Principal risk factors and uncertainties

Identification and assessment of the Group's key risks

The Board acknowledges it is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. A Group wide risk assessment exercise is formally conducted annually to help fulfil this responsibility.

Local market risk assessment
Risk coordinators in each local market facilitate the identification of the "top 10" risks and associated mitigating actions for their entity. With the oversight and approval of local executive teams and Audit Committees, these risks are assessed for their likelihood and impact after consideration is given to existing mitigating controls.

An overall market view of the major risks is obtained by identifying similar risks that are then aggregated and categorised into the following risk categories:

- strategy;
- reputational damage;
- legal and regulatory compliance;
- financial;
- operational; and
- malicious events.

Assess the current risk exposure for the Group
Using the market view of the major risks, an exercise is conducted with Group executives and functional leaders to determine the top Group risks and identify the current net risk exposure level for each risk.

Compare the current risk exposure to the acceptable level of risk
The exposure from each of the Group's top risks is then compared with the desired level of acceptable risk. The result of this assessment highlights the perceived "tolerance" for the exposure associated with a particular risk and indicates whether specific, additional action is required.

Three "tolerance" categories are used:

1. We don't believe that Vodafone should do more;
2. We believe that Vodafone should do more and has plans in place to reduce the net risk to an acceptable level; and
3. We are not sufficiently prepared and immediate action is necessary.

Confirmation of key risks and mitigations commensurate with Vodafone's risk tolerances
The risk exposure assessment and comparison to the acceptable level of risk identifies the key risks and associated mitigations that are reviewed and approved by the Group Executive Committee, the Audit and Risk Committee and the Board.

Changes from prior year risk assessment
One new risk for 2014 has been added:

- "The integration of newly acquired businesses does not provide the benefits anticipated at the time of acquisition". The risk is that we do not deliver the revenue benefits and/or the cost synergies expected from recently acquired businesses and that, as a consequence of this, we

Revised existing risks
Two existing risks from prior year have been revised into a single combined risk:

- "Our business could be adversely affected by a failure or significant interruption to our telecommunications networks or IT systems" and "Failure to deliver enterprise service offerings may adversely affect our business" have been combined into the former risk: "Our business could be adversely affected by a failure or significant interruption to our telecommunications networks or IT systems".

The description of the risk has been revised to more specifically reflect the level of dependence enterprise customers have on our telecommunications infrastructure to provide their services and the resilience needed in our infrastructure to meet our committed service level agreements.

The Group's key risks are outlined below:

1. Our business could be adversely affected by a failure or significant interruption to our telecommunications networks or IT systems.
Risk: We are dependent on the continued operation of our telecommunications networks. The importance of mobile and fixed communication in everyday life is increasing, especially during times of crisis. Individuals and organisations who rely on our networks and systems 24 hours per day, 365 days per year to provide their products and services, look to us to maintain service. Major failures in the network, our IT systems or a failure to maintain our infrastructure to the required levels of resilience (and associated service level agreement) may result in our services being interrupted, resulting in serious damage to our reputation, a consequential customer and revenue loss and the risk of financial penalties.

There is a risk that an attack by a malicious individual or group could be successful on our networks and impact the availability of critical systems. Our network is also susceptible to interruption due to a physical attack and theft of our network components as the value and market for network components increases (for example copper, batteries, generators and fuel).

subsequently need to write down the carrying value of the assets.

2. We could suffer loss of consumer confidence and/or legal action due to a failure to protect our customer information.
Risk: Our networks carry and store large volumes of confidential personal and business voice traffic and data. We host increasing quantities and types of customer data in both enterprise and consumer segments. We need to ensure our service environments are sufficiently secure to protect us from loss or corruption of customer information. Failure to adequately protect customer information could have a material adverse effect on our reputation and may lead to legal action against the Group.

3. Increased competition may reduce our market share and profitability.
Risk: We face intensifying competition; in particular competing with established competitors in mature markets and competing with new entrants in emerging markets, where all operators are looking to secure a share of the potential customer base. Competition could lead to a reduction in the rate at which we add new customers, a decrease in the size of our market share and a decline in our average revenue per customer, if customers choose to receive telecommunications services or other competing services from alternate providers. Competition can also lead to an increase in customer acquisitions and retention costs. The focus of competition in many of our markets has shifted from acquiring new customers to retaining existing customers, as the market for mobile telecommunications has become increasingly mature.

4. Regulatory decisions and changes in the regulatory environment could adversely affect our business.
Risk: We have ventures in both emerging and mature markets, spanning a broad geographical area including Europe, Africa, Middle East, and Asia Pacific. We need to comply with an extensive range of requirements that regulate and supervise the licensing, construction and operation of our telecommunications networks and services. Pressure on political and regulatory institutions both to deliver direct consumer benefit and protect consumers’ interests, particularly in recessionary periods, can lead to adverse impacts on our business. Financial pressures on smaller competitors can drive them to call for regulators to protect them. Increased financial pressures on governments may lead them to target foreign investors for further taxes or licence fees.

