued and accelerating growth of our 3G customer base. Our early push for 3G is delivering real benefits and we now have approximately 5 million devices. Across the markets where we have introduced the benefits of W-CDMA, I continue to believe that 3G offers Vodafone, and indeed the mobile industry, significant opportunities for growth in the future.

We are now also seeing the benefits of scale introduced into the 3G world. Handset prices to Vodafone have reduced by around 30% in the last 12 months and continued improvements in functionality are all helping to deliver 3G as a mass market proposition. The Vodafone 3G service offering also continues to develop, with a major push in both music and mobile TV which will be enhanced by the rollout of HSPDA next year. I am excited about the prospects for these adjacent markets and our ability to drive new revenue streams.

The key trends in our business are reflected through our major geographies. First, our core European footprint is delivering solid growth and broadly flat margins. Given the competitive intensity of the European markets and our continued push for new customers, including 3G customers which tend to have a higher upfront subsidy and higher ARPUs, this is excellent progress.

In Japan, execution of our turn-around is on track and I am pleased with the progress we are making. One of the key aspects of this programme is that we continue to invest in customers.

In the US, our associate, Verizon Wireless, continues to lead the market for customer additions. This has led to continued strong double digit service revenue growth, with some associated impact on costs. Given the development of the US market and market leading position enjoyed by Verizon Wireless, we are supportive of this strategy.

The Group continues to benefit from global scale. Our One Vodafone implementation is now ramping up to ensure we can deliver full benefits from the 2008 financial year. The differentiated customer propositions we have introduced in the last 12 months are delivering value to our customers. A very good example of utilising our scale is the introduction of Vodafone Passport, which today is used by over 3 million customers across the Vodafone footprint. Shareholders should expect us to continue to leverage our unrivalled scale in the future.

Growth from acquisitions is also a factor in our longer term development. This year we have announced acquisitions in Romania, the Czech Republic, India and South Africa as well as the disposal of our Swedish business. We will continue to focus on selective acquisitions and these recent announcements highlight our strategy of investing in growth markets.

The Board has approved a 15% increase in the interim dividend to 2.20 pence per share. The Board has also indicated that it is targeting a 50% dividend pay-out ratio (declared interim and proposed final dividends per share as a percentage of the underlying earnings per share) to be achieved for the 2007 financial year. Having taken into account the target of a 50% pay-out, growth in future dividends is expected to be in line with underlying earnings growth.

The Board has also approved a £6.5 billion share purchase programme target for this financial year, representing an increase of £2 billion on the £4.5 billion target announced in May. The Board will continue to review the appropriate allocation of capital on an ongoing basis.

Vodafone Group continues to prosper in a competitive and challenging environment. I am very satisfied with progress and believe that the Group is uniquely placed to take advantage of the many opportunities to deliver shareholder value in the future.

Arun Sarin

3

OPERATING AND FINANCIAL REVIEW

The following discussion should be read in conjunction with the unaudited Condensed Consolidated Financial Statements for the six month periods ended 30 September 2005 and 30 September 2004 and the unaudited Consolidated Financial Statements for the year ended 31 March 2005 included in this document. Financial information for the year ended 31 March 2005 and the six months ended 30 September 2004, presented as comparative figures in this document, has been restated from UK GAAP in accordance with IFRS and on the basis set out in the accounting policies below. The restated IFRS information for the year ended 31 March 2005 was derived by restatement of information contained in the audited Consolidated Financial Statements in the Group s Annual Report on Form 20-F for the year ended 31 March 2005.

A reconciliation of the differences between UK GAAP and IFRS is provided in Note 17 to the unaudited Condensed Consolidated Financial Statements.

The accompanying Condensed Consolidated Financial Statements for the six months ended 30 September 2005 have been prepared in accordance with those IASB standards and IFRIC interpretations issued and effective, or issued and early-adopted, at 15 December 2005. The accounting principles underlying IFRS vary in significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 16 to the Condensed Consolidated Financial Statements.

Results of operations

The following tables of summarised financial information, and the discussion below, compare the results of operations for the six months ended 30 September 2005 with the six months ended 30 September 2004.

	Six months to 30 September	
	2005	2004
	£m	£m
	(unaudited)	(unaudited)
Revenue[(1)]	**18,251**	16,742
Operating profit[(1)]	**4,477**	4,759
Profit before taxation	**4,107**	4,540
Profit for the period	**2,818**	3,683
Basic earnings per share	**4.36p**	5.40p
Diluted earnings per share	**4.35p**	5.39p

(1) Revenue and operating profit are analysed in more detail in the table below.

The following analysis of revenue and operating profit below is used by management to give a more detailed understanding of the turnover of the Group and to enhance insight into the costs of the business. These measures are presented to enhance the discussion of revenue and expenses that follows and to enable a reader to better understand the components of revenue and associated costs.

