

VODAFONE GROUP PUBLIC LTD CO

Form 6-K

August 04, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rules 13a-16 or 15d-16 under**

**the Securities Exchange Act of 1934**

Dated August 04, 2010

Commission File Number: 001-10086

**VODAFONE GROUP  
PUBLIC LIMITED COMPANY**

(Translation of registrant's name into English)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

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 THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-168347), THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-81825) AND THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-149634) 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PUBLIC LIMITED COMPANY AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.**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 Vodafone Group Plc's (Vodafone) interim management statement for the quarter ended 30 June 2010.

### Use of Non-GAAP Financial Information

In presenting and discussing our reported operating results and cash flows, certain information is derived from amounts calculated in accordance with International Financial Reporting Standards (IFRS), but this information is not itself an expressly permitted GAAP measure. Such non-GAAP measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

#### Cash flow measures

In presenting and discussing our reported results, free cash flow is calculated and presented even though this measure is not recognised under IFRS. We believe that it is both useful and necessary to communicate free cash flow to investors and other interested parties, for the following reasons:

- free cash flow allows us and external parties to evaluate our liquidity and the cash generated by our operations. Free cash flow does not include payments for licences and spectrum included within intangible assets, items determined independently of the ongoing business, such as the level of dividends, and items which are deemed discretionary such as cash flows relating to acquisitions and disposals or financing activities. In addition it does not necessarily reflect the amounts which we have an obligation to incur. However, it does reflect the cash available for such discretionary activities, to strengthen the consolidated statement of financial position or to provide returns to shareholders in the form of dividends or share purchases;
- free cash flow facilitates comparability of results with other companies although our measure of free cash flow may not be directly comparable to similarly titled measures used by other companies;
- this measure is used by management for planning, reporting and incentive purposes; and
- this measure is useful in connection with discussions with the investment analyst community and debt rating agencies.

A reconciliation of cash generated by operations, the closest equivalent GAAP measure, to free cash flow is provided below:

| 2010 | Quarter ended 30 June |
|------|-----------------------|
| £m   | 2009                  |
|      | £m                    |

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|  |                |         |
|--|----------------|---------|
| <b>Cash generated by operations</b>                | <b>3,008</b>   | 3,326   |
| Cash capital expenditure(1), net of disposals      | <b>(1,358)</b> | (1,421) |
| Dividends received from associates and investments | <b>466</b>     | 393     |
| Other  | <b>(349)</b>   | (402)   |
| <b>Free cash flow</b>                              | <b>1,767</b>   | 1,896   |

Note:

(1) Cash paid for purchase of intangible assets other than licence and spectrum payments, and property, plant and equipment.

Organic growth

All amounts in this report marked with an (\*) represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates. We believe that organic growth, which is not intended to be a substitute for or superior to reported growth, provides useful and necessary information to investors and other interested parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to the operating performance of the business;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies, although the term organic is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

Reconciliations of organic growth to reported growth can be found below and on pages 7, 8, 9 and 11. Furthermore, all amounts in this document marked with an (\*) represent organic growth.

|                           |         | Organic | M&A<br>activity | Foreign<br>exchange | % change<br>Reported |
|---------------------------|---------|---------|-----------------|---------------------|----------------------|
| Service revenue growth    | Turkey  | 23.7    | 4.1             | 7.0                 | 34.8                 |
| Enterprise revenue growth | Europe  | 0.2     |                 | (2.5)               | (2.3)                |
| Data revenue growth       | Germany | 31.1    |                 | (3.8)               | 27.3                 |
| Data revenue growth       | Italy   | 22.1    |                 | (3.8)               | 18.3                 |
| Fixed line revenue        | Italy   | 12.3    |                 | (3.7)               | 8.6                  |
| Data revenue growth       | Spain   | 13.6    |                 | (3.3)               | 10.3                 |
| Fixed line revenue        | Spain   | 7.4     |                 | (2.2)               | 5.2                  |
| Data revenue growth       | UK      | 27.8    |                 | (0.1)               | 27.7                 |
| Service revenue decline   | Egypt   | (0.8)   |                 | 4.0                 | 3.2                  |
| Data revenue growth       | Egypt   | 54.6    |                 | 6.1                 | 60.7                 |

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Reconciliations of movements in organic revenue growth in service revenue and revenue between the current quarter (Q1 2011) and the previous quarter (Q4 2010) can be found below.

