VODAFONE GROUP PUBLIC LTD CO
Form 6-K
November 23, 2007

Form 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rules 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Dated November 23, 2007

VODAFONE GROUP

PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

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 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):

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. 333-144978) AND THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-81825) 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PUBLIC LIMITED COMPANY AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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 the following items:

(a) Chief Executive s Statement;

(b) Business Review;

(c) Half-yearly consolidated financial information for Vodafone Group Plc as of and for the six month periods ended 30 September 2007 and 2006, and comparative consolidated financial information for Vodafone as of and for the year ended 31 March 2007.

Certain information listed above is taken from the previously published results announcement of Vodafone for the six months ended 30 September 2007 (half-yearly financial report). This document does not update or restate any of the financial information set forth in the half-yearly financial report.

Exhibit 7

Computation of ratio of earnings to fixed charges

Vodafone, Vodafone Mobile Connect, Vodafone Mobile Connect USB Modem, Vodafone Mobile Connect Card with 3G broadband, Vodafone Mobile Connect 3G/GPRS data card, Vodacom, ihug, Vodafone at Home, Vodafone Office and Vodafone Passport are trademarks of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This document 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 businesses and certain of the Group s plans and objectives.

In particular, such forward-looking statements include statements with respect to Vodafone s expectations as to launch and roll out dates for products, services or technologies offered by Vodafone; intentions regarding the development of products and services introduced by Vodafone or by Vodafone in conjunction with initiatives with third parties; the ability to integrate all operations throughout the Group; the development and impact of new mobile technology; anticipated benefits to the Group from core cost reduction programmes, outsourcing, supply chain management and IT operations initiatives; growth in customers and usage, including improvements in customer mix; the Group s expectations for revenue, operating profit, depreciation and amortisation charges, capitalised fixed asset additions, free cash flow, cash payments for tax and associated interest and effective tax rate contained within the outlook statement on page 7 of this document , and expectations for the Group s future performance generally, including average revenue per user, costs, capital expenditures, operating expenditures and margins and the contribution to the Group s revenue of data services, broadband services, fixed location pricing and mobile advertising; the rate of dividend growth by the Group or its existing investments; expectations regarding the Group s access to adequate funding for its working capital requirements; expected effective tax rates and expected tax payments; the ability to realise synergies through cost savings, revenue generating services, benchmarking and operational experience; future acquisitions, including increases in ownership in existing investments, the timely completion of pending acquisition transactions and pending offers for investments; future disposals; the management of the Group s portfolio; mobile penetration and coverage rates; the impact of regulatory and legal proceedings involving Vodafone and of scheduled or potential regulatory changes; expectations with respect to long term shareholder value growth; Vodafone s ability to be the mobile market leader, overall market trends and other trend projections.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as anticipates , aims , could , may , should , expects , believes , intends , plans or targets . By their nature, forward-looking inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. 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, the following: changes in economic or political conditions in markets served by operations of the Group that would adversely affect the level of demand for mobile services; greater than anticipated competitive activity, from both existing competitors and new market entrants, including Mobile Virtual Network Operators, which could require changes to the Group s pricing models, lead to customer churn and make it more difficult to acquire new customers, and reduce profitability; the impact of investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the possibility that new products and services will not be commercially accepted or perform according to expectations or that vendors performance in marketing these technologies will not meet the Group s requirements; the Group s ability to win 3G licence allocations; the Group s ability to realise expected synergies and benefits associated with 3G technologies; a lower than expected impact of new or existing products, services or technologies on the Group s future revenue, cost structure and capital expenditure outlays; the ability of the Group to harmonise mobile platforms and delays, impediments or other problems associated with the roll out and scope of and other new or existing products, services or technologies in new markets; the ability of the Group to offer new services and secure the timely delivery of high quality, reliable GPRS and 3G handsets, network equipment and other key products from suppliers; the Group s ability to develop competitive data content and services that will attract new customers and increase average usage; future revenue contributions of both voice and non-voice services; greater than anticipated prices of new mobile handsets; changes in the costs to the Group of or the rates the Group may charge for terminations and roaming minutes; the Group s ability to achieve meaningful cost savings and revenue improvements as a result of its cost reduction programmes and outsourcing initiatives; the ability to realise benefits from entering into partnerships for developing data and internet services and entering into service franchising and brand licensing; the possibility that the pursuit of new, unexpected strategic opportunities may have a negative impact on the Group s financial performance; developments in the Group s financial condition, earnings and distributable funds and other factors that the Board of Directors takes into account in determining the level of dividends; any unfavourable conditions, regulatory or otherwise, imposed in connection with pending or future acquisitions or dispositions and the integration of acquired companies in the Group s existing operations; the risk that, upon obtaining control of certain investments, the Group discovers additional information relating to the businesses of that investment leading to restructuring charges or write-offs or with other negative implications; changes in the regulatory framework in which the Group operates, including possible action by regulators in markets in which the Group operates or by the EU regulating rates the Group is permitted to charge; the impact of legal or other proceedings against the Group or other companies in the mobile telecommunications industry; the possibility that new marketing or usage stimulation campaigns or efforts and customer retention schemes are not an effective expenditure; the possibility that the Group s integration efforts do not reduce the time to market for new products or improve the Group s cost position; loss of suppliers or disruption of supply chains; the Group s ability to satisfy working capital requirements through borrowing in capital markets, bank facilities and operations; changes in exchange rates, including particularly the exchange rate of pounds sterling to the euro and the