		Six months to 30 September			
		2005	2004	% change	
		£m	£m	£	Organic
Revenue	Mobile telecommunications				
	- Total service revenue	**15,641**	14,431	8.4	5.4
	- Other revenue[1]	**2,059**	1,884	9.3	
		17,700	16,315	8.5	5.8
	Other operations	**622**	505	23.2	
	Less: revenue between mobile and other operations	**(71)**	(78)		
		18,251	16,742	9.0	6.4
Operating profit		**4,477**	4,759	(5.9)	
	- Mobile telecommunications	**4,952**	4,748	4.3	3.7
	- Other operations	**21**	11	90.9	
	Adjusted operating profit	**4,973**	4,759	4.5	3.9
	Items not related to underlying business performance:				
	- Impairment of intangible assets (Note 4)	**(515)**			
	- Non-operating income in associated undertakings	**19**			

<u>Mobile telecommunications</u>

Trading results	Voice services[2]	**12,705**	11,875	7.0	3.9
	Non-voice services[2]	**2,936**	2,556	14.9	12.2
	Total service revenue	**15,641**	14,431	8.4	5.4
	Net other revenue[1]	**259**	290	(10.7)	
	Interconnect costs	**(2,377)**	(2,164)	9.8	
	Other direct costs	**(1,092)**	(986)	10.8	
	Net acquisition costs[1]	**(1,078)**	(1,007)	7.1	
	Net retention costs[1]	**(1,143)**	(900)	27.0	
	Payroll	**(1,131)**	(1,103)	2.5	
	Other operating expenses	**(2,451)**	(2,314)	5.9	
	Acquired intangibles amortisation	**(120)**	(31)		
	Purchased licence amortisation	**(472)**	(449)	5.1	
	Depreciation and other amortisation	**(2,269)**	(2,103)	7.9	
	Share of result in associated undertakings	**1,185**	1,084	9.3	
	Adjusted operating profit [3]	**4,952**	4,748	4.3	3.7

(1) Total mobile revenue includes £1,800 million (2004: £1,594 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results.

(2) Following a review of certain tariffs in Japan, the Group has reclassified an element of monthly fees received from contract customers from voice revenue to non-voice revenue to provide a more precise reflection of customer usage. The impact of the change is to reduce voice revenue by £224m and increase messaging revenue by £74m and non-messaging data revenue by £150m for both the mobile business and Japan in the comparative period. There is no impact on service revenue or total revenue.

(3) Adjusted operating profit is stated before items not related to underlying business performance.

See page 17 for definition of terms

Group

Total revenue increased by 9.0% to £18,251 million for the six months ended 30 September 2005, comprising organic growth of 6.4%, favourable movements in exchange rates of 1.4%, primarily from the Euro, and a further 1.2% from the acquisitions in the Czech Republic and Romania.

The Group recorded an impairment charge to the carrying value of goodwill in Vodafone Sweden of £515 million to reflect the recoverable amount at 30 September 2005. This was the primary driver in the reduction in operating profit to £4,477 million, a decrease of 5.9% on the prior period. Adjusted operating profit increased by 4.5% to £4,973 million, with underlying organic growth of 3.9%, following organic growth of 3.7% in the Group s mobile business. Favourable exchange rate movements benefited reported growth for the Group by 1.3% whilst the impact of acquisitions reduced reported growth by 0.7%, principally due to the amortisation of intangible assets resulting both from the acquisitions in the current period and the increase in the Group s effective shareholding in Japan in the prior period.

Mobile telecommunications

Revenue in the mobile business increased by 8.5%, or 5.8% on an organic basis, for the six months to 30 September 2005 due to a 5.4% increase in service revenue on an organic basis and growth in other revenue. Service revenue growth reflected a 12.4% organic increase in the average customer base of the controlled mobile networks and the Group s share of jointly controlled mobile networks, offset by a decline in ARPU in a number of markets following termination rate cuts, tariff adjustments in response to increased competition and a higher proportion of lower spending prepaid customers across the Group.

Voice revenue grew by 7.0%, or by 3.9% on an organic basis, with improvements in revenue from outgoing and roaming traffic offset by a decline in incoming revenue driven by termination rate cuts in several markets. Total voice minutes increased by 17.0%, driven by a larger customer base and the success of usage stimulation initiatives. These factors, counterbalanced by tariff declines, resulted in growth in outgoing revenue. Roaming revenue benefited from the launch of Vodafone Passport in the current period.

An increase of 29.6% in non-messaging data revenue, to £989 million, was the principal driver in the growth of non-voice service revenue to £2,936 million for the six months to 30 September 2005, a 12.2% increase on an organic basis. Registering an additional 2,740,000 3G devices in the last six months, including 188,000 Vodafone Mobile Connect 3G/GPRS data cards, was the main factor in the non-messaging data revenue growth, along with Vodafone live! for consumers and BlackBerry® from Vodafone in the business segment. Messaging revenue continued to represent the largest component of non-voice revenue at £1,947 million for the current period, an 8.6% increase over the prior period.

Other revenue increased to £2,059 million, principally due to growth in revenue related to acquisition and retention activities in Spain and Japan. A 27.8% rise in the number of gross customer additions, partially offset by a fall in the average revenue for handset sales to new prepaid customers, and a 23.3% increase in the number of upgrades, at a higher average price as customers upgraded to high-specification 3G handsets, led to a 12.9% growth in revenue related to acquisition and retention activities to £1,800 million.

Adjusted operating profit increased by 4.3% to £4,952 million, comprising organic growth of 3.7% and favourable exchange rate movements of 1.4% offset by the impact of acquisitions in the current and prior periods.

Interconnect costs increased by 6.2% on an organic basis, as strong growth in voice usage was only partially offset by cuts in termination rates in a number of markets and an increased proportion of outgoing traffic being to other Vodafone customers, which does not result in interconnect expense.

Acquisition and retention costs, net of attributable revenue, grew by 16.5% to £2,221 million, principally due to increased investment in retention activities, with Japan representing the largest element, as the number of upgrades grew strongly with a marginally higher average subsidy per upgrade.