5. Our existing service offerings could become disadvantaged as compared to those offered by converged competitors or other technology providers (“over the top” – OTT competitors).
Risk: In a number of markets, we face competition from providers who have the ability to sell converged services (combinations of fixed line, broadband, public Wi-Fi, TV and mobile) on their existing infrastructure which we cannot either replicate or cannot provide at a similar price point. Additionally, the combination of services may allow competitors to subsidise the mobile component of their offering. This could lead to an erosion of our customer base and reduce the demand for our core mobile services and impact our future profitability.

Advances in smartphone technology places more focus on applications, operating systems, and devices, rather than the underlying services provided by mobile operators. The development of applications which make use of the internet as a substitute for some of our more traditional services, such as messaging and voice, could erode revenue. Reduced demand for our core services of voice, messaging and data and the development of services by application developers, operating system providers, and handset suppliers (commonly referred to as “over the top” or OTT competition) could significantly impact our future profitability.

Principal risk factors and uncertainties (continued)

6. Continuing weak economic conditions could impact one or more of our markets.
Risk: Economic conditions in many of the markets we operate, especially in Europe, continue to stagnate or show nominal levels of growth. These conditions combined with the impact of continuing austerity measures results in lower levels of disposable income and may result in significantly lower revenues as customers give up their mobile phones or move to cheaper tariffs.

There is also a possibility of adverse economic conditions impacting currency exchange rates in countries where the Group has operations, leading to a reduction in our revenue and impairment of our financial and non-financial assets.

7. Our business may be impacted by actual or perceived health risks associated with the transmission of radio waves from mobile telephones, transmitters and associated equipment.
Risk: Concerns have been expressed that electromagnetic signals emitted by mobile telephone handsets and base stations may pose health risks. Authorities including the World Health Organization ('WHO') agree there is no evidence that convinces experts that exposure to radio frequency fields from mobile devices and base stations operated within guideline limits has any adverse health effects. A change to this view could result in a range of impacts from a change to national legislation, to a major reduction in mobile phone usage or to major litigation.

8. The integration of newly acquired businesses do not provide the benefits anticipated at the time of acquisition.
Risk: In line with its strategy to be a scale data player, a strong player in Enterprise, a leader in emerging markets and a selective innovator in services; we have acquired, and will continue to acquire, new businesses. The price paid for these businesses is based upon their current cash flows, as well as the expected incremental cash flows that will be generated from increased revenues and lower costs that being part of the Vodafone Group will generate. There is a risk that we fail to deliver these expected benefits and synergies which could result in an impairment of the carrying value of the acquired business.

9. We depend on a number of key suppliers to operate our business.
Risk: We depend on a limited number of suppliers for strategically important network and IT infrastructure and associated support services to operate and upgrade our networks and provide key services to our customers. Our operations could be adversely impacted by the failure of a key supplier who could no longer support our existing infrastructure; from a key supplier commercially exploiting their monopolistic/oligopolistic position in a product area following the corporate failures of, or the withdrawal from, a specific market by competitors; or from major suppliers significantly increasing prices on long term programmes where the cost or technical feasibility of switching supplier becomes a significant barrier.

10. We may not satisfactorily resolve major tax disputes.
Risk: We operate in many jurisdictions around the world and from time to time have disputes on the amount of tax due. In particular, in spite of the positive India Supreme Court decision relating to an on-going tax case in India, the Indian Government has introduced retroactive tax legislation which would in effect overturn the Court’s decision and has raised challenges around the pricing of capital transactions. Such or similar types of action in other jurisdictions, including changes in local or international tax rules or new challenges by tax authorities, may expose us to significant additional tax liabilities which would affect the results of the business.

11. Changes in assumptions underlying the carrying value of certain Group assets could result in impairment.
Risk: Due to the substantial carrying value of goodwill, revisions to the assumptions used in assessing its recoverability, including discount rates, estimated future cash flows or anticipated changes in operations, could lead to the impairment of certain Group assets. While impairment does not impact reported cash flows, it does result in a non-cash charge in the consolidated income statement and thus no assurance can be given that any future impairment would not affect our reported distributable reserves and therefore, our ability to make dividend distributions to our shareholders or repurchase our shares.

Currency related risks

The Group continues to face currency, operational and financial risks resulting from the challenging economic conditions particularly in the Eurozone. We continue to keep our policies and procedures under review to endeavour to minimise the Group’s economic exposure and to preserve our ability to operate in a range of potential conditions that may exist in the future.

Our ability to manage these risks needs to take appropriate account of our needs to deliver a high quality service to our customers, meet licence obligations and the significant capital investments we may have made and may need to continue to make in the markets most impacted.