|                 |                              |         | Organic | M&A    | Foreign<br>exchange | % change<br>Reported |
|-----------------|------------------------------|---------|---------|--------|---------------------|----------------------|
| Service revenue | Europe                       | Q1 2011 | (1.7)   |        | (2.5)               | (4.2)                |
|                 |                              | Q4 2010 | (1.7)   | (0.1)  | (2.0)               | (3.8)                |
|                 |                              | Change  |         | 0.1    | (0.5)               | (0.4)                |
|                 | Africa and Central Europe    | Q1 2011 | 3.7     | 17.5   | 8.6                 | 29.8                 |
|                 |                              | Q4 2010 | 2.4     | 45.5   | 8.4                 | 56.3                 |
|                 |                              | Change  | 1.3     | (28.0) | 0.2                 | (26.5)               |
|                 | Asia Pacific and Middle East | Q1 2011 | 10.5    | (2.4)  | 13.2                | 21.3                 |
|                 |                              | Q4 2010 | 5.0     | (3.5)  | 5.1                 | 6.6                  |
|                 |                              | Change  | 5.5     | 1.1    | 8.1                 | 14.7                 |
| Group           | Q1 2011                      | 1.1     | 2.7     | 1.1    | 4.9                 |                      |
|                 | Q4 2010                      | (0.2)   | 5.5     |        | 5.3                 |                      |
|                 | Change                       | 1.3     | (2.8)   | 1.1    | (0.4)               |                      |
| Revenue         | Group                        | Q1 2011 | 0.9     | 2.7    | 1.2                 | 4.8                  |
|                 |                              | Q4 2010 | (1.1)   | 5.8    | 0.2                 | 4.9                  |
|                 |                              | Change  | 2.0     | (3.1)  | 1.0                 | (0.1)                |

## INTERIM MANAGEMENT STATEMENT FOR THE QUARTER ENDED 30 JUNE 2010

### VODAFONE RETURNS TO ORGANIC REVENUE GROWTH

#### A stronger Vodafone:

- Group service revenue returns to organic growth (+1.1%(\*)); improving trends in all regions
- Europe: the UK (+0.7%(\*)) and Germany (+0.2%(\*)) return to service revenue growth
- Emerging markets: robust growth; improvement in India (+13.7%(\*)); Turkey achieves record service revenue (+23.7%(\*))
- Group data revenue £1.2 billion (+25.4%(\*)). Commercial focus on data services generates faster growth than previous quarter
- Sustained FCF generation at £1.8 billion, supports capital investment and 7% p.a. dividend per share growth policy
- Full year outlook confirmed

|                              | Quarter ended<br>30 June<br>2010<br>£m | Reported<br>% | Change year on year<br>Organic<br>% | Change<br>compared to Q4<br>Organic<br>pps |
|------------------------------|--|---------------|-------------------------------------|--|
| Europe                       | 6,767                                  | (4.2)         | (1.7)                               | +0.7(1)                                    |
| Africa and Central Europe    | 2,041                                  | +29.8         | +3.7                                | +1.3                                       |
| Asia Pacific and Middle East | 1,808                                  | +21.3         | +10.5                               | +5.5                                       |
| Eliminations                 | (29)                                   |               |                                     |  |
| <b>Service revenue</b>       | <b>10,587</b>                          | <b>+4.9</b>   | <b>+1.1</b>                         | <b>+1.7(1)</b>                             |
| Other revenue                | 675                                    |               |                                     |  |
| <b>Revenue</b>               | <b>11,262</b>                          | <b>+4.8</b>   | <b>+0.9</b>                         | <b>+2.0</b>                                |
| <b>Capital expenditure</b>   | <b>1,041</b>                           |               |                                     |  |
| <b>Free cash flow</b>        | <b>1,767</b>                           |               |                                     |  |

**Vittorio Colao, Chief Executive, commented**

These are the first quarterly results to show service revenue growth since the global recession impacted. We have achieved these results through our continuing commercial approach in key European markets, focusing especially on data, and from strong growth in emerging markets, with India now cash positive at an operating level and our highest ever quarterly revenue in Turkey. The financial outlook for the current year is confirmed.



## OPERATING REVIEW

### Group overview

Group revenue increased by 4.8% to £11.3 billion and Group service revenue increased by 4.9% to £10.6 billion. On an organic basis, service revenue increased by 1.1%(\*) an improvement of 1.7 percentage points(1) on the previous quarter as each of the regions delivered improved service revenue trends.

These are the first quarterly results to show organic service revenue growth since the global recession first impacted Vodafone and reflect our increased commercial focus across the Group. In Europe data revenue growth accelerated to 23.3%(\*) as a result of strong smartphone and mobile connectivity sales. We have also generated good growth in South Africa, India and Turkey.

In Europe service revenue fell by 1.7%(\*), a 0.7 percentage point(1) improvement on the previous quarter. Our northern European businesses experienced an improvement in economic conditions, whilst our southern European businesses continued to experience a weaker economic environment and poor consumer sentiment.

Both Germany and the UK delivered a third successive quarterly improvement in organic service revenue trends and returned to positive service revenue growth, with each generating faster data revenue growth rates as a result of our focus on smartphones and data plans and, in Germany, on netbooks. Spain delivered a small improvement in organic service revenue trends, despite an increasingly competitive market. In Italy where we have responded to significant price competition with targeted promotional activity, organic service revenue declined. Enterprise revenue returned to growth in Europe, increasing by 0.2%(\*) with improved roaming activity and customer wins by Vodafone Global Enterprise. Organic enterprise growth was positive in Germany, Italy and the UK, and trends remained broadly stable in Spain.