Payroll and other operating expenses as a percentage of service revenue decreased from 23.7% to 22.9% as the Group continued to realise cost efficiencies.

The charge relating to the amortisation of acquired intangible assets increased to £120 million following the acquisitions in the Czech Republic and Romania in the current period and the increase in the Group s effective shareholding in Japan in the prior period. Depreciation and other amortisation increased principally due to acquisitions in the current period and the ongoing expansion of 3G networks.

The Group s share of the result in associated undertakings, before items not related to underlying business performance, grew by 9.3% after the deduction of interest, tax and minority interest, and 8.5% before the deductions, primarily due to growth at SFR in France. The Group s share of the result in Verizon Wireless increased by 5.9% to £952 million, before deduction of interest, tax and minority interest and by 4.6% to £772 million, after deduction of interest, tax and minority interest.

Investment income and financing costs

	Six months to 30 September 2005 £m	Six months to 30 September 2004 £m
Investment income	**259**	321
Financing costs	**(630)**	(556)
	(371)	(235)
Analysed as:		
- Net financing costs before dividends from investments	**(137)**	(132)
- Potential interest charges arising on settlement of outstanding tax issues	**(124)**	(122)
- Change in fair value of equity put option (Note 6)	**(151)**	
- Dividends from investments	**41**	19
	(371)	(235)

Net financing costs before dividends from investments increased by 3.8% to £137 million with a 28% increase in average net debt compared to the six months to 30 September 2004 partially offset by the benefit of a change in the currency mix of borrowings, an increase in the level of average cash balances held in sterling and the repayment of fixed rate bonds in the year to 31 March 2005.

Taxation

The effective tax rate for the six months to 30 September 2005, which is based on the expected effective tax rate for the year ending 31 March 2006, is 31.4% compared to 18.9% for the prior period. The Group s effective tax rate is lower than the Group s weighted average tax rate of 35.0%, as a result of the buy back of shares in Vodafone Italy and favourable tax settlements. The effective tax rate has increased compared to the comparable period as the prior period results benefited from losses of Vodafone Holdings K.K. becoming eligible for offset against the profits of Vodafone K.K. following the merger of these two Japanese entities and from finalising the reorganisation of the Group s German operations.

Basic and diluted earnings per share

Basic earnings per share for the six months ended 30 September 2005 were 4.36 pence compared to 5.40 pence for the six months ended 30 September 2004. Earnings per share for the six months to 30 September 2005 includes a charge of 0.81 pence per share (2004: nil pence per share) in relation to the impairment of the carrying value of goodwill relating to Vodafone Sweden, a charge of 0.24 pence per share (2004: nil pence per share) related to the change in fair value of a put option giving Telecom Egypt the right to put its shares back to the Group at fair market value and a credit of 0.04 pence per share (2004: 0.46 pence per share) relating to other items not related to underlying business performance.

The Group s share schemes have a dilutive effect on earnings per share which amounts to 0.01p per share (2004: 0.01p per share).

Balance sheet

Non-current assets increased from £137,410 million at 31 March 2005 to £140,767 million at 30 September 2005. The main elements of the increase of £3,357 million were an increase in intangible assets of £653 million, an increase in investments of £2,507 million and an increase in property, plant and equipment of £393 million.

The increase in intangible assets was primarily due to the acquisitions in the year offset by the impairment of the goodwill relating to Vodafone Sweden. Investments increased due to the Group s share of the income of its associated undertakings and foreign exchange differences. Property, plant and equipment increased primarily as a result of the acquisition of ClearWave N.V. (see Note 9 for details).

Current assets decreased from £9,696 million at 31 March 2005 to £8,072 million at 30 September 2005, principally due to a decrease in cash and cash equivalents of £2,369 million, as analysed in the consolidated cash flow statement, offset by an increase in trade and other receivables from £5,449 million at 31 March 2005 to £6,068 million at 30 September 2005.

Equity shareholders funds

Total equity shareholders funds at 30 September 2005 decreased to £113,771 from £113,800 million at 31 March 2005. The decrease primarily comprises the profit for the period of £2,775 million, gains on available-for-sale investments of £572 million, net currency translation gains of £437 million, proceeds of £79 million from the issue of new shares and £378 million relating to share awards and share-based payments, more than offset by dividends of £1,395 million, loss on reissue of treasury shares of £73 million and purchases of treasury shares of £2,802 million.

Inflation

Inflation has not had a significant effect on the consolidated results of operations and financial conditions during the six months to 30 September 2005.

MOBILE TELECOMMUNICATIONS   REGIONAL REVIEW

Vodafone operating companies are licensed on an arms length basis to use the Vodafone brand and related trademarks. These arrangements have been reviewed and the charges for the use of the Vodafone brand and related trademarks were revised with effect from 1 April 2005 to reflect the positioning of the brand in the current markets. There is no material impact on the Group s overall operating profit. The impact of the change is to reduce individual operating company profitability with a corresponding increase in the profit attributable to the Common functions segment, which forms part of the mobile telecommunications business.

The following results are presented in accordance with the new reporting structure which was effective as of 1 April 2005.