While our share price is denominated in sterling, the majority of our financial results are generated in other currencies. As a result the Group’s operating profit is sensitive to either a relative strengthening or weakening of the major currencies in which we transact.

The “Operating results” section of the annual report on pages 40 to 45 sets out a discussion and analysis of the relative contributions from each of our regions and the major geographical markets within each, to the Group’s service revenue on a management basis and adjusted EBITDA performance. On a management basis our markets in Greece, Ireland, Italy, Portugal and Spain continue to be the most directly impacted by the current market conditions and in order of contribution represent 12% (Italy), 6% (Spain), 3% (Ireland and Greece combined) and 2% (Portugal) of the Group’s adjusted EBITDA for the year ended 31 March 2014. An average 3% decline in the sterling equivalent of these combined geographical markets due to currency revaluation would reduce the Group’s adjusted EBITDA by approximately £0.1 billion. Our foreign currency earnings were for the year ended 31 March 2014, diversified through our 45% equity interest in Verizon Wireless (‘VZW’), which operates in the United States and generates its earnings in US dollars. Our interest in VZW, which was equity accounted to 2 September 2013, contributed 40% of the Group’s adjusted operating profit for the year ended 31 March 2014. Our interest in VZW was disposed of on 21 February 2014.

We employ a number of mechanisms to manage elements of exchange rate risk at a transaction, translation and economic level. At the transaction level our policies require foreign exchange risks on transactions denominated in other currencies above certain de minimis levels to be hedged. Further, since the Company’s sterling share price represents the value of its future multi-currency cash flows, principally in euro and to a lesser extent sterling, the Indian rupee and South African rand following the disposal of our interest in VZW, we aim to align the currency of our debt and interest charges in proportion to our expected future principal multi-currency cash flows, thereby providing an economic hedge in terms of reduced volatility in the sterling equivalent value of the Group and a partial hedge against income statement translation exposure, as interest costs will be denominated in foreign currencies.

In the event of a country’s exit from the Eurozone, this may necessitate changes in one or more of our entities’ functional currency and potentially higher volatility of those entities’ trading results when translated into sterling, potentially adding further currency risk.

A summary of this sensitivity of our operating results and our foreign exchange risk management policies is set out within note 23 “Capital and financial risk management” to the consolidated financial statements.

Principal risk factors and uncertainties (continued)

Risk of change in carrying amount of assets and liabilities

The main potential short-term financial statement impact of the current economic uncertainties is the potential impairment of non-financial and financial assets.

We have significant amounts of goodwill, other intangible assets and plant, property and equipment allocated to, or held by, companies operating in the Eurozone.

We have performed impairment testing for each country in Europe as at 31 March 2014 and identified aggregate impairment charges of £6.6 billion in relation to Vodafone Germany, Spain, Portugal, Czech Republic and Romania. See note 4 "Impairment losses" to the consolidated financial statements for further detail on this exercise, together with the sensitivity of the results to reasonably possible adverse assumptions.

Our operating companies in Italy, Ireland, Greece, Portugal and Spain have billed and unbilled trade receivables totalling £2.1 billion. IFRS contains specific requirements for impairment assessments of financial assets. We have a range of credit exposures and provisions for doubtful debts that are generally made by reference to consistently applied methodologies overlaid with judgements determined on a case-by-case basis reflecting the specific facts and circumstances of the receivable. See note 23 "Capital and financial risk management" to the consolidated financial statements for detailed disclosures on provisions against loans and receivables as well as disclosures about any loans and receivables that are past due at the end of the period, concentrations of risk and credit risk more generally.

Additional risk

The significant areas of additional risk for the Group are investment risk, particularly in relation to the management of the counterparties holding our cash and liquid investments; trading risks primarily in relation to procurement and related contractual matters; and business continuity risks focused on cash management in the event of disruption to banking systems.

Financial/investment risk: We remain focused on counterparty risk management and in particular the protection and availability of cash deposits and investments. We carefully manage counterparty limits with financial institutions holding the Group's liquid investments and maintain a significant proportion of liquid investments in sterling and US dollar denominated holdings. Our policies require cash sweep arrangements, to ensure no operating company has more than €5 million on deposit on any one day. Further, we have had collateral support agreements in place for a number of years, with a significant number of counterparties, to pass collateral to the Group under certain circumstances. We have a net £1,055 million of collateral assets in our statement of financial position at 31 March 2014. For further details see note 13 "Other investments" and note 23 "Capital and financial risk management" to the consolidated financial statements.

Trading risks: We continue to monitor and assess the structure of certain procurement contracts to place the Group in a better position in the event of the exit of a country from the Eurozone.

Business continuity risks: Key business continuity priorities are focused on planning to facilitate migration to a more cash-based business model in the event banking systems are frozen, developing dual currency capability in contract customer billing systems or ensuring the ability to move these contract customers to prepaid methods of billing, and the consequential impacts to tariff

Going concern

The Group believes it adequately manages or mitigates its solvency and liquidity risks through two primary processes, described below.

