

VODAFONE EUROPEAN INVESTMENTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2004

REGISTERED No: 3961908



VODAFONE EUROPEAN INVESTMENTS

REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 March 2004.

Principal activity and review of business

The Company's principal activity is acting as a holding company for companies in the Vodafone Group. The Company is an unlimited company. The directors do not anticipate that the business of the Company will change in the foreseeable future.

Results and dividends

The profit and loss account is set out on page 6 of the financial statements. For the year ended 31 March 2004, there was a loss on ordinary activities after taxation of £48,000 (2003 - £1,000).

The directors do not recommend the payment of a dividend (2003 - £nil).

Directors

The directors of the Company, who served throughout the year unless otherwise indicated, are as follows:

R N Barr
S R Scott
P G Stephenson
C P Ward

Directors' share interests

The interests in the ordinary shares of Vodafone Group Plc of the directors of the Company are set out below:

	Ordinary Shares		Ordinary Share Options			
	31.3.04	31.3.03	(Note 1) 31.3.04	(Note 1) 31.3.03	(Note 2) 31.3.04	(Note 2) 31.3.03
R N Barr	228,069	178,232	13,395	13,395	1,079,081	1,074,100
S R Scott	296,176	155,710	17,306	17,306	7,354,668	6,187,002
P G Stephenson	40,515	19,120	23,336	23,336	396,943	328,277
C P Ward	121,825	146,223	-	-	737,289	571,694

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REPORT OF THE DIRECTORS (continued)

Directors' share interests (continued)

(Note 1) The options are granted under the Vodafone Group 1998 Sharesave Scheme and the Vodafone Group Plc Savings Related Share Option Scheme.

(Note 2) The options are granted under the Vodafone Group 1998 Company Share Option Scheme, the Vodafone Group Plc Executive Share Option Scheme, the Vodafone Group 1998 Executive Share Option Scheme, the Vodafone Group Plc 1999 Long Term Stock Incentive Plan and the Vodafone Group Plc Share Option Scheme.

In addition to the above interests in the ordinary shares and share options of Vodafone Group Plc, the following directors also held beneficial interests in shares receivable under the Vodafone Group Long Term Incentive Plan ("LTIP") and the Vodafone Group Short Term Incentive Plan ("STIP"):

	LTIP		STIP	
	31.3.04	31.3.03	31.3.04	31.3.03
S R Scott	850,147	557,231	490,396	-
R N Barr	536,962	345,881	443,892	295,279

Details of these schemes are included in the Board's Report to Shareholders on Directors' Remuneration in Vodafone Group Plc's Annual Report for the year ended 31 March 2004.

None of the directors held beneficial interests in the shares of Vodafone European Investments or in the shares of any other Group company in the current or preceding financial year, except as noted above.

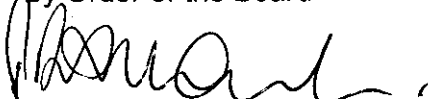
Auditors

The Company has passed an elective resolution under section 386(1) of the Companies Act 1985 to dispense with re-appointment of auditors annually.

Registered office

The registered office of the Company is at Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.

By Order of the Board



P R S Howie
Secretary

21 December 2004

VODAFONE EUROPEAN INVESTMENTS

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the systems of internal financial controls and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VODAFONE EUROPEAN INVESTMENTS

We have audited the financial statements of Vodafone European Investments for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VODAFONE EUROPEAN INVESTMENTS (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

21 December 2004

VODAFONE EUROPEAN INVESTMENTS

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 £'000	2003 £'000
Administrative expenses and operating loss	2	(1)	(1)
Loss on ordinary activities before interest		(1)	(1)
Interest payable and similar charges	3	(67)	-
Loss on ordinary activities before taxation		(68)	(1)
Tax on loss on ordinary activities	4	20	-
Loss on ordinary activities after taxation and retained loss for the financial year	9	(48)	(1)

The Company has no other recognised gains or losses in the current or preceding year, and therefore no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations.

The accompanying notes are an integral part of these financial statements.