GERMANY

<u>**Financial highlights**</u>		**Six months to 30 September**			
		2005	2004	% change	
		£m	£m	£	
Total revenue(1)		**2,913**	2,808	3.7	2.0
Trading results	Voice services	**2,225**	2,185	1.8	0.2
	Non-voice services	**536**	451	18.8	16.7
	Total service revenue	**2,761**	2,636	4.7	3.0
	Net other revenue(1)	**49**	69	(29.0)	(30.6)
	Interconnect costs	**(394)**	(377)	4.5	2.8
	Other direct costs	**(144)**	(158)	(8.9)	(9.8)
	Net acquisition costs(1)	**(179)**	(166)	7.8	5.5
	Net retention costs(1)	**(180)**	(157)	14.6	13.0
	Payroll	**(208)**	(207)	0.5	(1.7)
	Other operating expenses	**(352)**	(322)	9.3	7.6
	Purchased licence amortisation	**(171)**	(168)	1.8	
	Depreciation and other amortisation	**(407)**	(371)	9.7	7.9
	Adjusted operating profit	**775**	779	(0.5)	(2.1)
KPIs	Closing customers (000)	**28,259**	26,092		8.3
	Average monthly ARPU	**24.4**	25.7		(5.1)

(1) Total revenue includes £103 million (2004: £103 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results

See page 17 for definition of terms

Vodafone achieved strong customer growth in a competitive market, consolidated its market position in 3G offerings with innovative new products, including Mobile TV, and launched Vodafone Zuhause, an alternative to a fixed line network allowing private householders and home office users to replace their existing fixed line connection. In September 2005, Vodafone launched 3G services for prepaid customers and commenced customer trials of HSDPA technology which enables data transmission speeds of up to 2 megabits per second.

Total revenue grew by 2.0%, when measured in local currency, due to a 3.0% increase in service revenue, primarily driven by a larger customer base, partly offset by lower other revenue. Competitively priced prepaid offerings including new text packages and tariff options for evening and weekend calls, selective top-up promotions and a new internet-only low cost tariff along with the success of 3G, new voice bundles and the launch of Vodafone Zuhause, led to growth in the average customer base of 8.7% compared with the comparative period. New voice bundles, which had attracted more than 4 million customers at 30 September 2005, were the main factor in the 11.1% increase in voice usage by contract customers and contributed to the 0.9 percentage points fall in contract churn to 13.7% for the period. A rise in the number of lower spending prepaid customers along with a fall in activity level and a cut in the mobile call termination rate from 14.3 eurocents to 13.2 eurocents in the second half of the previous financial year had a dilutive effect on ARPU, and particularly impacted service revenue growth in the second quarter, whilst growth in the first quarter benefited from the timing of Easter holidays compared to the prior period.

Non-voice service revenue increased by 16.7% in local currency compared to the six months to 30 September 2004, primarily due to the success of non-messaging data offerings, the revenue from which increased by 75.4% in local currency, to £117 million. Vodafone continued to lead the 3G market in Germany with 815,000 registered 3G devices on the network at 30 September 2005, including 148,000 Vodafone Mobile Connect 3G/GPRS data cards. In the consumer segment, the number of active Vodafone live! devices increased by 13.7% over the six month period to 5,508,000 at 30 September 2005.

Investment in customer retention and an increase in the Group s charge for the use of the brand and related trademarks, representing approximately 1.1% of service revenue and reported in other operating expenses, led to the decrease in adjusted operating profit as a percentage of service revenue. Interconnect costs rose broadly in line with service revenue as an 8.9% increase in total voice usage was partially offset by the termination rate cut. A higher proportion of new 3G customers, as discussed above, and a 9.2% rise in gross customer additions led to an increase of 5.5% in net acquisition costs, in local currency. Adjusted operating profit was impacted by increased depreciation charges resulting from the ongoing 3G network roll out and the disposal of assets due to the standardisation of network equipment.

ITALY

<u>**Financial highlights**</u>		**Six months to 30 September**			
		2005	2004	% change	
		£m	£m	£	
Total revenue(1)(2)		**2,240**	2,091	7.1	5.3
Trading results(2)	Voice services	**1,816**	1,720	5.6	3.8
	Non-voice services	**343**	283	21.2	18.9
	Total service revenue	**2,159**	2,003	7.8	6.0
	Net other revenue(1)	**5**	5		(13.1)
	Interconnect costs	**(366)**	(357)	2.5	0.9
	Other direct costs	**(122)**	(112)	8.9	6.3
	Net acquisition costs(1)	**(39)**	(29)	34.5	30.8
	Net retention costs(1)	**(41)**	(31)	32.3	29.4
	Payroll	**(123)**	(126)	(2.4)	(4.0)
	Other operating expenses	**(266)**	(234)	13.7	11.9
	Purchased licence amortisation	**(37)**	(36)	2.8	
	Depreciation and other amortisation	**(247)**	(239)	3.3	1.7
	Adjusted operating profit	**923**	844	9.4	7.5
KPIs	Closing customers (000)(3)	**17,884**	16,654		7.4
	Average monthly ARPU	**30.1**	30.3		(0.7)

(1) Total revenue includes £76 million (2004: £83 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results

(2) Italy is a joint venture and is proportionately consolidated by the Group and hence the results and customers reported represent the Group s average effective interest, being 76.8% for the six months to 30 September 2005 (2004: 76.8%).

See page 17 for definition of terms

In an intensely competitive market, Vodafone continued to perform strongly in Italy through customer growth, driven by successful summer promotions, and a focus on high value customers. Average customer growth of 6.5% was achieved despite market penetration levels well in excess of 100% due to customers having more than one SIM.