US dollar; changes in statutory tax rates and profit mix which would impact the weighted average tax rate; changes in tax legislation in the jurisdictions in which the Group operates; and final resolution of open issues which might impact the effective tax rate; timing of tax payments relating to the resolution of open issues.

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 under Risk Factors, Seasonality and Outlook Risk Factors in Vodafone Group Plc s Annual Report on Form 20-F for the year ended 31 March 2007. All subsequent written or oral forward-looking statements attributable to the Company 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 document will be realised. Neither Vodafone nor any of its affiliates intends to update these forward-looking statements.

PRESENTATION OF INFORMATION

The Condensed Consolidated Financial Statements for both six month periods and any information derived from the Group s audited Consolidated Financial Statements for the year ended 31 March 2007:

were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and thereby International Financial Reporting Standards (collectively referred to as IFRS within this document), both as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU);

are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the 2007 Annual Report.

The accounting principles underlying IFRS vary in significant respects from accounting principles generally accepted in the United States of America (US GAAP). Information relating to the nature and effect of such differences is presented in note 16 to the Condensed Consolidated Financial Statements.

DEFINITION OF TERMS

In the discussion of the Group s reported financial position and results for the six month period to 30 September 2007, information in addition to that contained within the Condensed Consolidated Financial Statements is presented on the basis that it provides readers with access to 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 in the Group s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Definitions of the terms and measures used within this document are shown on page 159 of the Group s Annual Report on Form 20-F for the year end 31 March 2007 and are unchanged with the exception of changes at constant exchange rates , which is defined below.

Term	Definition
Change at constant exchange rates	Change calculated by restating the prior period s results as if they had been generated at the current period s exchange rates.

USE OF NON-GAAP FINANCIAL INFORMATION

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, being adjusted operating profit for the Group, organic growth, operating free cash flow, free cash flow and net debt, should not be viewed in isolation to the equivalent GAAP measure. An explanation as to the use of these measures and a reconciliation to the nearest equivalent GAAP measure can be found on pages 22 to 24.

CHIEF EXECUTIVE S STATEMENT

Rigorous execution against our strategic objectives has been key to our performance in the first half of the year. We have improved our outlook expectations for the full year and the Board has increased the interim dividend by 6.0% to 2.49 pence per share, enhancing returns to our shareholders.

Group revenue increased by 9.0% to £17.0 billion, or 4.4% on an organic basis. In Europe, where competitive and regulatory pressures remain significant, revenue growth was 1.5%, or 2.0% on an organic basis. Good revenue growth in Spain and the UK was offset by declines in Germany and Italy, where specific competitive and regulatory events have detracted from an otherwise solid business performance. EMAPA delivered another period of continued growth. Revenue grew by 39.9%, or 16.0% on an organic basis, with strong performances across the region. Group adjusted operating profit increased by 1.6% to £5.2 billion, or 6.1% on an organic basis, including an increased contribution from Verizon Wireless which grew by 26.0% on a constant currency basis.