Business planning process and performance management

The Group's forecasting and planning cycle consists of three in year forecasts, a budget and a long range plan. These cycles all consist of a bottom up process whereby the Group's operating companies submit income statement, cash flow and net debt projections. These are then consolidated and the results assessed by Group management and the Board.

Each forecast is compared with prior forecasts and actual results so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action where appropriate. Additional analysis is undertaken to review and sense check the key assumptions underpinning the forecasts as well as stress-testing the results through sensitivity analysis.

Cash flow and liquidity reviews

The business planning process provides outputs for detailed cash flow and liquidity reviews, to ensure that the Group maintains adequate liquidity throughout the forecast periods. The prime output is a two year liquidity forecast which is prepared and updated on a daily basis which highlights the extent of the Group's liquidity based on controlled cash flows and the headroom under the Group's undrawn revolving credit facility ('RCF').

The key inputs into this forecast are:

- free cash flow forecasts, with the first three months inputs being sourced directly from the operating companies (analysed on a daily basis), with information beyond this taken from the latest forecast/budget cycle;
- bond and other debt maturities; and
- expectations for shareholder returns, spectrum auctions and M&A activity.

The liquidity forecast shows two scenarios assuming either maturing commercial paper is refinanced or no new commercial paper issuance. The liquidity forecast is reviewed by the Group CFO and included in each of his reports to the Board.

In addition, the Group continues to manage its foreign exchange and interest rate risks within the framework of policies and guidelines authorised and reviewed by the Board, with oversight provided by the Treasury Risk Committee.

structures. We also have in place contingency plans with key suppliers that would assist us to continue to support our network infrastructure, retail operations and employees.

We continue to maintain appropriate levels of cash and short-term investments in many currencies, with a carefully controlled group of counterparties, to minimise the risks to the ongoing access to that liquidity and therefore our ability to settle debts as they become due. For further details see "Capital and financial risk management" in note 23 to the consolidated financial statements.

Non-GAAP information

In the discussion of our reported financial position, operating results and cash flows, information is presented to provide readers with additional financial information that is regularly reviewed by management. However, this 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. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but 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.

Management basis

The discussion of our operating results and cash flows in the strategic report on pages 1 to 47 is shown on a management basis, consistent with how the business is managed, operated and reviewed by management, and includes the results of the Group's joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, on a proportionate basis. This differs to the "Consolidated financial statements" which are presented on an IFRS basis, and includes the results of the Group's joint ventures using the equity accounting basis. Pursuant to IFRS 8 our segmental results are presented within note 2 "Segmental analysis" to the Consolidated Financial Statements on a management basis because that is the basis on which performance of the operating segments is assessed by management. Therefore when presented on a country basis these management basis figures represent a GAAP measure. However, when presented on a consolidated basis management basis amounts are considered to be non-GAAP performance measures. A reconciliation of country revenue on a management basis to consolidated revenue on an IFRS basis is presented in note 2 "Segmental analysis" to the Consolidated Financial Statements.

We present certain consolidated performance measures on a management basis because we believe that the management basis metrics, which are not intended to be a substitute for, or superior to, our reported metrics, provide useful and necessary information to investors and other interested parties as they are used internally for performance analysis and resource allocation purposes of the operations where we have control or joint control. A reconciliation of management basis adjusted EBITDA to IFRS adjusted operating profit is summarised below. A reconciliation of adjusted operating profit (IFRS basis) to IFRS operating profit is presented in note 2 "Segmental analysis" to the Consolidated Financial Statements" and a reconciliation from operating profit to net profit is presented on the face of the consolidated income statement.

	2014 £m	Restated 2013 £m	Restated 2012 £m
Adjusted EBITDA (management basis)	**12,831**	**13,566**	**14,606**
Depreciation and amortisation	(8,181)	(7,543)	(7,625)
Share of results in associates and joint ventures	3,224	6,554	5,049
Adjusted operating profit (management basis)	**7,874**	**12,577**	**12,030**
Presentation adjustments	(395)	(487)	(690)
Discontinued operations	(3,169)	(6,500)	(4,953)
Adjusted operating profit (IFRS basis)	**4,310**	**5,590**	**6,387**

Presentation adjustments relate to the restatement of the Group's joint ventures from a proportionate consolidation basis to an equity accounted basis. Discontinued items relate to the results of Verizon Wireless.

Adjusted EBITDA

Adjusted EBITDA is operating profit excluding share in results of associates, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses, restructuring costs, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group. We use adjusted EBITDA, in conjunction with other GAAP and non-GAAP financial measures such as adjusted operating profit, operating profit and net profit, to assess our operating performance. We believe that adjusted EBITDA is an operating performance measure, not a liquidity measure, as it includes non-cash changes in working capital and is reviewed by the Chief Executive on a management basis (see above) to assess internal performance in conjunction with adjusted EBITDA margin, which is an alternative sales margin figure. We believe it is both useful and necessary to report adjusted EBITDA as a performance measure as it enhances the comparability of profit across segments.

