VODAFONE GROUP PUBLIC LTD CO
Form 20-F
June 14, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: March 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from:__________to__________

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report:__________

Commission file number: 1-10086

VODAFONE GROUP PUBLIC LIMITED COMPANY

(formerly VODAFONE AIRTOUCH PUBLIC LIMITED COMPANY)
(Exact name of Registrant as specified in its charter)

England
(Jurisdiction of incorporation or organization)

Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, England
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
See Schedule A	See Schedule A

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares of 11 3/7 US cents each	52,835,077,347
7% Cumulative Fixed Rate Shares of £1 each	50,000

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statements item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

SCHEDULE A

Title of each class	**Name of each exchange on which registered**
Ordinary shares of 11 3/7 US cents each	New York Stock Exchange*
American Depositary Shares (evidenced by American Depositary Receipts) each representing ten ordinary shares	New York Stock Exchange
Floating rate notes due June 2007	New York Stock Exchange
4.161% due November 2007	New York Stock Exchange
Floating rate notes due December 2007	New York Stock Exchange
3.95% due January 2008	New York Stock Exchange
Floating rate notes due June 2011	New York Stock Exchange

5.5% due June 2011	New York Stock Exchange
5.35% due Feb 2012	New York Stock Exchange
Floating rate notes due Feb 2012	New York Stock Exchange
5% due December 2013	New York Stock Exchange
5.375% due January 2015	New York Stock Exchange
5% due September 2015	New York Stock Exchange
5.75% March 2016	New York Stock Exchange
5.625% due Feb 2017	New York Stock Exchange
4.625% due July 2018	New York Stock Exchange
6.25% due November 2032	New York Stock Exchange
6.15% due Feb 2037	New York Stock Exchange

* Listed, not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Delivering on our strategic objectives

Vodafone Group Plc

Annual Report on Form 20-F

For the year ended 31 March 2007

Our goal is to be the communications leader in an increasingly connected world

This constitutes the Annual Report on Form 20-F (the "20-F") of Vodafone Group Plc (the "Company") in accordance with the requirements of the US Securities and Exchange Commission (the "SEC") and is dated 14 June 2007. This document contains certain information set out within the Company's Annual Report in accordance with International Financial Reporting Standards ("IFRS") and with those parts of the UK Companies Act 1985 applicable to companies reporting under IFRS, dated 29 May 2007, as updated or supplemented at the time of filing of the 20-F with the SEC, which may be later amended if necessary. References to IFRS refer to IFRS as issued by the IASB and IFRS as adopted for use in the European Union ("EU"). The content of the Group's website (www.vodafone.com) should not be considered to form part of this Annual Report or the Company's Annual Report on Form 20-F.

The terms "Vodafone", the "Group", "we", "our" and "us" refer to the Company and, as applicable, its subsidiary undertakings and/or its interests in joint ventures and associated undertakings.

In the discussion of the Group's reported financial position and results for the year ended 31 March 2007, information in addition to that contained within the Consolidated Financial Statements is presented on the basis that it provides readers with additional financial information regularly reviewed by management. This information is provided to assist investor assessment of the Group's performance from period to period. However, the additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Definitions of the

In presenting and discussing the Group's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with IFRS but this information is not itself an expressly permitted GAAP measure. Such non-GAAP measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. An explanation as to the use of these measures and reconciliations to their nearest equivalent GAAP measures can be found on pages 62 to 63.

The Report of the Directors, incorporating the Business Review, covers pages 4 to 88 of this Annual Report. This Annual Report contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group's financial condition, results of operations and business management and strategy, plans and objectives for the Group. For further details, please see "Performance – Cautionary Statement Regarding Forward-Looking Statements" and "Performance – Risk Factors, Seasonality and Outlook" for a discussion of the risks associated with these statements.

Vodafone, the Vodafone logos, Vodafone live!, Vodafone Mobile Connect, Vodafone Wireless Office, Vodafone Passport, Vodafone At Home, Vodafone Office, Vodafone Applications Service, Vodafone Business Email, Vodafone Travel Promise, Vodafone Push Email, Vodafone Consumer Push Email and Vodafone ßetavine are trademarks of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.

terms presented are shown on page 159.