In local currency, total revenue increased by 5.3%, reflecting the growth in service revenue achieved from an increase in the average customer base. This was partially offset by a slight decrease in ARPU following a cut in termination rates averaging 20.5% from 1 September 2005 which impacted service revenue growth and interconnect costs in the second quarter. Strong promotional initiatives over the summer, comprising free calls and text messages for a small activation fee, were taken up by more than 4 million customers and stimulated voice and text usage. Total voice usage increased by 5.5% compared with the six months to 30 September 2004, with a higher proportion of voice minutes from calls between Vodafone customers, which do not result in interconnect costs. Targeted retention activities and a focus on high value customers led to a reduction in contract customer churn to 14.7% from 18.0% for the prior period and limited the increase in total churn, which rose over the prior period by 1.6 percentage points to 18.0%. In the business segment, the positive net customer inflow from mobile number portability continued, reflecting the attractiveness of its business offerings, including products such as the Vodafone Mobile Connect data card and Vodafone Passport.

Non-voice service revenue increased by 18.9% in local currency, with revenue from messaging increasing to £297 million, representing growth of 15.4% in local currency. Non-messaging data revenue grew by 48.7% driven by the success of 3G offerings and a 124.2% increase in the Group s share of the number of active Vodafone live! devices over the past twelve months. At 30 September 2005, the Group s share of registered 3G devices was 1,044,000 compared with 511,000 at 31 March 2005.

In local currency, adjusted operating profit increased by 7.5%, despite an increase in the cost of acquiring and retaining customers in response to competitive pressures, though these costs remain low as a percentage of service revenue compared to other markets, and higher operating expenses from increased marketing and network costs as 3G network coverage continued to improve.

JAPAN

Financial highlights		**Six months to 30 September**			
		2005	2004	% change	
		£m	£m	£	¥
Total revenue[1]		**3,704**	3,689	0.4	0.4
Trading results	Voice services[2]	**1,889**	2,015	(6.3)	(6.3)
	Non-voice services[2]	**815**	830	(1.8)	(1.8)
	Total service revenue	**2,704**	2,845	(5.0)	(5.0)
	Net other revenue[1]	**7**	11		
	Interconnect costs	**(238)**	(250)	(4.8)	(5.1)
	Other direct costs	**(133)**	(119)	11.8	12.3
	Net acquisition costs[1]	**(294)**	(322)	(8.7)	(8.9)
	Net retention costs[1]	**(460)**	(320)	43.8	43.3
	Payroll	**(74)**	(115)	(35.7)	(36.4)
	Other operating expenses	**(708)**	(708)		(0.2)
	Acquired intangibles amortisation	**(68)**	(30)		
	Depreciation and other amortisation	**(545)**	(569)	(4.2)	(4.3)
	Adjusted operating profit	**191**	423	(54.8)	(57.1)
KPIs	Closing customers (000)	**14,991**	15,123		(0.9)
	Average monthly ARPU	**¥5,983**	¥6,279		(4.7)

(1) Total revenue includes £993 million (2004: £833 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results

(2) Following a review of certain tariffs, the Group has reclassified an element of monthly fees received from contract customers from voice revenue to non-voice revenue to provide a more precise reflection of customer usage. More details are provided on page 5

See page 17 for definition of terms

Market conditions for Vodafone in Japan continue to be challenging. Vodafone is in the process of returning to customer growth through more competitive services and pricing coupled with an improving 3G network and handset range, most recently demonstrated by the announcement of improvements to the handset range for the winter sales period.

In local currency, revenue increased marginally by 0.4% with the increase in equipment revenue related to acquisition and retention activities offset by a 5.0% reduction in service revenue. The decrease in service revenue followed a decline in ARPU and a slight decline in the average customer base. The loss of higher value customers, following a lack of a competitive 3G offering, and the total ban on using mobile phones whilst driving introduced in November 2004, led to the reduction in ARPU. The revenue uplift from the introduction of new tariffs in the second quarter of the prior period has not been replicated in the current period. Revenue related to acquisition and retention activities improved by 19.2% in local currency due to increased sales of higher specification handsets, particularly from retention activities, which outweighed lower gross connections.

New flat rate messaging and data tariffs improved the competitiveness of the non-voice offerings and were a significant contributory factor in an additional 816,000 3G devices being registered to the network in the six months to 30 September 2005, bringing the total to 1,614,000. Non-voice revenue decreased by 1.8% in local currency, to £815 million, as the growth in non-messaging data was offset by the loss of higher value customers. Non-messaging data revenue increased by 12.4% in local currency, to £615 million for the six months to 30 September 2005 resulting from higher usage of data products and services and the fact that messaging transmitted via the 3G network is reported as data revenue in Japan as 3G messages are packet-based.

Investment in customer retention in response to competitive pressures contributed to a reduction in customer churn from 23.1% for the six months to September 2004 to 19.7% for the current period and, along with the dilution of ARPU and higher direct costs resulting from lower provisions for slow moving handset stocks in the comparative period, and an increase in the amortisation of acquired intangible assets recognised following the Group s increase in its effective shareholding in Japan in the six months ended 30 September 2004 led to adjusted operating profit falling by £232 million. The above factors were partially offset by a reduction in gross connections leading to lower net acquisition costs.

On 9 November 2005, the government of Japan awarded two licences for 1.7GHz and one licence for 2.0GHz spectrum to potential new mobile market entrants. These licences carry obligations to deploy national coverage within an allocated time frame. The new market entrants are expected to start limited service from late 2006.