Because adjusted EBITDA does not take into account certain items that affect operations and performance, adjusted EBITDA has inherent limitations as a performance measure. To compensate for these limitations, we analyse adjusted EBITDA in conjunction with other GAAP and non-GAAP operating performance measures. Adjusted EBITDA should not be considered in isolation or as a substitute for a GAAP measure of operating performance. A reconciliation of adjusted EBITDA to the closest equivalent GAAP measure, operating profit, is provided in note 2 "Segmental analysis" to the consolidated financial statements and to "Profit for the financial year", below.

	2014 £m	Restated 2013 £m	Restated 2012 £m
Adjusted EBITDA	**11,084**	**11,466**	**11,737**
Depreciation and amortisation	(7,098)	(6,502)	(6,516)
Share of results in associates and joint ventures	324	626	1,166
Adjusted operating profit	**4,310**	**5,590**	**6,387**
Impairment loss	(6,600)	(7,700)	(4,050)
Restructuring costs and other	(355)	(311)	(144)
Amortisation of acquired customer bases and brand intangible assets	(551)	(249)	(280)
Other income/(expense)	(717)	468	3,705
Operating (loss)/profit	**(3,913)**	**(2,202)**	**5,618**
Non-operating income and expense	(149)	10	(162)
Net financing costs	(1,208)	(1,291)	(1,312)
Income tax credit/(expense)	16,582	(476)	(705)
Profit/(loss) for the financial year from continuing operations	**11,312**	**(3,959)**	**3,439**
Profit for the financial year from discontinued operations	**48,108**	**4,616**	**3,555**
Profit for the financial year	**59,420**	**657**	**6,994**

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Non-GAAP information (continued)

Restatement of adjusted EBITDA and adjusted operating profit

In the year ended 31 March 2014 we have redefined adjusted EBITDA and adjusted operating profit to exclude restructuring costs and adjusted operating profit to exclude amortisation charges in relation to acquired customer base and acquired brand intangible assets. This change was made to allow management to clearly assess ongoing internal performance, enable better comparability with other companies and in relation to the adjustment for amortisation charges for acquired customer base and acquired brand intangible assets, to facilitate the comparison of the performance of acquired and non-acquired businesses. We have restated comparatives to reflect this new presentation.

Group adjusted operating profit and adjusted earnings per share

Group adjusted operating profit excludes non-operating income of associates, impairment losses, restructuring costs, amortisation of customer bases and brand intangible assets, other operating income and expense and other significant one-off items. Adjusted earnings per share also excludes certain foreign exchange rate differences, together with related tax effects. We believe that it is both useful and necessary to report these measures for the following reasons:

- these measures are used in setting director and management remuneration; and
- they are useful in connection with discussion with the investment analyst community and debt rating agencies.

A reconciliation of adjusted operating profit to the respective closest equivalent GAAP measure, operating profit, is provided above and in note 2 "Segmental analysis" to the consolidated financial statements. A reconciliation of adjusted earnings per share to basic earnings per share, is provided in the "Operating Review" on page 45.

Cash flow measures

In presenting and discussing our reported results, management basis free cash flow and operating free cash flow are calculated and presented even though these measures are not recognised within 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;
- these measures are used by management for planning, reporting and incentive purposes; and
- these measures are useful in connection with discussion with the investment analyst community and debt rating agencies.

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

	2014			Restated 2013		
	Management basis £m	**Presentation adjustments £m**	**Reported £m**	Management basis £m	Presentation adjustments £m	Reported £m
Cash generated by operations	13,462	(1,315)	12,147	13,727	(2,234)	11,493
Capital expenditure	(7,102)	789	(6,313)	(6,266)	974	(5,292)
Working capital movement in respect of capital expenditure	411	45	456	71	3	74
Disposal of property, plant and equipment	106	(27)	79	153	(48)	105
Taxation	(3,547)	98	(3,449)	(2,933)	363	(2,570)
Dividends received from associates	2,810	32	2,842	2,420	712	3,132
Dividends paid to non-controlling shareholders in subsidiaries	(264)	–	(264)	(379)	–	(379)
Interest received and paid	(1,471)	156	(1,315)	(1,185)	127	(1,058)
Free cash flow	**4,405**	**(222)**	**4,183**	**5,608**	**(103)**	**5,505**

Other

Certain of the statements within the section titled "Chief Executive's review" on pages 12 and 13 contain forward-looking non-GAAP financial information for which at this time there is no comparable GAAP measure and which at this time cannot be quantitatively reconciled to comparable GAAP financial information. Certain of the statements within the section titled "Guidance" on pages 13 and 39 contain forward-looking non-GAAP financial information which at this time cannot be quantitatively reconciled to comparable GAAP financial information.