Highlights for the Year

Key highlights:

- The Group has delivered against its financial and operating targets and made good progress on executing against its five strategic objectives
- Voice and data usage growth offset competitive and regulatory pressures in Europe
- Continued strong performance in emerging markets, with the recent acquisition in India significantly increasing Vodafone's presence in high growth markets
- The Group remains confident of delivering its stated capital and operating expenditure targets in Europe in the 2008 financial year, with core cost reduction initiatives well on track

Financial performance from continuing operations:

- Group revenue of £31.1 billion
- Basic loss per share was 8.94 pence, with loss before taxation for the year of £2.4 billion, after impairment losses of £11.6 billion
- Free cash flow of £6.1 billion and net cash inflow from operating activities of £10.2 billion, after net taxation paid of £2.2 billion

Increasing returns to shareholders:

- Total dividends per share increased by 11.4%, to 6.76 pence, with a final dividend per share of 4.41 pence, giving a dividend pay out ratio of 60% and a total pay out of £3.6 billion for the financial year
- In recognition of the earnings dilution arising from the Hutchison Essar transaction, the Board is targeting modest increases in dividend per share in the near term until the payout ratio returns to 60% in accordance with current policy

Performance

Governance

Financials

Shareholders

Glossary

Back to Contents

Financial Highlights

The selected financial data set out on the following pages is derived from the Consolidated Financial Statements of the Company on pages 92 to 142 and as such should be read in conjunction with them. Certain trends within the financial data presented below have been impacted by business acquisitions and disposals, the most significant of which are described in Business Business Overview How We Developed. The Consolidated Financial

Statements are prepared in accordance with IFRS, on the basis set out in note 1 to the Consolidated Financial Statements, which differ in certain significant respects from US GAAP. For further details, see note 38 to the Consolidated Financial Statements. Solely for convenience, amounts represented below in dollars have been translated at $1.9685: £1, the Noon Buying Rate on 30 March 2007.

	At/year ended 31 March			
	2007 $m	**2007 £m**	2006 £m	2005 £m
IFRS				
Consolidated Income Statement Data				
Revenue	**61,228**	**31,104**	29,350	26,678
Operating (loss)/profit	**(3,079)**	**(1,564)**	(14,084)	7,878
Adjusted operating profit (Non-GAAP measure)(1)	**18,762**	**9,531**	9,399	8,353
(Loss)/profit before taxation	**(4,691)**	**(2,383)**	(14,853)	7,285
(Loss)/profit for the financial year from continuing operations	**(9,461)**	**(4,806)**	(17,233)	5,416
(Loss)/profit for the financial year	**(10,427)**	**(5,297)**	(21,821)	6,518
Consolidated Cash Flow Data(2)				
Net cash flows from operating activities	**20,065**	**10,193**	10,190	9,240
Net cash flows from investing activities	**8,132**	**4,131**	(6,654)	(4,122)
Net cash flows from financing activities	**(18,352)**	**(9,323)**	(4,540)	(7,242)
Free cash flow (Non-GAAP measure)(1)	**12,061**	**6,127**	6,418	6,592
Consolidated Balance Sheet Data				
Total assets	**215,780**	**109,617**	126,738	147,197
Total equity	**132,466**	**67,293**	85,312	113,648
Total equity shareholders funds	**132,021**	**67,067**	85,425	113,800
Total liabilities	**83,314**	**42,324**	41,426	33,549
Earnings Per Share (EPS)(3)				
Weighted average number of shares (millions)				
Basic	**55,144**	**55,144**	62,607	66,196
Diluted	**55,144**	**55,144**	62,607	66,427
Basic (loss)/earnings per ordinary share				
(Loss)/profit from continuing operations	**(17.60)¢**	**(8.94)p**	(27.66)p	8.12p
(Loss)/profit for the financial year	**(19.37)¢**	**(9.84)p**	(35.01)p	9.68p
Diluted (loss)/earnings per ordinary share				
(Loss)/profit from continuing operations	**(17.60)¢**	**(8.94)p**	(27.66)p	8.09p
(Loss)/profit for the financial year	**(19.37)¢**	**(9.84)p**	(35.01)p	9.65p
Basic (loss)/earnings per ADS				

(Loss)/profit from continuing operations	**(176.0)¢**	**(89.4)p**	(276.6)p	81.2p
(Loss)/profit for the financial year	**(193.7)¢**	**(98.4)p**	(350.1)p	96.8p
Diluted (loss)/earnings per ADS				
(Loss)/profit from continuing operations	**(176.0)¢**	**(89.4)p**	(276.6)p	80.9p
(Loss)/profit for the financial year	**(193.7)¢**	**(98.4)p**	(350.1)p	96.5p