In Africa and Central Europe service revenue grew 3.7%(\*), a 1.3 percentage point improvement on the previous quarter, driven by strong performance in Turkey where we are now benefiting both from successful execution of our turnaround plan and from an improving economic environment. In South Africa growth was at a similar level to the previous quarter with higher data revenue growth substantially offsetting the impact of reduced mobile termination rates. In our central European markets operational trends improved despite fragile economic environments and significant reductions in local mobile termination rates.

In Asia Pacific and Middle East service revenue increased by 10.5%(\*), a 5.5 percentage point improvement on the previous quarter. The improvement was driven by continued strong customer growth and better usage trends in India where there have been no recent significant price reductions by market leaders. Our operational actions following last year's significant price declines have been successful and we are now seeing minutes return to operators with strong brands and performing networks. Our Australian joint venture continued to perform well.

Capital expenditure was £1,041 million reflecting continued European network investment, enhancement of our network in Turkey and continued network rollout in India, albeit at a slower rate than in the first quarter last year. In addition, the Group invested £3.0

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billion in spectrum licences in India and Germany.

Free cash flow was £1,767 million and was broadly stable year on year after adjusting for foreign exchange.

Net debt at 30 June 2010 was £32.7 billion, slightly lower than at 31 March 2010, reflecting free cash flow generated during the period and favourable foreign exchange movements which together broadly offset spectrum payments in the period.

### Notes:

(\*) All amounts in this document marked with an (\*) represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates.

(1) In the previous quarter Europe service revenue declined by 2.4% and Group service revenue declined by 0.6% before the impact of IFRIC 13 (accounting for customer incentive schemes) in Italy.

## OPERATING REVIEW

### Outlook for the 2011 financial year(1)(2)

In the first quarter trading was consistent with management's expectations underlying the outlook statement for the current financial year. The EBITDA margin decline was also in line with management's expectations and we continue to expect a full year EBITDA margin decline at a substantially lower rate than that experienced in the 2010 financial year, with a substantial improvement expected in the second half of the financial year.

The Group's outlook for the current financial year is therefore confirmed.

### Summary

Successful implementation of our strategy, set out in November 2008, has enabled Vodafone to return to service revenue growth in the quarter with improving trends across the Group's three regions and has positioned Vodafone for further growth in Europe, driven by mobile data, and in our emerging markets. Later this year we will set out how we intend to accelerate our strategy to drive shareholder value and take advantage of the widespread adoption of data.

### Notes:

(1) The outlook ranges for the 2011 financial year set out on page 37 of the Group's 2010 annual report on Form 20-F included full year foreign exchange rate assumptions of £1: 1.15 and £1:US\$1.50. The actual rates experienced during the quarter were £1 : 1.17 and £1:US\$1.49. On a full year basis a 1% change in the euro/sterling exchange rate would impact adjusted operating profit by approximately £70 million and free cash flow by approximately £60 million.

(2) The Group's outlook does not include one-off tax settlements such as the UK CFC settlement discussed on page 10.

## OPERATING REVIEW

### Europe

Revenue declined by 4.2% including a 2.4 percentage point impact from unfavourable exchange rate movements. Germany and the UK returned to organic service revenue growth this quarter, which together partially offset the reductions in most other markets and led to an overall decrease in service revenue of 1.7%(\*). Strong growth in data and fixed line revenue, which grew by 23.3%(\*) and 5.2%(\*) respectively, and improvements in usage and roaming partially offset lower voice revenue resulting from continued market and regulatory pressure.

|                        | Quarter ended 30 June |              | Organic      | M&A | Foreign exchange | % change Reported |
|------------------------|-----------------------|--------------|--------------|-----|------------------|-------------------|
|                        | 2010<br>£m            | 2009<br>£m   |              |     |                  |                   |
| Germany                | 1,849                 | 1,903        | 0.2          |     | (3.0)            | (2.8)             |
| Italy                  | 1,371                 | 1,451        | (2.5)        |     | (3.0)            | (5.5)             |
| Spain                  | 1,219                 | 1,340        | (6.2)        |     | (2.8)            | (9.0)             |
| UK                     | 1,195                 | 1,186        | 0.7          |     |                  | 0.7               |
| Other Europe           | 1,194                 | 1,260        | (2.1)        |     | (3.1)            | (5.2)             |
| Eliminations           | (61)                  | (76)         |              |     |                  |                   |
| <b>Service revenue</b> | <b>6,767</b>          | <b>7,064</b> | <b>(1.7)</b> |     | <b>(2.5)</b>     | <b>(4.2)</b>      |
| Other revenue          | 373                   | 392          | (2.8)        |     | (2.0)            | (4.8)             |
| <b>Revenue</b>         | <b>7,140</b>          | <b>7,456</b> | <b>(1.8)</b> |     | <b>(2.4)</b>     | <b>(4.2)</b>      |

### Germany

Service revenue grew by 0.2%(\*) driven by data revenue growth of 31.1%(\*) as a result of increased penetration of smartphones and the Superflat Internet tariff. Voice revenue declined at a lower rate compared to the previous quarter due to value focused customer management, good growth in enterprise resulting from contract wins and higher roaming revenue. Fixed line growth was stable with customer growth offset by continued price competition.