SPAIN

Financial highlights		**Six months to 30 September**			
		2005	2004	% change	
		£m	£m	£	
Total revenue[(1)]		**1,968**	1,554	26.6	24.6
Trading results	Voice services	**1,546**	1,246	24.1	22.1
	Non-voice services	**251**	180	39.4	37.1
	Total service revenue	**1,797**	1,426	26.0	24.0
	Net other revenue[(1)]	**1**	1	-	-
	Interconnect costs	**(323)**	(266)	21.4	19.5
	Other direct costs	**(155)**	(117)	32.5	29.5
	Net acquisition costs[(1)]	**(123)**	(115)	7.0	5.5
	Net retention costs[(1)]	**(114)**	(75)	52.0	48.7
	Payroll	**(76)**	(66)	15.2	13.4
	Other operating expenses	**(286)**	(222)	28.8	26.8
	Purchased licence amortisation	**(34)**	(34)	-	-
	Depreciation and other amortisation	**(158)**	(135)	17.0	14.5
	Adjusted operating profit	**529**	397	33.2	31.4
KPIs	Closing customers (000)	**12,418**	10,452		18.8
	Average monthly ARPU	**37.0**	35.4		4.5

(1) Total revenue includes £170 million (2004: £127 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results

See page 17 for definition of terms

Vodafone continued to deliver strong growth in Spain through a focus on customer growth, targeted summer campaigns and excellent customer service, as well as the retention of high value customers, alongside propositions encouraging both customer transition from prepaid to contract and increased voice usage.

In local currency, total revenue for the six months to 30 September 2005 increased by 24.6%, principally as a result of a 24.0% rise in service revenue. The average customer base grew by 18.8% owing to 1,967,000 new customers from the successful summer campaign and attractive tariffs combined with a successful customer retention strategy and net inflow of customers from mobile number portability. Additionally, a continuing campaign encouraging customers to switch from prepaid to contract helped the percentage of contract customers increase from 45.4% at 30 September 2004 to 48.0% at 30 September 2005. Growth of 38.0% in voice usage, driven by promotions, a larger customer base and a higher proportion of contract customers, resulted in a 4.5% increase in ARPU, despite a 10.5% cut in termination rates in November 2004.

Non-voice service revenue increased by 37.1%. Promotions encouraging usage resulted in text message volumes increasing by 26.6% in the six months to 30 September 2005. Although messaging remains the principal driver for the rise in non-voice service revenue, non-messaging data revenue continues to increase its share of non-voice service revenue, increasing by 85.7% in local currency to £46 million. This is driven by the success of 3G services, with 315,000 devices registered by 30 September 2005, and Vodafone live!, which has 4,132,000 devices using the service.

Both acquisition costs and interconnect costs fell as a proportion of service revenue, the latter due to the cut in termination rates combined with promotions focusing on calls to Vodafone and fixed-line numbers, which incur lower interconnect costs. These falls were counteracted by a 48.7% rise in net retention costs, which resulted from a focus on retaining customers and led to a reduction in churn levels from 23.0% for the six months to 30 September 2004 to 21.2% for the current period. Other direct costs increased 29.5%, primarily as a result of an increase in content provision costs arising from the increase in data traffic. An increase in the Group s charge for the use of the brand and related trademarks, representing approximately 1.1% of service revenue, contributed to the growth in other operating expenses.

UNITED KINGDOM

Financial highlights		**Six months to 30 September**		
		2005	2004	% change
		£m	£m	
Total revenue[1]		**2,568**	2,563	0.2
Trading results	Voice services	**1,864**	1,879	(0.8)
	Non-voice services	**453**	404	12.1
	Total service revenue	**2,317**	2,283	1.5
	Net other revenue[1]	**68**	93	(26.9)
	Interconnect costs	**(438)**	(410)	6.8
	Other direct costs	**(180)**	(189)	(4.8)
	Net acquisition costs[1]	**(216)**	(186)	16.1
	Net retention costs[1]	**(199)**	(198)	0.5
	Payroll	**(205)**	(208)	(1.4)
	Other operating expenses	**(366)**	(334)	9.6
	Acquired intangibles amortisation	**(2)**		
	Purchased licence amortisation	**(166)**	(166)	
	Depreciation and other amortisation	**(293)**	(289)	1.4
	Adjusted operating profit	**320**	396	(19.2)
KPIs	Closing customers (000)	**15,764**	14,600	8.0
	Average monthly ARPU	**£24.9**	£26.6	(6.4)

(1) Total revenue includes £183 million (2004: £187 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results

See page 17 for definition of terms

The UK continues to be one of the most competitive markets in which Vodafone operates, with among the highest penetration rates in Europe. Nevertheless, Vodafone has maintained its lead in revenue market share and has continued to be successful in attracting customers and generating additional usage, particularly by contract customers, through enhancing consumer offerings and building on leadership in business.

Total revenue for the six months to 30 September 2005 increased marginally, as the benefits of a growing customer base and increasing non-voice revenue were negated by a fall in other revenue and the 30% cut in termination rates introduced on 1 September 2004 for all UK mobile network operators, excluding the new third generation operator. ARPU fell by 6.4%, as reduced voice ARPU, including the effect of the termination rate cut and a higher proportion of lower spending prepay customers, was partially offset by growth in non-voice revenue. Excluding the impact of the termination rates cut, service revenue grew by 4.8%, principally due to an 8.7% increase in the average customer base.

Increased investment in acquisition activity and enhanced consumer offerings drove customer growth in the six months to 30 September 2005. Contract net additions increased 31.8% for the six months to 30 September 2005 compared to the same period last year despite a slight reduction in the net acquisition cost per gross addition. Consumer offerings launched in the period included the Stop the Clock proposition which allows customers on 18 month contracts to talk off-peak for up to 60 minutes and only pay for 3 minutes. In the business segment, the Perfect Fit for Business tariffs increased revenue and usage.