Organic growth

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. 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.

Reconciliation of organic growth to reported growth is shown where used, or in the table below:

	Organic change %	Other activity2 pps	Foreign exchange pps	Reported change %	Presentation adjustments pps	Reported change %
31 March 2014						
Group						
Revenue	(3.5)	3.7	(2.1)	(1.9)	2.7	0.8
Service revenue	(4.3)	3.8	(1.9)	(2.4)	2.9	0.5
Other revenue	4.9	2.7	(4.1)	3.5	0.2	3.7
Adjusted EBITDA	(7.4)	3.8	(1.8)	(5.4)	2.1	(3.3)
Europe						
Revenue	(9.3)	4.7	2.5	(2.1)	3.5	1.4
Service revenue	(9.1)	4.6	2.5	(2.0)	4.0	2.0
Other revenue	(10.8)	4.4	2.5	(3.9)	(1.8)	(5.7)
Europe – mobile in-bundle revenue	3.1	0.4	2.6	6.1	(0.1)	6.0
Europe – enterprise revenue	(8.5)	14.2	2.8	8.5	4.4	12.9
Germany – service revenue	(6.2)	9.0	3.6	6.4	–	6.4
Germany – mobile in-bundle revenue	2.7	–	3.5	6.2	–	6.2
Germany – mobile out-of-bundle revenue	(22.6)	0.3	2.9	(19.4)	–	(19.4)
Italy – service revenue	(17.1)	2.2	3.1	(11.8)	11.8	–
Italy – mobile in-bundle revenue	15.2	4.0	3.8	23.0	(23.0)	–
Italy – fixed line revenue	(3.2)	3.1	3.6	3.5	(3.5)	–
Italy – operating expenses	7.1	(2.7)	(3.5)	0.9	(0.9)	–
UK – service revenue	(4.4)	31.9	–	27.5	–	27.5
UK – mobile in-bundle revenue	0.6	–	–	0.6	–	0.6
UK – mobile out-of-bundle revenue	(7.2)	–	–	(7.2)	–	(7.2)
Spain – service revenue	(13.4)	(0.7)	3.1	(11.0)	–	(11.0)
Spain – mobile in-bundle revenue	(0.4)	–	3.4	3.0	–	3.0
Spain – fixed line revenue	(0.2)	–	3.4	3.2	–	3.2
Spain – operating expenses	9.4	–	(3.3)	6.1	–	6.1
Netherlands – service revenue	(5.6)	(0.6)	3.4	(2.8)	–	(2.8)
Netherlands – mobile in-bundle revenue	3.4	–	3.5	6.9	–	6.9
Portugal – service revenue	(8.4)	(0.6)	3.3	(5.7)	–	(5.7)
Greece – service revenue	(14.1)	(0.8)	3.2	(11.7)	–	(11.7)
Other Europe – service revenue growth	(7.1)	(17.5)	1.8	(22.8)	–	(22.8)
Adjusted EBITDA	(18.3)	5.6	2.5	(10.2)	5.2	(5.0)
Germany – adjusted EBITDA	(18.2)	10.2	3.3	(4.7)	–	(4.7)
Germany – percentage point change in adjusted EBITDA margin	(4.3)	0.8	0.1	(3.4)	–	(3.4)
Italy – adjusted EBITDA	(24.9)	2.2	2.8	(19.9)	19.9	–
Italy – percentage point change in adjusted EBITDA margin	(4.8)	–	0.1	(4.7)	39.5	34.8
UK – adjusted EBITDA	(9.8)	26.9	0.1	17.2	–	17.2
UK – percentage point change in adjusted EBITDA margin	(1.0)	(0.4)	–	(1.4)	–	(1.4)
Spain – adjusted EBITDA	(23.9)	(1.8)	2.8	(22.9)	–	(22.9)
Spain – percentage point change in adjusted EBITDA margin	(3.4)	(0.4)	0.1	(3.7)	–	(3.7)
Other Europe – adjusted EBITDA growth	(14.0)	(6.2)	2.1	(18.1)	(0.1)	(18.2)
Other Europe – percentage point change in adjusted EBITDA margin	(2.1)	3.6	0.1	1.6	–	1.6

	Organic change £bn	Other activity2 £bn	Foreign exchange £bn	Reported change £bn	Presentation adjustments £bn	Reported change £bn
Reduction in European and common functions operating expenses	(0.3)	0.5	0.1	0.3	0.2	0.5

Non-GAAP information (continued)