### Italy

Service revenue declined by 2.5%(\*) as growth in fixed line and data revenue of 12.3%(\*) and 22.1%(\*) respectively was more than offset by spending optimisation by customers due to the weak macroeconomic environment and significant price competition. The launch of value propositions and promotional offers drove higher usage. The closing fixed broadband customer base increased to 1.4 million on a 100% basis. Data revenue growth was driven by increasing penetration of smartphones and PC connectivity devices.

Spain

Service revenue declined by 6.2%(\*) driven by continued intense competition and economic weakness, including high unemployment and a termination rate cut effective from October 2009. Excluding the benefit from a contract settlement in the quarter ended 30 June 2009 service revenue declined by 5.4%. Higher usage generated from increased penetration of flat rate tariffs partially offset the negative price pressures. Strong data revenue growth of 13.6%(\*) was driven by a higher number of smartphones sold with data bundles as well as growth in mobile broadband. Fixed line revenue grew by 7.4%(\*) benefiting from the on-going success of Vodafone Station, with a closing fixed broadband customer base of 0.7 million.

UK

Service revenue grew by 0.7%(\*) driven by strong data revenue growth of 27.8%(\*). During the quarter, the UK achieved higher penetration of mobile internet bundles, continued growth in the contract customer base (with increasing penetration of new products launched in the second half of the previous financial year) and improved roaming trends. These factors more than offset the negative impact of termination rate cuts effective from July 2009 and April 2010 as well as continued intense competition.

Other Europe

Service revenue declined by 2.1%(\*) with declines in all countries except the Netherlands as all markets, in particular Greece, were impacted by the challenging economic environment and intense competitive factors.

## OPERATING REVIEW

### Africa and Central Europe

Revenue increased by 30.3% with favourable exchange rates contributing 9.0 percentage points of growth and an 18.0 percentage point benefit resulting from the impact of merger and acquisition activity, primarily the purchase of a controlling interest in Vodacom in the prior year. Organic service revenue grew by 3.7%(\*) as continued growth in Vodacom and Turkey was partially offset by declines in Romania and the rest of Central Europe. This increase was driven by strong data revenue growth and the higher average customer base which was partially offset by a 5.1 percentage point impact of termination rate cuts.

|                                 | Quarter ended 30 June |            | Organic    | M&A         | Foreign exchange | % change Reported |
|---------------------------------|-----------------------|------------|------------|-------------|------------------|-------------------|
|                                 | 2010<br>£m            | 2009<br>£m |            |             |                  |                   |
| Vodacom                         | <b>1,133</b>          | 725        | 4.0        | 34.9        | 17.4             | 56.3              |
| Other Africa and Central Europe | <b>908</b>            | 848        | 3.4        | 1.1         | 2.6              | 7.1               |
| <b>Service revenue</b>          | <b>2,041</b>          | 1,573      | <b>3.7</b> | <b>17.5</b> | <b>8.6</b>       | <b>29.8</b>       |
| Other revenue                   | <b>174</b>            | 127        | (1.7)      | 23.9        | 14.8             | 37.0              |
| <b>Revenue</b>                  | <b>2,215</b>          | 1,700      | <b>3.3</b> | <b>18.0</b> | <b>9.0</b>       | <b>30.3</b>       |

Note:

(1) Organic growth includes Vodacom at the current level of ownership.

#### Vodacom

Service revenue grew by 4.0%(\*) primarily due to strong data revenue growth in South Africa, driven by mobile broadband and the continued expansion of 3G and fibre networks, partially offset by the decline in voice revenue impacted by a termination rate cut effective from March 2010.

#### Other Africa and Central Europe

Service revenue grew by 3.4%(\*) as the growth in Turkey was partially offset by the weaker performance in the rest of the region. Service revenue in Turkey grew by 23.7%(\*), impacted by the 52% cut in termination rates effective from 1 April 2010. Outgoing voice revenue continued to improve as a result of an increase in active customers, with an improving contract customer base resulting from competitive contract tariffs. Service revenue in Romania declined due to weak economic conditions and increased pricing competition as a result of ongoing promotional offers. In other Central European countries organic service revenue growth was stable after adjusting for termination rate cuts.



## OPERATING REVIEW

### Asia Pacific and Middle East

Revenue increased by 19.9% including a 13.2 percentage point benefit from foreign exchange rate movements. On an organic basis service revenue increased by 10.5%(\*), mainly reflecting a 42.7% increase in the customer base in India and continued strong data revenue growth partially offset by a decline in mobile voice pricing. India contributed around 80%(\*) of the region's organic service revenue growth.

|                                    | Quarter ended 30 June |              | Organic     | M&A          | Foreign exchange | % change Reported |
|------------------------------------|-----------------------|--------------|-------------|--------------|------------------|-------------------|
|                                    | 2010<br>£m            | 2009<br>£m   |             |              |                  |                   |
| India                              | 954                   | 755          | 13.7        |              | 12.7             | 26.4              |
| Other Asia Pacific and Middle East | 854                   | 737          | 5.4         | (3.0)        | 13.5             | 15.9              |
| Eliminations                       |                       | (1)          |             |              |                  |                   |
| <b>Service revenue</b>             | <b>1,808</b>          | <b>1,491</b> | <b>10.5</b> | <b>(2.4)</b> | <b>13.2</b>      | <b>21.3</b>       |
| Other revenue                      | 77                    | 81           | (5.2)       | (12.3)       | 12.6             | (4.9)             |
| <b>Revenue</b>                     | <b>1,885</b>          | <b>1,572</b> | <b>10.0</b> | <b>(3.3)</b> | <b>13.2</b>      | <b>19.9</b>       |

Note:

(1) Organic growth includes India at the current level of ownership but excludes Australia following the merger with Hutchison 3G Australia on 9 June 2009.

