

Audit report on the consolidated financial statements

Independent auditor's report to the members of Vodafone Group Plc

Opinion

In our opinion the consolidated financial statements of Vodafone Group Plc:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

The consolidated financial statements comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the related notes 1 to 26 and A1 to A9. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the consolidated financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the consolidated financial statements comply with IFRSs as issued by the IASB.

Basis for opinions

We have audited the consolidated financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described below under Respective Responsibilities of Directors and Auditor. In performing our audit, as required by those standards, we complied with the Financial Reporting Council's Ethical Standards for Auditors including those requiring us to be independent and objective.

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 84 that the business is a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRSs as adopted by the European Union; and
- we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements to be appropriate.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Auditor commentary

Without modifying our opinion, we highlight the following matters that are, in our judgment, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures.

Our assessment of risks significant to our audit

We identified the following risks that we believe to have had the greatest impact on our audit strategy and scope:

- the assessment of the carrying value of goodwill and intangible assets;
- the accounting for the legal claim in respect of withholding tax on the acquisition of Hutchison Essar Limited;

→ the recognition and measurement of deferred tax assets in Germany and Luxembourg;

→ revenue recognition, including the timing of revenue recognition, the recognition of revenue on a gross or net basis, the treatment of discounts, incentives and commissions and the accounting for multiple element arrangements; and

→ the risk of management override of internal control. International Standards on Auditing (UK and Ireland) state that this risk must always be treated as significant.

Our assessment of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined planning materiality for the Group to be £500 million, which is approximately 5% of adjusted pre-tax profit, and below 1% of equity. We use adjusted pre-tax profit to exclude the effect of volatility (for example, separately disclosed adjusting items) from our determination. On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement is that overall performance materiality for the Group should be 70% of planning materiality, namely £350 million. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £500 million for the financial statements as whole.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £10 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

The scope of our audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our Group audit scope focused on seven operating locations, of which six were subsidiaries or joint ventures subject to a full scope audit for the year ended 31 March 2013. The remaining operating location was Verizon Wireless, a material associate which is not controlled by the Group, which was subject to a full scope audit for the year ended 31 December 2012 and review procedures for the quarters ended 31 March 2012 and 2013. Together with the Group Functions, which were also subject to a full scope audit for the year ended 31 March 2013, these locations

represent the principal business units of the Group and account for 83% of the Group's total assets, 70% of the Group's revenue and 78% of the Group's operating profit. Audits of these locations are performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned. In addition, audits are performed for local statutory purposes at a further 18 locations, which represent a further 12% of the Group's total assets, 29% of the Group's revenue and 21% of the Group's operating profit. Audits of these locations are performed at a local materiality level calculated by reference to the scale of the business concerned.

The Group audit team follows a programme of planned site visits that is designed to ensure that the Senior Statutory Auditor or his designate visits each of the seven full scope locations at least once a year. This year, the Group audit team visited all seven of the full scope locations.

The way in which we scoped our response to the significant risks identified above was as follows:

- we challenged management's assumptions used in the impairment model for goodwill and intangible assets, described in note 12 to the financial statements, including specifically the cash flow projections, discount rates, perpetuity rates and sensitivities used, particularly in respect of the Group's interests in southern Europe;
- we considered the legal advice in connection with management's disclosure in note 21 of contingent liabilities, including the impact of the introduction by the Indian government of legislation which amends Indian tax law with retrospective effect to overturn a judgement in the Group's favour;
- we considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating suitable future taxable profits to support the recognition of deferred tax assets described in note 7, challenging those assumptions and considering supporting forecasts and estimates;
- we carried out testing relating to controls over revenue recognition, including the timing of revenue recognition, the recognition of revenue on a gross or net basis, the treatment of discounts, incentives and commissions and the accounting for multiple element arrangements, as well as substantive testing, analytical procedures and assessing whether the revenue recognition policies adopted complied with IFRS; and
- we carried out analytical procedures and journal entry testing in order to identify and test the risk of fraud arising from management override of control.

The Audit and Risk Committee's consideration of these judgements is set out on page 62.

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have nothing to report in respect of this matter.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. Under the

Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

We have been asked by the Board to report the results of our having read the entire annual report, for the purposes of identifying any material inconsistencies with the audited financial statements or information that is apparently incorrect based on, or materially inconsistent with, the knowledge of the Group we acquired in the course of performing the audit. Such inconsistencies would include any that we may have identified in relation to the directors' statement that the annual report is fair, balanced and understandable and provides the information necessary for users to assess the entity's performance, business model and strategy and any that we may have identified because the section of the annual report describing the work of the Audit and Risk Committee does not, in our judgment, appropriately disclose matters that we communicated to the Audit and Risk Committee.

We confirm that we have not identified information in the annual report that is materially inconsistent with the audited financial statements or that is apparently incorrect based on, or materially inconsistent with, the knowledge of the Group we acquired in the course of performing the audit. However, we have not audited this other information and accordingly do not express an audit opinion on it.

Respective responsibilities of directors and auditor

Responsibility of directors for the financial statements

As explained more fully in the Directors' statement of responsibility set out on page 84 the directors are responsible for the adequacy of the accounting records, the preparation of the financial statements from those records and for being satisfied that the financial statements give a true and fair view.

Auditor's responsibility

Our responsibility is to audit and express an opinion on the financial statements, and to provide other reports and communications arising from our audit, in accordance with applicable law and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are either required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matter

We have reported separately on the parent company financial statements of Vodafone Group Plc for the year ended 31 March 2013.

Panos Kakoullis FCA (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London
United Kingdom

21 May 2013