	Organic change %	Other activity[2] pps	Foreign exchange pps	Reported change %	Presentation adjustments pps	Reported change %
AMAP						
Revenue	8.4	0.7	(12.0)	(2.9)	1.1	(1.8)
Service revenue	6.1	0.7	(11.5)	(4.7)	1.2	(3.5)
Other revenue	27.4	0.6	(16.1)	11.9	4.9	16.8
India – service revenue	13.0	–	(11.7)	1.3	–	1.3
Vodacom – service revenue	4.1	(2.8)	(13.7)	(12.4)	–	(12.4)
South Africa – service revenue	0.3	–	(16.2)	(15.9)	–	(15.9)
South Africa – data revenue	23.5	–	(20.3)	3.2	–	3.2
South Africa – mobile in-bundle revenue	9.7	–	(17.9)	(8.2)	–	(8.2)
Vodacom’s international operations – service revenue	18.9	–	(3.8)	15.1	–	15.1
Turkey – service revenue	7.9	(0.5)	(11.6)	(4.2)	–	(4.2)
Turkey – mobile in-bundle revenue	25.0	–	(14.1)	10.9	–	10.9
Egypt – service revenue	2.6	–	(11.2)	(8.6)	–	(8.6)
Ghana – service revenue	19.3	(0.2)	(17.3)	1.8	–	1.8
Australia – service revenue	(9.0)	–	(9.1)	(18.1)	18.1	–
Other AMAP – service revenue	2.8	4.0	(9.4)	(2.6)	4.0	1.4
Adjusted EBITDA	16.2	1.0	(13.9)	3.3	(4.5)	(1.2)
India – adjusted EBITDA	26.4	–	(13.7)	12.7	(5.1)	7.6
India – percentage point change in adjusted EBITDA margin	3.3	(0.1)	(0.1)	3.1	(1.3)	1.8
Vodacom – adjusted EBITDA	6.6	0.2	(16.1)	(9.3)	–	(9.3)
Vodacom – percentage point change in adjusted EBITDA margin	(0.3)	0.8	(0.4)	0.1	–	0.1
Other AMAP – adjusted EBITDA	19.3	3.2	(10.7)	11.8	(8.3)	3.5
Other AMAP – percentage point change in adjusted EBITDA margin	3.1	(0.2)	–	2.9	(3.2)	(0.3)
Australia – percentage point change in adjusted EBITDA margin	14.8	–	(0.2)	14.6	(14.6)	–
31 March 2013						
Group						
Revenue	(1.4)	2.8	(5.6)	(4.2)	2.2	(2.0)
Service revenue	(1.9)	2.6	(5.6)	(4.9)	2.8	(2.1)
Other revenue	4.0	5.3	(6.3)	3.0	(4.1)	(1.1)
Adjusted EBITDA	(1.9)	0.6	(5.8)	(7.1)	4.8	(2.3)
Europe						
Revenue	(5.5)	4.4	(4.6)	(5.7)	2.3	(3.4)
Service revenue	(5.8)	4.5	(4.6)	(5.9)	2.8	(3.1)
Other revenue	(1.3)	2.4	(4.3)	(3.2)	(3.0)	(6.2)
Germany – service revenue	0.5	(0.1)	(5.5)	(5.1)	–	(5.1)
Germany – mobile service revenue	1.3	(0.2)	(5.5)	(4.4)	–	(4.4)
Germany – data revenue	13.6	–	(6.0)	7.6	–	7.6
Germany – enterprise revenue	3.0	–	(5.6)	(2.6)	–	(2.6)
Italy – service revenue	(12.8)	(0.1)	(4.9)	(17.8)	17.8	–
Italy – data revenue	4.4	–	(5.7)	(1.3)	1.3	–
Italy – fixed line revenue	(6.8)	–	(5.1)	(11.9)	11.9	–
UK – service revenue	(4.0)	(0.3)	–	(4.3)	–	(4.3)
UK – data revenue	4.2	–	–	4.2	–	4.2
Spain – service revenue	(11.5)	(0.2)	(5.0)	(16.7)	–	(16.7)
Spain – data revenue	16.5	–	(6.1)	10.4	–	10.4
Spain – fixed line revenue	(2.9)	–	(5.0)	(7.9)	–	(7.9)
Netherlands – service revenue	(2.7)	(0.2)	(5.4)	(8.3)	–	(8.3)
Greece – service revenue	(13.4)	(0.4)	(5.0)	(18.8)	–	(18.8)
Portugal – service revenue	(8.2)	(0.2)	(5.2)	(13.6)	–	(13.6)
Other Europe – service revenue growth	(5.2)	22.4	(6.9)	10.3	–	10.3
Adjusted EBITDA	(8.1)	1.8	(4.7)	(11.0)	4.3	(6.7)
Germany – adjusted EBITDA	(1.7)	0.2	(5.2)	(6.7)	–	(6.7)
Germany – percentage point change in adjusted EBITDA margin	(1.0)	0.1	–	(0.9)	–	(0.9)
Italy – adjusted EBITDA	(19.3)	–	(4.7)	(24.0)	24.0	–
Italy – percentage point change in adjusted EBITDA margin	(4.3)	–	–	(4.3)	4.2	(0.1)
UK – adjusted EBITDA	(6.8)	0.4	(0.1)	(6.5)	–	(6.5)
UK – percentage point change in adjusted EBITDA margin	(0.5)	–	–	(0.5)	–	(0.5)