#### India

Service revenue grew by 13.7%(\*), including a 1.5 percentage point(\*) benefit from Indus Towers, representing an improvement on the previous quarter. Growth was driven by an increase in the customer base, with net additions for the quarter of 8.2 million, and increased usage per customer partially offset by ongoing competitive pressure on mobile voice pricing. The anniversary of the termination rate cut effective from April 2009 also contributed to the improvement.

#### Other Asia Pacific and Middle East

Service revenue increased by 5.4%(\*) driven by continued growth in Qatar, partially offset by a 0.8%(\*) service revenue decline in Egypt. Having launched commercial services in July 2009 Qatar increased its mobile customer base to 534,000 customers at 30 June 2010, representing 32% of the total population. The service revenue decline in Egypt was driven by the impact of severe competitive pricing pressure experienced through the second half of the previous financial year offset in part by an increase in the customer base and strong data revenue growth of 54.6%(\*).



Vodafone Hutchison Australia Pty Limited continued to perform well with pro-forma service revenue growth of 9% and integration activities are on track, with cost synergies to date of £100 million, in line with management's expectations.

## OPERATING REVIEW

### Verizon Wireless

Verizon Communications is expected to report its second quarter results including those of Verizon Wireless on 23 July 2010 at 1.30 p.m. GMT. The Group's share of Verizon Wireless' net mobile customer additions during the quarter was 0.6 million. The Group's share of the closing customer base was 41.4 million.

As part of the regulatory approval for the Alltel acquisition, Verizon Wireless was required to divest overlapping properties in 105 markets. On 26 April 2010 Verizon Wireless completed the sale of network and licence assets in 26 markets to Atlantic Tele-Network for US\$0.2 billion. On 22 June 2010 Verizon Wireless completed the sale of network assets and mobile licences in the remaining 79 markets to AT&T Mobility for US\$2.4 billion. As a result, the Verizon Wireless customer base reduced by approximately 2.1 million net customers on a 100% basis, partially offset by certain adjustments in relation to the Alltel acquisition.

### Other transactions and developments

#### India licence auction

On 19 May 2010 Vodafone secured 20 year licences for 2x5 MHz of 3G spectrum in nine circles in the Indian auction for a total price of INR 116.2 billion (£1.74 billion). These circles include Delhi, Mumbai, Kolkata and a further three A circles and three B circles providing a footprint covering 66% of Vodafone Essar Limited's current revenue base.

#### Indian tax case

Vodafone International Holdings BV (VIHBV) has filed a writ in the Bombay High Court challenging an order received from the Indian tax authorities confirming their view that they have jurisdiction to seek to recover withholding tax from VIHBV on the Hutchison transaction in 2007. The case is scheduled to be heard on 2 August 2010. VIHBV continues to believe that neither it nor any other member of the Group is liable for any tax and intends to defend this position vigorously.

#### Essar put arrangements

Vodafone agreed to adjust the payments that would be made under the fair market value put arrangements with the Essar group, in order to take account of the upfront cost of 3G licences, based on the total price of the licences secured. This amount has now

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been calculated as INR 34 billion (£510 million) and is payable in the event that the Essar group exercises its put option to sell some or all of its Vodafone Essar Limited shares at fair market value provided that the maximum aggregate amount payable shall not exceed US\$5 billion. This additional amount is not payable in the event that the Essar group decides to sell its 33% shareholding in Vodafone Essar Limited at the underwritten value of US\$5 billion.

### German licence auction

On 20 May 2010 Vodafone acquired nationwide 15 year licences for 2x10 MHz of 800 MHz spectrum, 2x5 MHz of 2.1 GHz spectrum, 2x20 MHz of 2.6 GHz spectrum and 25 MHz of 2.6 GHz unpaired spectrum for a cost of 1.43 billion (£1.23 billion).

### UK CFC Settlement

On 22 July 2010 Vodafone reached agreement with the UK tax authorities with respect to the CFC tax case. Vodafone will pay £1.25bn to settle all outstanding CFC issues from 2001 to date and has also reached agreement that no further UK CFC tax liabilities will arise in the near future under current legislation. Longer term, no CFC liabilities are expected to arise as a consequence of the likely reforms of the UK CFC regime due to the facts established in this agreement. The settlement comprises £800m in the current financial year with the balance to be paid in instalments over the following five years.