Our customer franchise increased by 35 million in the period to 241 million proportionate mobile customers, including 20 million net additions.

Capital expenditure in the first half was £2.0 billion, including £0.4 billion in India since its acquisition in May. Free cash flow generation remains strong at £2.7 billion, after £0.2 billion payments in respect of long standing tax issues.

Revenue stimulation and cost reduction in Europe

In Europe, our focus is to drive additional usage and revenue from core voice and messaging services and to reduce our cost base.

Central to stimulating revenue have been our initiatives to drive mobile usage through offering innovative tariffs, larger minute bundles and targeted promotions. There has also been a specific focus on migrating prepaid customers to contract, thereby improving customer lifetime value. Overall growth in outgoing voice usage remained strong at 24.0% for the first half, but continued pricing pressure resulted in stable outgoing voice revenue. Notwithstanding our efforts in revenue stimulation, elasticity remains below one. In the business segment, which represents approximately 28% of European service revenue and delivered 5.9% growth in the first half, we are leveraging our market leading position. Earlier this year, we established Vodafone Global Enterprise which is responsible for ensuring that we deliver enhanced service and our total communications offering to our largest multinational customers.

16 million customers now enjoy lower roaming pricing through Vodafone Passport. All of our European customers are now benefiting from our commitment to reduce roaming prices and the recently introduced roaming regulation.

Messaging revenue remains robust with 8.0% growth, or 8.6% on an organic basis, including strong performances in Italy and the UK, driven primarily by targeted promotions and tariffs.

Cost reduction remains central to our Group and a number of core cost reduction programmes are now well established. They are delivering savings across the Group and have helped to mitigate pressure on margins and reduce our European mobile and common functions capital expenditure to revenue ratio to 8.1% in the first half, below our full year target which remains at 10%. Data centre consolidation and network supply chain management centralisation are delivering savings earlier than originally expected.

Innovate and deliver on our customers total communications needs

Our focus is on four key areas which together are expected to represent around 20% of Group revenue by the 2010 financial year. In the first half, these areas contributed about 12% of revenue, up from around 10% in the prior year.

Data revenue increased by 48.8%, or by 45.1% on an organic basis, principally enabled by the rapid growth in 3G devices, which nearly doubled year on year to over 21 million devices. We have also refreshed our consumer mobile internet offering in eight markets, supported by partnerships with leading internet players, and are continuing to develop products and services to integrate the mobile and PC environments.

Following completion of the acquisition of Tele2 s fixed broadband businesses in Italy and Spain we will have established our preferred route for delivering fixed broadband services in each of our major European markets through a selective approach of wholesale agreements and owned infrastructure. Including Tele2, fixed broadband services will be provided to 3.1 million customers in 13 markets. Revenue from fixed line services increased by 4.2%, or by 9.9% on an organic basis, primarily due to 9.6% constant currency growth in Arcor.

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We continue to drive substitution of fixed line usage for mobile through fixed location pricing plans offering customers fixed prices when they call from within or around their home or office. We now have 3.7 million Vodafone At Home customers and 2.6 million Vodafone Office customers.

We believe mobile advertising is a significant future opportunity for the mobile industry. We have commercial agreements for mobile advertising in eight markets and are trialling numerous forms of banner and content based advertising. Vodafone is in a leading position to benefit from future trends in this market.

Deliver strong growth in emerging markets

Our focus is to build on our track record of creating value in emerging markets. We have delivered further good performances in our existing operations with revenue growth of 33.1% in Egypt, 24.0% in Romania and 19.6% in Vodacom on a constant currency basis. Turkey continues to perform well with year on year revenue growth of around 28% on the same basis.

Our Indian business is delivering very strong growth. Average net customer additions are running at 1.6 million per month, with a customer base of over 35 million at the end of September. Year on year revenue growth was around 53% on a constant currency basis. In September, we successfully rebranded the business to Vodafone, an important integration milestone, ahead of plan.

