

VODAFONE EUROPEAN INVESTMENTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2003

REGISTERED No: 3961908



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VODAFONE EUROPEAN INVESTMENTS

REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 March 2003.

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 2003, there was a loss on ordinary activities after taxation of £1,000 (2002 – loss of £735,419,000).

The directors do not recommend the payment of a dividend (2002 - £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			
	31.3.03	31.3.02	(Note 1) 31.3.03	31.3.02	(Note 2) 31.3.03	31.3.02
R N Barr	178,232	155,916	13,395	10,456	1,074,100	744,100
S R Scott	155,710	107,503	17,306	22,347	6,187,002	4,383,910
P G Stephenson	19,120	15,419	23,336	13,570	328,277	189,300
C P Ward	146,223	128,208	-	18,951	571,694	364,700

VODAFONE EUROPEAN INVESTMENTS

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	
	31.3.03	31.3.02	31.3.03	31.3.02
S R Scott	557,231	206,335	-	16,884
R N Barr	345,881	118,323	295,279	96,473

Details of these schemes are included in the Board's Report to Shareholders on Directors' Remuneration in Vodafone Group Plc's Annual Report & Accounts and Form 20-F for the year ended 31 March 2003.

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.

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.

VODAFONE EUROPEAN INVESTMENTS

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

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.

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

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

9 October 2003

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 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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 2003 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

9 October 2003

VODAFONE EUROPEAN INVESTMENTS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 £'000	2002 £'000
Administrative expenses and operating loss	2	(1)	-
Amounts written off investments		-	(735,419)
Loss on ordinary activities before taxation		(1)	(735,419)
Tax on loss on ordinary activities	3	-	-
Retained loss for the financial year	8	(1)	(735,419)

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.

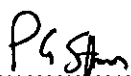
VODAFONE EUROPEAN INVESTMENTS

BALANCE SHEET

AT 31 MARCH 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Investments	4	1,340,929	-
CURRENT ASSETS			
Debtors	5	89,668,180	89,668,180
Cash at bank and in hand		4	-
		89,668,184	89,668,180
CREDITORS: Amounts falling due within one year	6	(1,372,351)	(31,417)
NET CURRENT ASSETS		88,295,833	89,636,763
TOTAL ASSETS LESS CURRENT LIABILITIES		89,636,762	89,636,763
NET ASSETS		89,636,762	89,636,763
CAPITAL AND RESERVES			
Called up share capital	7	100,000	100,000
Share premium account	8	1,855,595	1,855,595
Profit and loss account	8	87,681,167	87,681,168
TOTAL EQUITY SHAREHOLDERS' FUNDS	9	89,636,762	89,636,763

The financial statements were approved by the Board of Directors on 9 October 2003 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 2003

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 are prepared under the historical cost convention, and in accordance with applicable United Kingdom 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.

Deferred taxation

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 2003

2. Operating loss

No directors received remuneration for services to the Company in the financial year (2002 - £ 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. Tax on loss on ordinary activities

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current and previous year exceeds the standard rate for the reasons set out in the following reconciliation:

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(1)	(735,419)
Tax on loss on ordinary activities before tax at standard rate of 30% (2002: 30%)	-	(220,626)
Non taxable write-off of investment	-	220,626
Current tax charge for the year	-	-

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 MARCH 2003

4. Investments

	£'000
1 April 2002	-
Additions	1,340,929
31 March 2003	1,340,929

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

5. Debtors

	2003 £'000	2002 £'000
Amounts owed by group undertakings	89,668,180	89,668,180

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2003

6. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to parent company	1,361,958	-
Amounts owed to group undertakings	26	-
Accruals and deferred income	10,367	31,417
	<u>1,372,351</u>	<u>31,417</u>

7. Called up share capital

	2003 £'000	2002 £'000
Authorised:		
100,000,000,000 (2002 – 100,000,000,000) ordinary shares of £1 each	100,000,000	100,000,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid:		
100,000,002 (2002 – 100,000,002) ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2003

8. Reserves

	Share premium account £'000	Profit and loss account £'000
1 April 2002	1,855,595	87,681,168
Retained loss for the financial year	-	(1)
31 March 2003	1,855,595	87,681,167

9. Reconciliation of movements in equity shareholders' funds

	2003 £'000	2002 £'000
Loss for financial year	(1)	(735,419)
Net movement in equity shareholders' funds	(1)	(735,419)
Opening equity shareholders' funds	89,636,763	90,372,182
Closing equity shareholders' funds	89,636,762	89,636,763

10. 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.

11. 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 2003 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.