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	Organic change %	Other activity[2] pps	Foreign exchange pps	Reported change %	Presentation adjustments pps	Reported change %
Spain – adjusted EBITDA	(9.8)	(0.5)	(5.3)	(15.6)	–	(15.6)
Spain – percentage point change in adjusted EBITDA margin	0.9	(0.1)	0.0	0.8	–	0.8
Other Europe – adjusted EBITDA	(3.7)	8.1	(6.3)	(1.9)	–	(1.9)
Other Europe – percentage point change in adjusted EBITDA margin	0.1	(3.6)	(0.1)	(3.6)	–	(3.6)
AMAP						
Revenue	6.0	0.7	(7.7)	(1.0)	0.3	(0.7)
Service revenue	5.5	(0.3)	(7.5)	(2.3)	1.1	(1.2)
Other revenue	10.3	10.3	(9.7)	10.9	(5.3)	5.6
India – service revenue	11.2	(0.1)	(12.2)	(1.1)	–	(1.1)
India – data revenue	19.8	–	(13.5)	6.3	–	6.3
Vodacom – service revenue	3.1	(3.2)	(9.8)	(9.9)	–	(9.9)
South Africa – service revenue	(0.3)	–	(11.7)	(12.0)	–	(12.0)
South Africa – data revenue	16.1	–	(13.8)	2.3	–	2.3
Vodacom's international operations – service revenue	23.4	–	(1.2)	22.2	–	22.2
Turkey – service revenue	17.3	(1.8)	(3.1)	12.4	–	12.4
Egypt – service revenue	3.7	–	(3.0)	0.7	–	0.7
Egypt – data revenue	29.6	–	(4.2)	25.4	–	25.4
Egypt – fixed line revenue	29.0	–	(2.9)	26.1	–	26.1
Ghana – service revenue	24.5	–	(19.2)	5.3	–	5.3
Qatar – service revenue	29.8	–	1.7	31.5	–	31.5
Other AMAP – service revenue	3.8	2.1	(2.0)	3.9	5.7	9.6
Adjusted EBITDA	12.3	(0.1)	(9.0)	3.2	1.1	4.3
India – adjusted EBITDA	24.0	(0.1)	(13.4)	10.5	2.6	13.1
India – percentage point change in adjusted EBITDA margin	3.3	(1.0)	0.1	2.4	1.1	3.5
Vodacom – adjusted EBITDA	10.1	(0.1)	(12.2)	(2.2)	–	(2.2)
Vodacom – percentage point change in adjusted EBITDA margin	1.5	1.0	(0.5)	2.0	–	2.0
Other AMAP – adjusted EBITDA	6.2	(0.1)	(1.4)	4.7	3.2	7.9
Other AMAP – percentage point change in adjusted EBITDA margin	0.5	(0.4)	0.1	0.2	(0.5)	(0.3)
Verizon Wireless ('VZW')						
Revenue	7.8	–	1.0	8.8	(8.8)	–
Service revenue	8.1	–	1.1	9.2	(9.2)	–
Adjusted EBITDA	13.6	0.1	1.2	14.9	(14.9)	–
Group's share of result of VZW	29.8	–	1.4	31.2	–	31.2
31 March 2012						
Group						
Revenue	2.2	(0.3)	(0.7)	1.2	0.8	2.0
Service revenue	1.4	(0.4)	(0.7)	0.3	0.8	1.1
Other revenue	12.3	0.9	(1.3)	11.9	1.2	13.1
Adjusted EBITDA	–	(0.3)	(0.4)	(0.7)	1.9	1.2
Europe						
Revenue	(1.2)	0.1	1.3	0.2	0.3	0.5
Service revenue	(2.1)	–	1.2	(0.9)	0.2	(0.7)
Other revenue	13.6	1.8	1.0	16.4	0.5	16.9
Adjusted EBITDA	(4.8)	–	1.4	(3.4)	0.4	(3.0)
AMAP						
Revenue	10.3	(0.1)	(5.5)	4.7	0.7	5.4
Service revenue	9.6	(0.2)	(5.5)	3.9	0.6	4.5
Other revenue	17.5	–	(4.8)	12.7	4.0	16.7
Adjusted EBITDA	10.7	(0.3)	(5.5)	4.9	2.8	7.7

Notes:
1 Management basis includes the results of the Group's joint ventures, Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, on a proportionate basis. The statutory basis includes the results of these joint ventures, using the equity accounting basis rather than on a proportionate consolidation basis.
2 "Other activity" includes the impact of M&A activity, the revision to intra-group roaming charges from 1 October 2011, and the impact of Indus Towers revising its accounting for energy cost recharges. Refer to "Organic growth" on page 202 for further detail.