As well as driving customer growth, we are differentiating Vodafone in emerging markets through a number of initiatives. Our ultra low cost handset, which retails for as little as $25, enables us to address a wider population in developing economies. In October, our first month of sales, we sold 400,000 units in India. M-PESA, our innovative money transfer solution was launched in February 2007 and is already benefiting over one million people in Kenya. Efficiency is also vital to success in emerging markets, where low market prices require the lowest possible costs.

Actively manage our portfolio to maximise returns

We completed the acquisition of Vodafone Essar in India in May 2007 for a cash consideration of £5.5 billion. In July, we received £0.7 billion from the sale of a 4.99% stake in Bharti Airtel and have agreed the sale of a further 0.61% by November 2008. The acquisitions of Tele2 Italy and Tele2 Spain for £0.5 billion will strengthen our total communications offerings in those markets.

Align capital structure and shareholder returns policy to strategy

We continue to target a low single A rating, consistent with our policy.

The Board remains committed to its policy of distributing 60% of adjusted earnings per share by way of dividend. However, as a result of the earnings dilution arising from the India acquisition, the payout ratio is expected to rise above 60% in the near term to better reflect the underlying trends of the business.

In growing dividends at 6.0%, ahead of its guidance for modest growth issued in May, the Board has taken into account the Group s current financial performance and its confidence in the prospects for the business.

Prospects for the remainder of the year

Notwithstanding 39.8% growth in data revenue, or by 40.8% on an organic basis, and our success in stimulating voice usage, we expect market conditions and the pricing environment to remain competitive in Europe. Growth prospects for the EMAPA region remain strong as we actively pursue customer growth in markets where penetration is still increasing.

Our success in the first half and continued rigorous execution of our strategy has allowed us to improve our outlook for the current financial year. Group revenue is now expected to be in the increased range of £34.5 billion to £35.1 billion, primarily due to improved operational performance. Adjusted operating profit is also expected to be higher at £9.5 billion to £9.9 billion, reflecting better revenue generation. Capital expenditure on fixed assets is still expected to be in the range of £4.7 billion to £5.1 billion, including in excess of £1.0 billion in India. Free cash flow is now expected to be £4.4 billion to £4.9 billion, better than previously expected due to better business performance and lower payments this year related to long standing tax issues.

Summary

We are delivering tangible results from our strategy which positions us well to deliver total communications to our customers and to generate attractive returns for our shareholders.

Arun Sarin

OUTLOOK FOR THE 2008 FINANCIAL YEAR

Please see page 4 for definition of terms, page 3 for a disclaimer regarding forward-looking statements and page 4 for use of non-GAAP financial information.

	Original outlook(1)	Foreign exchange(2)	Acquisitions(3)	Upgrade	**Updated outlook**
	£ billion	£ billion	£ billion	£ billion	**£ billion**
Revenue	33.3 to 34.1	0.3	0.2	0.6	**34.5 to 35.1**
Adjusted operating profit	9.3 to 9.8		(0.1)	0.2	**9.5 to 9.9**
Capitalised fixed asset additions	4.7 to 5.1				**4.7 to 5.1**
Free cash flow	4.0 to 4.5	0.1		0.3	**4.4 to 4.9**

Notes:

(1) As originally stated on 29 May 2007.

(2) The Group s outlook update reflects current expectations for average foreign exchange rates for the 2008 financial year of approximately Euro 1.45:£1 (originally 1.47) and US$2.04:£1 (originally 1.98). A substantial majority of the Group s revenue, adjusted operating profit, capitalised fixed asset additions and free cash flow is denominated in currencies other than sterling, the Group s reporting currency.

(3) Assumes the financial results of Tele2 Italy and Tele2 Spain will be included with effect from 1 December 2007.

Operating conditions are expected to continue to be competitive in Europe with ongoing pricing and regulatory pressures but continued positive trends in data revenue and voice usage. Increasing market penetration continues to result in overall strong growth for the EMAPA region.