The principal driver behind the 12.1% rise in non-voice revenue was an increase of 57.9% in non-messaging data revenue to £103 million, primarily due to the success of offerings such as Vodafone live! with 3,963,000 active devices at 30 September 2005, 3G with 438,000 registered devices including 97,000 business devices and BlackBerry® from Vodafone with 179,000 registered devices.

The increased investment in acquisition activity along with broadly stable contract churn has led to growth in the customer base, including higher spending contract customers, and provides a strong platform for future growth. Contract churn in the current period benefited from focused upgrade activity and a higher proportion of the customer base being on 18 month contracts. An increase in the proportion of upgrades through Vodafone s own channels enabled net retention costs to be kept stable despite a 9.4% rise in the volume of upgrades. Interconnect costs increased as total voice usage grew by 9.6%, driven by a higher customer base, usage stimulation initiatives for contract customers such as Stop the Clock and a higher proportion of outgoing calls made to other mobile networks, partially offset by the impact of termination rate cuts. An increase in the Group s charge for the use of the brand and related trademarks, representing approximately 1.1% of service revenue, contributed to the growth in other operating expenses.

AMERICAS Verizon Wireless

Financial highlights		**Six months to 30 September**			
		2005	2004	% change	
		£m	£m	£	$
Adjusted operating profit		**772**	738	4.6	5.2
Share of result in associated undertakings	Operating profit	**952**	899	5.9	6.3
	Interest	**(100)**	(92)	8.7	
	Tax	**(54)**	(44)	22.7	
	Minority interest	**(26)**	(25)	4.0	
		772	738	4.6	5.2
KPIs	Closing customers (000)	**49,291**	42,118		17.0
	Average monthly ARPU	**$51.6**	$53.2		(3.0)
	Acquisition and retention costs as a percentage of service revenue	**13.2%**	12.3%		

See page 17 for definition of terms

The US market has recently experienced considerable consolidation, including the mergers of Cingular and AT&T Wireless, Sprint and Nextel, and Alltel and Western Wireless. Penetration has reached approximately 66% as at 30 June 2005, with Verizon Wireless customer market share at approximately 24%.

Despite the consolidation, Verizon Wireless continued to outperform its competitors, ranking first in customer net additions for the six months to 30 September 2005, with the total customer base increasing by 8.4% in the current period to 49,291,000. The strong customer growth has benefited from a churn rate which is amongst the lowest in the US mobile industry and which has continued to improve from 17.9% for the six months to 30 September 2004 to 15.1% for the current period.

In local currency, the Group s share of Verizon Wireless operating profit increased by 6.3%. Verizon Wireless service revenue increased, driven by the larger customer base offset by a decrease in ARPU. The ARPU decline of 3.0% was primarily due to tariff pricing changes earlier in 2005 and increases in the size of bundled minute plans. The growth in the customer base and the larger bundle sizes contributed to a 35% growth in total minutes of use.

Non-voice service revenue rose significantly over the prior period and represented 7.5% of service revenue in the six months to 30 September 2005. Non-voice revenue growth was primarily generated by increased SMS and MMS usage and growth in new products including V CAST^{SM}, VZMail and BroadbandAccess. V CAST^{SM} and BroadbandAccess are delivered over Verizon Wireless EV-DO network, which is expected to cover nearly half of the population by the end of 2005.

The Group s share of the tax attributable to Verizon Wireless of £54 million for the six months to 30 September 2005 relates only to the corporate entities held by the Verizon Wireless partnership. The tax attributable to the Group s share of the partnership s pre-tax profit is included within the Group tax charge.

Vodafone and Verizon Wireless are engaged in a number of joint projects to bring global services to their customers. In September 2005, Vodafone and Verizon Wireless jointly launched a two card international data roaming solution which allows Vodafone s customers to use Verizon Wireless broadband coverage in the US and provides Verizon Wireless customers with coverage in 50 countries globally.

Verizon Wireless has recently strengthened its spectrum position with the closing of the purchase of several key spectrum licences, including licences from NextWave, Leap Wireless, Metro PCS, and through participation in the FCC s Auction 58.

13

OTHER MOBILE OPERATIONS

<u>**Financial highlights**</u>		**Six months to 30 September**			
		2005	2004	% change	
		£m	£m	£	Organic
Total revenue	Subsidiaries	**3,826**	3,176	20.5	
	Joint ventures	**632**	548	15.3	
	Less: intra-segment revenue	**(17)**	(12)		
		4,441	3,712	19.6	10.9
Adjusted operating profit	Subsidiaries	**706**	717	(1.5)	
	Joint ventures	**170**	133	27.8	
	Associated undertakings	**413**	346	19.4	
		1,289	1,196	7.8	4.5
Trading results	Voice services	**3,536**	2,975	18.9	
	Non-voice services	**568**	427	33.0	
	Total service revenue	**4,104**	3,402	20.6	
	Net other revenue(1)	**62**	51	21.6	
	Interconnect costs	**(819)**	(668)	22.6	
	Other direct costs	**(345)**	(277)	24.5	
	Net acquisition costs(1)	**(228)**	(189)	20.6	
	Net retention costs(1)	**(149)**	(119)	25.2	
	Payroll	**(307)**	(257)	19.5	
	Other operating expenses	**(733)**	(572)	28.1	
	Acquired intangibles amortisation	**(50)**			
	Purchased licence amortisation	**(63)**	(44)	43.2	
	Depreciation and other amortisation	**(596)**	(477)	24.9	
	Share of result in associates	**413**	346	19.4	
	Adjusted operating profit(2)	**1,289**	1,196	7.8	4.5
Share of result in associates	Operating profit	**598**	529	13.0	
	Interest	**(7)**	(5)		
	Tax	**(178)**	(178)		
		413	346	19.4	

(1) Total revenue includes £275 million (2004: £259 million) which has been excluded from net other revenue and deducted from acquisition and retention costs in the trading results

(2) Adjusted operating profit is stated before items not relating to underlying business performance.