Back to Contents

	2007 $m	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
						At/year ended 31 March
US GAAP						
Consolidated Income Statement Data						
Revenue	**49,919**	**25,359**	23,756	21,370	19,637	15,487
Net loss[4]	**(8,514)**	**(4,325)**	(13,270)	(13,752)	(8,105)	(9,072)
Consolidated Balance Sheet Data						
Shareholders’ equity	**139,923**	**71,081**	86,984	107,295	129,141	140,580
Earnings per share (“EPS”)[3]						
Weighted average number of shares – basic and diluted (millions)	**55,144**	**55,144**	62,607	66,196	68,096	68,155
Basic and diluted loss per ordinary share	**(15.43)¢**	**(7.84)p**	(21.20)p	(20.77)p	(11.90)p	(13.31)p
Basic and diluted loss per ADS	**(154.3)¢**	**(78.4)p**	(212.0)p	(207.7)p	(119.0)p	(133.1)p
Cash Dividends[3][5]						
Amount per ordinary share	**13.31¢**	**6.76p**	6.07p	4.07p	2.0315p	1.6929p
Amount per ADS	**133.1¢**	**67.6p**	60.7p	40.7p	20.315p	16.929p
Other Data						
IFRS						
Ratio of earnings to fixed charges[6]	—	—	—	7.0		
Deficit	**(8,640)**	**(4,389)**	(16,520)	—		
US GAAP						
Ratio of earnings to fixed charges[6]	—	—	—	—	—	—
Deficit[7]	**(13,319)**	**(6,766)**	(13,875)	(9,756)	(9,059)	(8,436)

Notes:

(1) Refer to “Performance – Non-GAAP Information” on page 62 for a reconciliation of this non-GAAP measure to the most comparable GAAP measure and a discussion of this measure.

(2) Amounts reported refer to continuing operations.

(3) See note 8 to the Consolidated Financial Statements, “(Loss)/earnings per share”. Earnings per American Depository Share (“ADS”) is calculated by multiplying earnings per ordinary share by ten, the number of ordinary shares per ADS. Dividend per ADS is calculated on the same basis.

(4) 2005 net loss includes the cumulative effect of accounting changes related to intangible assets and post employment benefits that increase net loss by £6,372 million or 9.63p per ordinary share.

(5) The final dividend for the year ended 31 March 2007 was proposed by the directors on 29 May 2007.

(6) For the purposes of calculating these ratios, earnings consist of profit before tax adjusted for fixed charges, dividend income from associated undertakings, share of profits and losses from associated undertakings and profits and losses on ordinary activities before taxation from discontinued operations. Fixed charges comprise one-third of payments under operating leases, representing the estimated interest element of these payments, interest payable and similar charges and preferred share dividends.

(7) The deficits for the 2003 and 2004 financial years are presented on the same basis as the Form 20-F for the year ended 31 March 2004. These deficits have not been restated for the effect of discontinued operations, because the UK GAAP information, which forms the basis of the US GAAP information presented, has not been restated. Even if any such adjustments were made, it is expected that the ratio of earnings to fixed charges would still show a deficit.

Back to Contents

Chairman□s Statement

Reaching the 200 million proportionate customer milestone has been a tremendous achievement for your Company and now we are on the edge of a further revolution as we enter the era of broadband and internet communications.

Dividend per share

2006	**2007**	
6.07p	**6.76p**	**11.4%**

It was an honour to become your Chairman at the AGM in July 2006. I joined Vodafone from the world of banking, whose history and institutions run back over many centuries. The mobile telephone industry is very much younger and even in the last twenty years has seen dramatic changes which have transformed the face of telecommunications and society. When Vodafone first started to operate more than 20 years ago, the telecommunications industry was dominated by fixed line companies. A one hour local phone call within the UK cost £4.56; today, the same call on the Vodafone network could cost as little as 21 pence.

With the unprecedented growth of mobile communications since the mid 1980s, the effects on other sectors, the wider economy and society as a whole have been far reaching. Changes in communications have underpinned the development of the whole IT industry, helped economic growth, particularly in developing markets, and enabled families, friends and communities to communicate across countries and time zones.

Mobile telephones have been of enormous benefit to society and, as a market leader, Vodafone has played a major role. Reaching the 200 million proportionate customer milestone in this financial year has been a tremendous achievement for your Company and now we are on the edge of a further revolution as we enter the era of wireless broadband and internet communications.

There are currently around three billion mobile customers globally. At the moment, the majority are in the western world. We believe we will see 70% of the growth in customers in the next five years coming from emerging markets. The challenges we face in these markets are very different from the challenges we face in our European and mature markets. We will continue to expand in markets where mobile handsets are not widely dispersed and where there is rising GNP per capita. This is why we have acquired the business of Hutchison Essar in India, to deliver a major presence in a market with penetration of around 14%, which we believe will become larger than the European Union within a reasonable time frame.

The challenge in Europe, where the markets are mature and penetration is, in many cases, over 100%, is quite different and we need to find more efficiencies through initiatives such as network sharing to improve our productivity and developing other services beyond voice to help us grow new revenue.