Group revenue is now expected to be in the range of £34.5 billion to £35.1 billion, higher than previously anticipated primarily due to improvements in operational performance but also due to net beneficial movements in foreign exchange rates and revenue for Tele2 Italy and Tele2 Spain from the expected date of acquisition.

Adjusted operating profit is now expected to be in the range of £9.5 billion to £9.9 billion, which is greater than previous expectations, driven substantially by better revenue generation. The Group continues to expect mobile operating expenses to be broadly stable for the total of the Europe region and common functions when compared with the 2006 financial year on an organic basis, excluding the potential impact from developing and delivering new services and from any business restructuring costs.

Total depreciation and amortisation charges are now anticipated to be slightly higher at around £5.9 billion to £6.0 billion, including the impact from the Tele2 acquisitions.

The outlook range for capitalised fixed asset additions remains unchanged at £4.7 billion to £5.1 billion and continues to include in excess of £1.0 billion in India. Capitalised mobile fixed asset additions for the total of the Europe region and common functions are still expected to be 10% of mobile revenue for the year.

Free cash flow is expected to be in the range of £4.4 billion to £4.9 billion, higher than originally expected principally due to improvements in operational performance and lower anticipated tax payments and associated interest this year in respect of the potential settlement of a number of long standing tax issues, which are now expected to be £0.3 billion. The outlook for free cash flow is stated including the impact of known spectrum or licence payments only.

The Group still expects that further significant cash payments for tax and associated interest may be made in respect of long standing tax issues. Whilst the timing of such payments remains uncertain, the Group now expects resolution of the most significant issues, principally the application of the UK Controlled Foreign Company legislation to the Group, to be later than previously anticipated.

FINANCIAL RESULTS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements for the six month periods ended 30 September 2007 and 30 September 2006 included in this document and the Group s Annual Report on Form 20-F for the year ended 31 March 2007.

GROUP RESULTS

The following results are presented for continuing operations. Europe includes the results of the Group s operations in Western Europe, while EMAPA includes the results of the Group s operations in Eastern Europe, the Middle East, Africa, Asia and the Pacific area and the Group s associate in the US, Verizon Wireless. During the six months ended 30 September 2007, the Group changed its organisation structure and the Group s associated undertaking in France, SFR, is now managed within the Europe region and reported within Other Europe. The results for all periods are presented in accordance with the new structure.

	Europe	EMAPA	Common Functions(2)	Eliminations	**2007**	2006	% change	
	£m	£m	£m	£m	**£m**	£m	£	Organic
Voice revenue(1)	8,704	3,499		(43)	**12,160**	11,317		
Messaging revenue	1,575	377		(4)	**1,948**	1,786		
Data revenue	843	127		(3)	**967**	650		
Fixed line revenue(1)	780	22			**802**	770		
Other service revenue	11			(1)	**10**			
Total service revenue	**11,913**	**4,025**		**(51)**	**15,887**	14,523	**9.4**	**4.6**
Acquisition revenue	463	211			**674**	642		
Retention revenue	165	14			**179**	182		
Other revenue	128	51	80	(5)	**254**	247		
Total revenue	**12,669**	**4,301**	**80**	**(56)**	**16,994**	15,594	**9.0**	**4.4**
Interconnect costs	(1,958)	(650)		51	**(2,557)**	(2,354)		
Other direct costs	(975)	(610)	58		**(1,527)**	(1,247)		
Acquisition costs	(1,314)	(443)			**(1,757)**	(1,556)		
Retention costs	(824)	(120)			**(944)**	(854)		
Operating expenses	(2,764)	(1,050)	165	5	**(3,644)**	(3,341)		
Acquired intangibles amortisation	(15)	(312)			**(327)**	(197)		
Purchased licence amortisation	(413)	(36)			**(449)**	(467)		
Depreciation and other amortisation	(1,398)	(517)	(94)		**(2,009)**	(1,844)		
Share of result in associates	261	1,181	1		**1,443**	1,407		
Adjusted operating profit	**3,269**	**1,744**	**210**		**5,223**	5,141	**1.6**	**6.1**
Adjustments for:								
Impairment losses						(8,100)		
Other		(15)			**(15)**	1		
Non-operating income of associates						6		
Operating profit/(loss)	**3,269**	**1,729**	**210**		**5,208**	(2,952)		

Notes:

(1) Revenue relating to fixed line activities provided by mobile operators, previously classified within voice revenue, is now presented as fixed line revenue, together with revenue from fixed line operators and DSL. All prior periods have been adjusted accordingly.