See page 17 for definition of terms

Total revenue for the Group s Other Mobile Operations increased by 19.6%, or 10.9% on an organic basis. Favourable exchange rate movements represented 3.3% of the difference between reported and organic growth, whilst the acquisitions in the Czech Republic and Romania in the six months to 30 September 2005 increased reported growth by 5.4%. The organic increase in total revenue was driven principally by organic service revenue growth, which improved as a result of growth in average customers of 23.5% excluding the impact of the acquisitions, and by 36.5% including the acquisitions, offset by cuts in termination rates in certain markets and ARPU dilution from tariff adjustments and from an increase in the number of lower usage prepaid customers. Non-voice service revenue continued to grow strongly and represented 13.8% of service revenue for the six months to 30 September 2005.

Adjusted operating profit increased by 7.8% and 4.5% on an organic basis over the comparative period, with 0.4% of the difference due to the acquisitions in the current period and 2.9% resulting from favourable foreign exchange rate movements. Investment in customer retention and an increase in the Group s charge for the use of the brand and related trademarks, representing approximately 0.6% of service revenue, along with higher depreciation and purchased licence amortisation, following the launch of 3G services, and amortisation of identifiable intangible assets from the acquisitions in the Czech Republic and Romania, impacted the reported growth in adjusted operating profit for the six months to 30 September 2005.

Other Mobile subsidiaries

Local currency service revenue grew by 7.3% in Greece due to a 12.7% increase in the average customer base offset by a reduction in ARPU due primarily to the reduced rates for incoming traffic.

In Egypt, service revenue grew by 34.6% in local currency as a result of the average customer base increasing by 57.8%, primarily driven by attractive tariffs, especially in the prepaid market, and the success of innovative new products and services, such as allowing the transfer of airtime between customers.

A cut in average termination rates of approximately 24% in Portugal in March 2005 and an increase in value-added taxes led to service revenue growth being restricted to 0.9% in spite of an 11.2% rise in the average customer base and strong growth in non-voice revenue following the success of 3G service offerings.

The market in Sweden continued to be challenging due to intense competition driving down prices with a 3.2% decline in service revenue in spite of strong growth in non-voice service revenue, an increase in average customers and a higher proportion of contract additions resulting from increased acquisition investment. On 31 October 2005, the Group announced that its 100% interest in Vodafone Sweden is to be sold to Telenor, the pan-Nordic telecommunications operator. The sale is expected to be completed by 31 December 2005, subject to EU regulatory approval. Vodafone and Telenor have agreed the terms of a Partner Network Agreement in Sweden, allowing Vodafone Sweden and Vodafone customers to continue to benefit from Vodafone s global brand, products and services in Sweden.

In the Netherlands, a 5.8% increase in service revenue was achieved in a highly competitive market through continued growth in the customer base, stimulated by attractive price plans and the launch of 3G.

In Ireland, customer growth and the success of non-voice offerings led to a 6.7% increase in service revenue.

In the intensely competitive Australian market, the success of new bundled plans led to customer growth of 14.3% and a significant increase in voice usage, which also adversely impacted interconnect costs. In local currency, service revenue rose by 6.3%, despite a decline in ARPU due to the large number of customers migrating to the new tariffs. 3G services were launched on 31 October 2005.

Other Mobile joint ventures

Average proportionate customers for the Group s joint ventures, excluding Italy, increased by 39.0% in the six months to 30 September 2005, with particularly strong growth in markets with relatively low penetration rates, particularly South Africa. The customer growth generated a 27.8% rise in adjusted operating profit.

Other Mobile associated undertakings

In France, mobile to mobile termination fees were introduced for the first time in 2005. As a result, SFR experienced a significant increase in incoming revenue, with a similar sized increase in interconnection costs. Excluding the impact of mobile to mobile termination fees, SFR reported strong growth in revenue and operating profit, principally due to an 8.1% increase in average customers compared to the prior period. Usage of both voice and non-voice services grew in the period, and SFR had a total of 3,823,000 Vodafone live! customers at 30 September 2005. Since launching consumer 3G services in November 2004, SFR has established a customer base of 399,000 at 30 September 2005.

Other Mobile investments

China Mobile, in which the Group has a 3.27% stake, and which is accounted for as an available-for-sale investment, grew its customer base by 9.8% over the six months to 234.9 million at 30 September 2005. Dividends of £41 million were received in the six months to 30 September 2005.

OTHER OPERATIONS

<u>**Financial highlights**</u>		**Six months to 30 September**		
		2005	2004	% change
		£m	£m	£
Revenue	Germany	**622**	505	23.2
Adjusted operating profit	Germany	**38**	17	123.5
	France	**(17)**	(6)	
		21	11	90.9

See page 17 for definition of terms