## ADDITIONAL INFORMATION

### Service revenue quarter ended 30 June

|                        | 2010<br>£m    | Group<br>2009<br>£m | 2010<br>£m   | Europe<br>2009<br>£m | 2010<br>£m   | Africa and<br>Central Europe<br>2009<br>£m | 2010<br>£m   | Asia Pacific and<br>Middle East<br>2009<br>£m |
|------------------------|---------------|---------------------|--------------|----------------------|--------------|--|--------------|---|
| Voice revenue          | 6,937         | 6,946               | 4,040        | 4,538                | 1,530        | 1,232                                      | 1,366        | 1,177   |
| Messaging revenue      | 1,222         | 1,144               | 897          | 903                  | 177          | 127  | 148          | 113   |
| Data revenue           | 1,168         | 888                 | 852          | 708                  | 171          | 90   | 145          | 90  |
| Fixed line revenue     | 827           | 788                 | 721          | 707                  | 79           | 64   | 27           | 18  |
| Other service revenue  | 433           | 325                 | 257          | 208                  | 84           | 60   | 122          | 93  |
| <b>Service revenue</b> | <b>10,587</b> | <b>10,091</b>       | <b>6,767</b> | <b>7,064</b>         | <b>2,041</b> | <b>1,573</b>                               | <b>1,808</b> | <b>1,491</b>                                  |

|                        | % change   |            |                     |            |              |              |                              |            |             |             |                     |             |              |             |                     |
|------------------------|------------|------------|---------------------|------------|--------------|--------------|------------------------------|------------|-------------|-------------|---------------------|-------------|--------------|-------------|---------------------|
|                        | Group      |            |                     | Europe     |              |              | Africa and<br>Central Europe |            |             | Asia P<br>M |                     |             |              |             |                     |
|                        | Organic    | M&A        | Foreign<br>exchange | Reported   | Organic      | M&A          | Foreign<br>Exchange          | Reported   | Organic     | M&A         | Foreign<br>exchange | Reported    | Organic      | M&A         | Foreign<br>Exchange |
| Voice revenue          | (4.3)      | 2.6        | 1.6                 | (0.1)      | (8.6)        | (2.4)        | (11.0)                       | (0.2)      | 15.8        | 8.6         | 24.2                | 7.5         | (3.4)        | 12.0        |                     |
| Messaging revenue      | 4.8        | 1.3        | 0.7                 | 6.8        | 1.5          | (2.2)        | (0.7)                        | 14.2       | 16.2        | 9.0         | 39.4                | 25.8        | (14.4)       | 19.6        |                     |
| Data revenue           | 25.4       | 5.7        | 0.4                 | 31.5       | 23.3         | (3.0)        | 20.3                         | 38.3       | 36.2        | 15.5        | 90.0                | 24.0        | 17.7         | 19.4        |                     |
| Fixed line revenue     | 4.5        | 2.7        | (2.3)               | 4.9        | 5.2          | (3.2)        | 2.0                          | (9.2)      | 29.9        | 2.7         | 23.4                | 29.8        | (0.4)        | 20.6        |                     |
| Other service revenue  | 29.4       | 1.3        | 2.5                 | 33.2       | 26.0         | (2.4)        | 23.6                         | 20.4       | 15.4        | 4.2         | 40.0                | 18.6        | (1.1)        | 13.7        |                     |
| <b>Service revenue</b> | <b>1.1</b> | <b>2.7</b> | <b>1.1</b>          | <b>4.9</b> | <b>(1.7)</b> | <b>(2.5)</b> | <b>(4.2)</b>                 | <b>3.7</b> | <b>17.5</b> | <b>8.6</b>  | <b>29.8</b>         | <b>10.5</b> | <b>(2.4)</b> | <b>13.2</b> |                     |

|                        | Germany      |              | Italy        |              | Spain        |              | UK           |              | Vodacom      |            | India      |            |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
|                        | 2010<br>£m   | 2009<br>£m   | 2010<br>£m   | 2009<br>£m   | 2010<br>£m   | 2009<br>£m   | 2010<br>£m   | 2009<br>£m   | 2010<br>£m   | 2009<br>£m | 2010<br>£m | 2009<br>£m |
| Voice revenue          | 888          | 984          | 861          | 952          | 872          | 983          | 637          | 726          | 841          | 570        | 775        | 632        |
| Messaging revenue      | 190          | 193          | 201          | 222          | 89           | 101          | 273          | 236          | 74           | 42         | 39         | 22         |
| Data revenue           | 289          | 227          | 136          | 115          | 129          | 117          | 175          | 137          | 120          | 50         | 55         | 43         |
| Fixed line revenue     | 449          | 462          | 139          | 128          | 81           | 77           | 8            | 7            | 47           | 41         | 2          |            |
| Other service revenue  | 33           | 37           | 34           | 34           | 48           | 62           | 102          | 80           | 51           | 22         | 83         | 58         |
| <b>Service revenue</b> | <b>1,849</b> | <b>1,903</b> | <b>1,371</b> | <b>1,451</b> | <b>1,219</b> | <b>1,340</b> | <b>1,195</b> | <b>1,186</b> | <b>1,133</b> | <b>725</b> | <b>954</b> | <b>755</b> |

| Germany | Italy | % change<br>Spain | UK | Vodacom | India |
|---------|-------|-------------------|----|---------|-------|
|---------|-------|-------------------|----|---------|-------|