(2) Common functions represents the results of Partner Markets and the net result of unallocated central Group costs and recharges to the Group s operations, including royalty fees for use of the Vodafone brand.

Revenue

Revenue increased by 9.0% to £16,994 million for the six months ended 30 September 2007, comprising organic growth of 4.4% and the impact of acquisitions and disposals of 5.4%, primarily from acquisitions of subsidiaries in India in May 2007 and Turkey in May 2006, partially offset by the impact of unfavourable movements in exchange rates of 0.8%.

Both the Europe and EMAPA regions increased total revenue on an organic basis, achieving growth of 2.0% and 16.0%, respectively. On a reported basis, Europe achieved growth of 1.5%, while EMAPA achieved growth of 39.9%, of which 26.5% was contributed by the impact of acquisitions and disposals, including the acquisition of subsidiaries in India and Turkey.

The organic growth in revenue was driven by a continued increase in the customer base and successful usage stimulation initiatives, despite persisting price pressures. The organic growth in data revenue of 45.1% was particularly strong and can be attributed in part to increasing penetration of Vodafone Mobile Connect 3G/GPRS data cards and handheld business devices.

Operating result

Operating profit increased to £5,208 million from a loss of £2,952 million in the prior year, mainly as a result of impairment charges not being incurred in the current year. Adjusted operating profit increased by 1.6% to £5,223 million, or by 6.1% on an organic basis. Foreign exchange rate movements, particularly in relation to Verizon Wireless and Vodacom, the Group s 50% owned joint venture with principal operations in South Africa, and the net impact of acquisitions and disposals reduced reported growth by 2.6% and 1.9% respectively, with the latter primarily being due to the increase in amortisation of acquired intangible assets. Adjusted operating profit is stated after £327 million of acquired intangible asset amortisation, an increase of £130 million from the same period last year.

The EMAPA region s strong growth was partly offset by a slight decline in profitability in the Europe region resulting from the continuing challenges of highly penetrated markets, termination rate cuts and a high level of competition.

The margin in Europe was lower than in the same period last year, reflecting higher costs, in particular increased interconnect costs, other direct costs and acquisition costs resulting from the competitive environment in the region.

In the EMAPA region, the margins declined compared to the same period last year, in part due to higher growth in the region through investment in customer base growth, and in part due to the inclusion for the whole of the current period of Turkey, which has a lower margin than the region s average. In addition, the margin in Turkey decreased due to investment in the rebranding of the business to Vodafone, improving network quality and growing the customer base.

The Group s share of results from associates grew by 2.6%, or by 18.2% on an organic basis, with the impact of the disposals of the Group s interests in Belgacom Mobile SA and Swisscom Mobile AG during the prior financial year, and unfavourable foreign exchange movements, reducing reported growth by 9.0% and 6.6% respectively. The organic growth was driven by strong growth in Verizon Wireless.

Investment income and financing costs

	Six months to 30 September 2007 £m	Six months to 30 September 2006 £m
Investment income	**382**	425
Financing costs	**(1,280)**	(813)
	(898)	(388)
Analysed as:		
Net financing costs before dividends from investments	**(394)**	(272)
Potential interest charges arising on settlement of outstanding tax issues	**(200)**	(202)
Dividends from investments	**72**	57
	(522)	(417)
Foreign exchange(1)	**(90)**	8
Changes in fair value of equity put rights and similar arrangements(2)	**(286)**	21
	(898)	(388)

Notes:

(1) Comprises foreign exchange differences reflected in the income statement in relation to certain intercompany balances, and the foreign exchange differences on financial instruments received as consideration in the disposal of Vodafone Japan to SoftBank, which completed in April 2006.