Across the world, governments and regulators see our industry in very different ways, from being a source of tax revenue through to being an important part of the social and economic infrastructure of the country. The impact of regulation on our business can be significant, as we have seen during the year with the government intervention on our tariffs in Italy and at a European level on roaming.

The Vodafone brand is enormously well known and highly regarded across the globe. It was recently rated the most powerful UK brand by the leading research company Millward Brown, and number 22 in the world.

Your Board takes the management of Vodafone's reputation very seriously, together with our commitments in corporate responsibility. We have set out clearly in a separate report what we have achieved in this area. We are particularly proud of our global handset recycling initiative and our ongoing programme on energy efficiency in our networks.

The Board is very conscious of the concerns which are expressed about possible health issues in relation to mobile phones. As a responsible company, we fund and support independent research into this important area and our policy is to be completely transparent in relation to this issue, which your Board reviews on a regular basis.

On the Board, there have been a number of changes since the AGM in 2006. We said farewell to Thomas Geitner as an executive director and we thank him for all he has done for the business and wish him well in the future. Alec Broers retires from the Board at this year's AGM and we are grateful for his significant contribution, including his chairmanship of the Vodafone Group Foundation, over his nine years as a non-executive director. We welcomed back Vittorio Colao as Deputy Chief Executive and Chief Executive of our European region. We have appointed three new non-executive directors, Alan Jebson, Nick Land and Simon Murray. We need non-executive directors who are equipped with the skill set to understand the rapidly changing markets in terms of consumer taste, technology and the emerging markets in which we operate. Future appointments will ensure that we have the right balance of skills and experience. During the year we also completed an independent Board evaluation by MWM Consulting to ensure the highest standards of corporate governance.

Your Board looks at any acquisition in a disciplined way and our decision to acquire Hutchison Essar was completed within the financial criteria we have set ourselves. We also take decisions to sell businesses or minority shareholdings where better value for shareholders is more likely to arise from reinvestment elsewhere or by returning the funds through dividends or buybacks. During the year, we sold our interests in Belgium and Switzerland for this reason.

We are confident about Vodafone's future and your Board has proposed a final dividend of 4.41 pence per share, bringing total dividends for the year to 6.76 pence per share, up 11.4% on last year, and representing a payout ratio of 60% of adjusted earnings per share. We continue to look for sources of profitable growth within highly penetrated markets. We have a particularly strong position in the business sector which we intend to develop further. We also plan to grow services beyond core voice and messaging and continue to search for new sources of revenue which are closely related to our customer's needs.

The mobile phone is an enormously versatile device and one of the features of the last 20 years has been the new uses to which the phone can be adapted, including data services, entertainment, advertising, internet portals and, most recently, financial payments.

In my first months as Chairman, I have spent time in and around the Group meeting customers, suppliers, business partners, other stakeholders and my new colleagues in our offices, retail stores, call centres and canteens. I have also visited seven of our international operations. I have been enormously impressed by the talented people at all levels within Vodafone and I am fortunate to be involved with such a young and dynamic business.

Your Board wants to pay tribute to all our 66,000 people and to thank them on your behalf for all they do to help Vodafone progress in a rapidly changing business environment. We, as a Board, look forward to your continuing support as we address the challenges ahead.

Sir John Bond

Chairman

Back to Contents

Group at a Glance

Vodafone is a world leader in providing voice and data communications services for both consumer and enterprise customers, with a significant presence in Europe, the Middle East, Africa, Asia, Pacific and the United States. The Group is structured into two regions to address the different business challenges inherent in them.

Europe

Markets

Germany	Greece
Italy	Ireland
Spain	Malta
UK	Netherlands
Albania	Portugal

Key Focus

Revenue stimulation and cost reduction

Key market data[2]

Average mobile customer penetration

>100%

Mobile share of total minutes

33%

Contribution to Group revenue 79%

Contribution to Group adjusted operating profit 59%

EMAPA[1]

Markets

Czech Rep.
Hungary
Poland
Romania
Turkey
Egypt
Kenya
South Africa
Australia
New Zealand
Fiji
India
USA
France
China

Key Focus

Deliver strong growth in emerging markets

Key market data[2]

Average mobile customer penetration

27%

Notes:
(1) Eastern Europe, Middle East & Africa, Asia Pacific and affiliates (associated undertakings and investments).
(2) Industry analyst information: Total minutes is for mobile and fixed line operators. Market penetration data for EMAPA excludes USA, France and China.

Contribution to Group revenue 21%

Contribution to Group adjusted operating profit 39%

(3) Excludes non-operating income and expense of associates, impairment losses and other income expense.

Bac