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|                        | Reported     | Organic    | Reported     | Organic      | Reported     | Organic      | Reported   | Organic    | Reported    | Organic    | Reported    | Organic     |
|------------------------|--------------|------------|--------------|--------------|--------------|--------------|------------|------------|-------------|------------|-------------|-------------|
| <b>Service revenue</b> | <b>(2.8)</b> | <b>0.2</b> | <b>(5.5)</b> | <b>(2.5)</b> | <b>(9.0)</b> | <b>(6.2)</b> | <b>0.7</b> | <b>0.7</b> | <b>56.3</b> | <b>4.0</b> | <b>26.4</b> | <b>13.7</b> |

## ADDITIONAL INFORMATION

### Mobile customers quarter ended 30 June 2010<sup>(1)</sup>

| (in thousands)                         |                |               |                |                |              |
|--|----------------|---------------|----------------|----------------|--------------|
|  | 1 April        | Net           | Other          | 30 June        |              |
| Country                                | 2010           | additions     | movements      | 2010           | Prepaid      |
| <b>Europe</b>                          |                |               |                |                |              |
| Germany                                | 34,538         | 336           |                | 34,874         | 53.9%        |
| Italy                                  | 23,248         | 98            |                | 23,346         | 85.8%        |
| Spain                                  | 16,745         | 82            |                | 16,827         | 37.2%        |
| UK                                     | 19,017         | (163)         |                | 18,854         | 52.7%        |
|  | 93,548         | 353           |                | 93,901         | 60.5%        |
| <b>Other Europe</b>                    |                |               |                |                |              |
| Albania                                | 1,680          | (1)           |                | 1,679          | 93.7%        |
| Greece                                 | 6,023          | (531)         |                | 5,492          | 69.5%        |
| Ireland                                | 2,145          | 6             |                | 2,151          | 67.0%        |
| Malta                                  | 228            | 11            |                | 239            | 84.9%        |
| Netherlands                            | 4,707          | 50            |                | 4,757          | 39.4%        |
| Portugal                               | 5,952          | 32            |                | 5,984          | 80.5%        |
|  | 20,735         | (433)         |                | 20,302         | 67.6%        |
| <b>Europe</b>                          | <b>114,283</b> | <b>(80)</b>   |                | <b>114,203</b> | <b>61.7%</b> |
| <b>Africa and Central Europe</b>       |                |               |                |                |              |
| Vodacom <sup>(2)(3)</sup>              | 39,892         | 1,152         | (3,322)        | 37,722         | 87.3%        |
| Czech Republic                         | 3,007          | 33            |                | 3,040          | 46.5%        |
| Ghana                                  | 2,825          | (84)          |                | 2,741          | 99.5%        |
| Hungary                                | 2,618          | (19)          |                | 2,599          | 54.8%        |
| Poland                                 | 3,347          | (3)           |                | 3,344          | 47.9%        |
| Romania                                | 9,730          | 89            |                | 9,819          | 62.4%        |
| Turkey                                 | 15,829         | 319           |                | 16,148         | 81.1%        |
| <b>Africa and Central Europe</b>       | <b>77,248</b>  | <b>1,487</b>  | <b>(3,322)</b> | <b>75,413</b>  | <b>75.0%</b> |
| <b>Asia Pacific and Middle East</b>    |                |               |                |                |              |
| India <sup>(4)</sup>                   | 100,858        | 8,203         |                | 109,061        | 94.7%        |
| Australia <sup>(3)</sup>               | 3,525          | 44            | (18)           | 3,551          | 45.3%        |
| Egypt                                  | 24,605         | 1,186         |                | 25,791         | 95.9%        |
| Fiji                                   | 369            | (11)          |                | 358            | 96.4%        |
| New Zealand                            | 2,504          | (25)          |                | 2,479          | 69.5%        |
| Qatar                                  | 465            | 69            |                | 534            | 94.2%        |
| <b>Asia Pacific and Middle East</b>    | <b>132,326</b> | <b>9,466</b>  | <b>(18)</b>    | <b>141,774</b> | <b>92.1%</b> |
| <b>Group</b>                           | <b>323,857</b> | <b>10,873</b> | <b>(3,340)</b> | <b>331,390</b> | <b>77.5%</b> |
| <b>Reconciliation to proportionate</b> |                |               |                |                |              |
| Group                                  | 323,857        | 10,873        | (3,340)        | 331,390        |              |
| Non-controlling interests subsidiaries | (62,486)       | (3,874)       | 1,163          | (65,197)       |              |
| Verizon Wireless <sup>(5)</sup>        | 41,760         | 608           | (940)          | 41,428         | 9.6%         |
| Other associates and investments       | 38,014         | 1,171         |                | 39,185         | 97.5%        |