(2) Includes a charge of £333 million representing the initial fair value of the put options granted over the Essar group s interest in Vodafone Essar, which has been recorded as an expense. Further details of these options are provided on page 22.

Net financing costs before dividends from investments increased by 44.9% to £394 million following an increase in average net debt of 28.7%, a change in the currency mix and higher interest rates. At 30 September 2007, the provision for potential interest charges arising on settlement of outstanding tax issues was £1,409 million (30 September 2006: £1,047 million).

Taxation

The effective tax rate for the six months ended 30 September 2007 was 27.0% compared with (36.6)% for continuing operations in the prior period, with the change due primarily to an impairment loss being incurred in the prior period. The effective tax rate before impairment losses was 25.5% in the prior period.

Earnings/(loss) per share from continuing operations

Basic earnings per share from continuing operations of 6.22 pence compared to a basic loss per share from continuing operations of 8.02 pence for the same period last year. Earnings per share for the six months ended 30 September 2007 benefited from the share consolidation which took place in June 2006 reducing the weighted average number of shares outstanding and no impairment charge being incurred in the current period.

The earnings/(loss) used to determine per share amounts are stated inclusive of the items in the following table.

	2007	2006
	£m	£m
Impairment losses		(8,100)
Other income and expense	**(15)**	1
Share of associated undertakings non-operating income	–	6
Non-operating income and expense(1)	**250**	10
Foreign exchange(2)	**(90)**	8
Changes in the fair value of equity put rights and similar arrangements(3)	**(286)**	21
	(141)	(8,054)
Tax on the above items	**19**	2
Recognition of pre-acquisition deferred tax asset	**15**	–
	(107)	(8,052)
Weighted average number of shares outstanding basic	**52,935**	57,515
Weighted average number of shares outstanding diluted(4)	**53,116**	57,515

Notes:

(1) The £250 million credit for the six months ended 30 September 2007 represents the profit on disposal of the Group s 5.60% stake in Bharti Airtel.

(2) See note 1 in investment income and financing costs on page 9.

(3) See note 2 in investment income and financing costs on page 9.

(4) In the six months ended 30 September 2006, 140 million shares have been excluded from the calculation of diluted loss per share as they are not dilutive.

EUROPE RESULTS

	Germany	Italy	Spain	UK	Arcor	Other	Eliminations	**Europe**	% change	
	£m	£m	£m	£m	£m	£m	£m	**£m**	£	Organic
Six months to 30 September 2007										
Voice revenue(1)	1,888	1,570	1,867	1,855		1,690	(166)	**8,704**		
Messaging revenue	354	324	205	444		265	(17)	**1,575**		
Data revenue	265	119	170	184		133	(28)	**843**		
Fixed line revenue(1)	7	10	9	12	758	16	(32)	**780**		
Other service revenue	1	2		8				**11**		
Total service revenue	**2,515**	**2,025**	**2,251**	**2,503**	**758**	**2,104**	**(243)**	**11,913**	**1.7**	**2.3**
Acquisition revenue	83	58	120	127	10	67	(2)	**463**		
Retention revenue	21	12	64	21		47		**165**		
Other revenue	31	2	4	66		25		**128**		
Total revenue	**2,650**	**2,097**	**2,439**	**2,717**	**768**	**2,243**	**(245)**	**12,669**	**1.5**	**2.0**
Interconnect costs	(319)	(343)	(350)	(579)	(182)	(428)	243	**(1,958)**		
Other direct costs	(145)	(99)	(186)	(243)	(164)	(138)		**(975)**		
Acquisition costs	(290)	(134)	(278)	(368)	(78)	(168)	2	**(1,314)**		
Retention costs	(202)	(52)	(238)	(177)		(155)		**(824)**		
Operating expenses	(544)	(433)	(438)	(616)	(206)	(527)		**(2,764)**		
Acquired intangibles amortisation				(11)		(4)		**(15)**		
Purchased licence amortisation	(170)	(39)	(3)	(166)		(35)		**(413)**		
Depreciation and other amortisation	(336)	(221)	(231)	(314)	(46)	(250)		**(1,398)**		
Share of result in associates						261		**261**		