VODAFONE EUROPEAN INVESTMENTS

BALANCE SHEET

AT 31 MARCH 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Investments	5	-	1,340,929
CURRENT ASSETS			
Debtors	6	91,009,129	89,668,180
Cash at bank and in hand		-	4
		<u>91,009,129</u>	<u>89,668,184</u>
CREDITORS: Amounts falling due within one year	7	(1,372,415)	(1,372,351)
		<u>89,636,714</u>	<u>88,295,833</u>
NET CURRENT ASSETS			
		<u>89,636,714</u>	<u>89,636,762</u>
NET ASSETS			
		<u>89,636,714</u>	<u>89,636,762</u>
CAPITAL AND RESERVES			
Called up share capital	8	100,000	100,000
Share premium account		1,855,595	1,855,595
Profit and loss account	9	87,681,119	87,681,167
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>89,636,714</u>	<u>89,636,762</u>

The financial statements were approved by the Board of Directors on 21 December 2004 and were signed on its behalf by:


 Director
 P G Stephenson

The accompanying notes are an integral part of these financial statements.

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2004

1. Statement of accounting policies

The principal accounting policies adopted, which have been applied consistently throughout the current year and the preceding year, are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards.

Foreign currencies

Transactions in foreign currency are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements. Foreign currency monetary assets and liabilities are translated into sterling at year end rates.

All foreign exchange differences are dealt with in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Cash flow

In accordance with the provisions of Financial Reporting Standard 1 (Revised), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of Vodafone Group Plc, a company incorporated in England, which prepares consolidated accounts that include a consolidated cash flow statement.

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2004

2. Administrative expenses and operating loss

The directors received no remuneration for services to the Company in the financial year (2003 - £nil).

Audit fees were borne by another group company in the current and preceding year.

There were no employees other than the directors of the Company throughout the year or the preceding year.

3. Interest payable and similar charges

	2004 £'000	2003 £'000
Interest payable on bank overdrafts	67	-

4. Tax on loss on ordinary activities

	2004 £'000	2003 £'000
Corporation tax credit at 30% (2003 – 30%)	20	-

The total current tax credit for the year is based on the UK standard rate of corporation tax of 30%. The actual taxation credit for the current year is 30% of the loss before tax for that year.

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2004

5. Investments

	£'000
1 April 2003	1,340,929
Disposals	(1,340,929)
31 March 2004	-

Fixed asset investments at 1 April 2003 of £1,340,928,595 comprised a 6.22% shareholding in the ordinary share capital of Vodafone Espana SA, a company incorporated and registered in Spain. The investment was recorded at cost.

6. Debtors

	2004 £'000	2003 £'000
Amounts owed by ultimate parent undertaking	4,573,589	-
Amounts owed by group undertakings	86,435,520	89,668,180
Corporation tax	20	-
	<u>91,009,129</u>	<u>89,668,180</u>

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 MARCH 2004

7. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Bank overdrafts	63	-
Amounts owed to parent company	1,361,958	1,361,958
Amounts owed to group undertakings	27	26
Accruals and deferred income	10,367	10,367
	<u>1,372,415</u>	<u>1,372,351</u>

8. Called up share capital

	2004 £'000	2003 £'000
Authorised:		
100,000,000,000 (2003 – 100,000,000,000) ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
Called up, allotted and fully paid:		
100,000,002 (2003 – 100,000,002) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2004

9. Reserves

	Profit and loss account £'000
1 April 2003	87,681,167
Retained loss for the financial year	(48)
31 March 2004	87,681,119

10. Reconciliation of movements in equity shareholders' funds

	2004 £'000	2003 £'000
Retained loss for the financial year	(48)	(1)
Net movement in equity shareholders' funds	(48)	(1)
Opening equity shareholders' funds	89,636,762	89,636,763
Closing equity shareholders' funds	89,636,714	89,636,762

11. Related party disclosures

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with Vodafone Group Plc group companies or interests of the Group who are related parties.

12. Ultimate parent company

The immediate and ultimate parent company and controlling entity of Vodafone European Investments and the smallest and largest group which prepares consolidated financial statements and of which the Company forms a part, is Vodafone Group Plc, which is incorporated in England.

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2004 may be obtained from the company's website www.vodafone.com or from The Company Secretary, Vodafone Group Plc, Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England.