

VODAFONE EUROPEAN INVESTMENTS

Company No: 3961908

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012



VODAFONE EUROPEAN INVESTMENTS

Company No: 3961908

REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 March 2012

Principal activity and review of business

The principal activity of Vodafone European Investments ("the Company") are the holding of intercompany balances associated with management of funding and related treasury matters for the Vodafone Group Plc group of companies ("the Group") The Company also acts as an investment holding Company The directors do not anticipate that the business of the Company will change in the foreseeable future The directors are satisfied with the position and performance of the Company

Results and dividends

The profit and loss account is set out on page 5 of the financial statements For the year ended 31 March 2012, there was a profit on ordinary activities after taxation of £88,183,000 (2011 profit of £4,337,000) The profit for the year has increased compared to prior year primarily due to higher interest receivable

During the year, the Company declared and paid interim dividends amounting to £16,904,000,000 (2011 £10,200,000,000)

Directors

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

J C Morton
P G Stephenson
N A Wright

Auditor

Deloitte LLP have indicated their willingness to continue in office for the next financial year In addition the Company had, prior to 1 October 2007, passed an elective resolution dispensing with the requirement to re-appoint its auditor annually

Registered office

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

VODAFONE EUROPEAN INVESTMENTS

Company No. 3961908

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Indemnification of directors

In accordance with the Company's articles of association and to the extent permitted by law the directors may be granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the directors may not be indemnified, Vodafone Group Plc maintained a directors' and officers' liability insurance policy throughout the financial year. This policy is renewed annually in August. Neither the Company's indemnity nor the insurance provides cover in the event that the director is proven to have acted dishonestly or fraudulently.

Statement as to disclosure of information to auditor

Having made the requisite enquiries, so far as each of the directors is aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware, and each of the directors has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The report of the directors was approved by the Board on 12 September 2012 and signed on its behalf by


E C Kay

Director, for and on behalf of Vodafone Corporate Secretaries Limited
Secretary

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VODAFONE EUROPEAN INVESTMENTS

We have audited the financial statements of Vodafone European Investments for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VODAFONE EUROPEAN INVESTMENTS (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Andrew Bond ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
12 September 2012

VODAFONE EUROPEAN INVESTMENTS

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

		2012	2011
	Note	£'000	£'000
Administrative expenses and operating loss	2	(8)	(9)
Interest receivable and similar income	3	139,451	27,854
Interest payable and similar charges	4	<u>(20,277)</u>	<u>(21,821)</u>
Profit on ordinary activities before taxation		119,166	6,024
Tax charge on profit on ordinary activities	5	<u>(30,983)</u>	<u>(1,687)</u>
Profit for the year	11	<u>88,183</u>	<u>4,337</u>

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

Company No: 3961908

BALANCE SHEET

AT 31 MARCH 2012

		2012	2011
	Note	£'000	£'000
FIXED ASSETS			
Investments	7	41,547,692	41,547,692
CURRENT ASSETS			
Debtors	8	27,414,549	44,179,126
CREDITORS amounts falling due within one year	9	<u>(4,087,791)</u>	<u>(4,036,551)</u>
NET CURRENT ASSETS		<u>23,326,758</u>	<u>40,142,575</u>
NET ASSETS		<u>64,874,450</u>	<u>81,690,267</u>
 CAPITAL AND RESERVES			
Called up share capital	10	100,000	100,000
Share premium account	11	39,451,604	43,403,287
Profit and loss account	11	<u>25,322,846</u>	<u>38,186,980</u>
TOTAL SHAREHOLDERS' FUNDS	12	<u>64,874,450</u>	<u>81,690,267</u>

The financial statements were approved by the Board on 25 September 2012 and were authorised for issue and 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

FOR THE YEAR ENDED 31 MARCH 2012

1. Statement of accounting policies

The particular accounting policies adopted are described below. The accounting policies have been applied on a consistent basis during the current and preceding year.

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards.

The financial statements are prepared in pounds sterling as this is the most appropriate functional currency for the Company's operations.

The directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Foreign currencies

Transactions in foreign currencies 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 pounds sterling at year end rates.

All foreign exchange differences are recognised 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 substantively enacted at the balance sheet date.

Cash flow statement

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 registered in England and Wales, which prepares consolidated financial statements that include the cash flows of the Company, and which are publicly available.

Fixed asset investments

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

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2012

2. Administrative expenses and operating loss

Fees for the audit of the Company's annual financial statements of £1,596 (2011 £1,596) were borne by the Company in the current year

The directors did not receive any remuneration from the Company in the financial year (2011 £nil)

There were no employees employed directly by the Company during the current or preceding year

3. Interest receivable and similar income

	2012	2011
	£'000	£'000
Parent company and fellow subsidiary undertakings	<u>139,451</u>	<u>27,854</u>

4. Interest payable and similar charges

	2012	2011
	£'000	£'000
Parent company and fellow subsidiary undertakings	<u>20,277</u>	<u>21,821</u>

5. Tax charge on profit on ordinary activities

	2012	2011
	£'000	£'000
UK corporation tax at 26% (2011 28%)	<u>30,983</u>	<u>1,687</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 26% (2011 28%)

The actual tax charge for the current and previous year is calculated by applying the standard rate to the profit on ordinary activities

With effect from 1 April 2012 the UK corporation tax rate is 24%

6. Dividends

	2012	2011
	£'000	£'000
Equity – interim on ordinary shares £169.04 per £1 share (2011 £102 per £1 share)	<u>16,904,000</u>	<u>10,200,000</u>

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2012

7. Investments

	2012 £'000
Shares in group undertakings	
Cost	
31 March 2011 and 31 March 2012	<u>59,658,133</u>
Impairment of fixed asset investments	
31 March 2011 and 31 March 2012	<u>(18,110,441)</u>
Net book value	
31 March 2011 and 31 March 2012	<u>41,547,692</u>

Fixed asset investments comprised a 100% shareholding in the ordinary share capital of Vodafone International Operations Limited, a company registered in England and Wales

8. Debtors

	2012 £'000	2011 £'000
Amounts owed by ultimate parent undertaking	3,997,441	3,930,192
Amounts owed by group undertakings	<u>23,417,108</u>	<u>40,248,934</u>
	<u>27,414,549</u>	<u>44,179,126</u>

VODAFONE EUROPEAN INVESTMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2012

9. Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Amounts owed to ultimate parent undertaking	4,056,808	4,034,845
Amounts owed to group undertakings	-	19
Group relief payable	30,983	1,687
	<u>4,087,791</u>	<u>4,036,551</u>

10. Called up share capital

	2012	2011
	£'000	£'000
Allotted, issued and fully paid		
100,000,122 (2011 100,000,122) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

11. Reserves

	Share premium account	Profit and loss account
	£'000	£'000
1 April 2011	43,403,287	38,186,980
Dividends paid	-	(16,904,000)
Capital reduction	(3,951,683)	3,951,683
Profit for the year	-	88,183
31 March 2012	<u>39,451,604</u>	<u>25,322,846</u>

VODAFONE EUROPEAN INVESTMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2012

12. Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Profit for the year	88,183	4,337
Dividends paid	(16,904,000)	(10,200,000)
New shares issued	-	152,471
Net movement in shareholders' funds	(16,815,817)	(10,043,192)
Opening shareholders' funds	81,690,267	91,733,459
Closing shareholders' funds	64,874,450	81,690,267

13 Related party disclosures

The Company is a wholly owned subsidiary of Vodafone Group Plc and has taken advantage of the exemption granted by paragraph 3(c) 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

14. 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, a company registered in England and Wales. As a wholly owned subsidiary of a company registered in England and Wales, for which consolidated financial statements are prepared, the Company has taken advantage of Section 400 of the Companies Act 2006 and has not prepared consolidated financial statements

A copy of the financial statements of Vodafone Group Plc for the year ended 31 March 2012 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