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|                              |                |              |                |                |              |
|------------------------------|----------------|--------------|----------------|----------------|--------------|
| <b>Proportionate</b>         | <b>341,145</b> | <b>8,778</b> | <b>(3,117)</b> | <b>346,806</b> | <b>84.5%</b> |
| Europe                       | 123,160        | (5)          |                | <b>123,155</b> | 58.4%        |
| Africa and Central Europe    | 65,831         | 1,089        | (2,159)        | <b>64,761</b>  | 78.8%        |
| Asia Pacific and Middle East | 110,394        | 7,086        | (18)           | <b>117,462</b> | 97.9%        |
| Verizon Wireless             | 41,760         | 608          | (940)          | <b>41,428</b>  | 9.6%         |

Notes:

(1) Group customers represent subsidiaries on a 100% basis and joint ventures (being Italy, Poland, Australia and Fiji) based on the Group's equity interests. Proportionate customers are based on the Group's equity interests in subsidiaries, joint ventures, associates and other investments. Further details of the Group's equity interests are provided in notes 12 to 15 of the consolidated financial statements included within the Group's 2010 annual report on Form 20-F.

(2) Vodacom refers to the Group's interests in Vodacom Group Limited and its subsidiaries, including those located outside of South Africa.

(3) Other movements in Vodacom relate to a change in their disconnection policy and other movements in Australia relate to the sale of customers.

(4) Proportionate customers are based on equity interests at 30 June 2010. However the calculation of proportionate customers for India also assumes the exercise of call options that could increase the Group's aggregate direct and indirect equity interest from 59.93% to 66.98%. These call options can only be exercised in accordance with Indian law prevailing at the time of exercise.

(5) Other movements in Verizon Wireless relate to the divestment of certain Alltel properties.

## ADDITIONAL INFORMATION

### Annualised mobile customer churn quarter ended 30 June 2010

| Country       | Contract | Prepaid | Total |
|---------------|----------|---------|-------|
| Germany       | 16.9%    | 32.2%   | 25.1% |
| Italy         | 25.3%    | 24.3%   | 24.4% |
| Spain         | 18.9%    | 43.7%   | 28.2% |
| UK            | 15.5%    | 61.3%   | 40.1% |
| Vodacom(1)(2) | 10.0%    | 86.3%   | 76.9% |
| India         | 24.8%    | 39.6%   | 38.8% |

Notes:

- (1) Vodacom refers to the Group's interests in Vodacom Group Limited and its subsidiaries, including those located outside of South Africa.
- (2) The customer churn for Vodacom in the quarter ended 30 June 2010 includes the effect of one-off disconnections of 3,322,000 prepaid customers. The underlying prepaid customer churn excluding this change was 46.5% and total churn was 42.0%.

### OTHER INFORMATION

#### Notes:

1. Vodafone, the Vodafone logo, Vodafone Station and Vodacom are trade marks of the Vodafone Group. Other product and company names mentioned herein may be the trade marks of their respective owners.
2. All growth rates reflect a comparison to the quarter ended 30 June 2009 unless otherwise stated. References to the fourth or previous quarter are to the quarter ended 31 March 2010 unless otherwise stated. References to the first quarter are to the quarter ended 30 June 2010 unless otherwise stated.
3. All amounts marked with an (\*) represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates. All relevant calculations of organic growth include Vodacom at the current level of ownership and exclude all results of the Group's business in Australia.
4. Reported growth is based on amounts in pounds sterling as determined under IFRS.
5. Quarterly historical information including service revenue, customers, churn, voice usage and ARPU is provided in a spreadsheet available at [www.vodafone.com/investor](http://www.vodafone.com/investor).

### Forward-looking statements

This document contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 which are subject to risks and uncertainties because they relate to future events. In particular, such forward-looking statements include but are not limited to: statements with respect to Vodafone's expectations as to savings from cost reduction programmes, including the working capital improvement programme; statements with respect to Vodafone's dividend growth policy; expectations as to levels of capital expenditure and operating expenditure; the anticipated impact of foreign exchange rate movements on the



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Group's results for the current fiscal year; the Group's expectations regarding its financial and operating performance, including adjusted operating profit, free cash flow, EBITDA and EBITDA margins; the impact of reduced mobile termination rates; and expectations regarding market trends including price trends. 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. These factors include, but are not limited to, Vodafone's ability to realise anticipated cost savings, the impact of legal or other proceedings, continued growth in the market for mobile services and general economic conditions.

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 by referring to the information contained under the heading "Forward-looking statements" and "Principal risk factors and uncertainties" in Vodafone Group Plc's annual report on Form 20-F for the year ended 31 March 2010. The annual report on Form 20-F can be found on the Group's website ([www.vodafone.com/investor](http://www.vodafone.com/investor)). All subsequent written or oral forward-looking statements attributable to Vodafone 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 assurances can be given that the forward-looking statements in this press release will be realised. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

**For further information:**

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

VODAFONE GROUP  
PUBLIC LIMITED COMPANY  
(Registrant)

Dated: August 04, 2010

By: /s/ R MARTIN  
Name: Rosemary Martin  
Title: Group General Counsel and Company Secretary