16 November 2004

VODAFONE K.K. ANNOUNCES FISCAL 2004 INTERIM RESULTS

TOKYO: VODAFONE K.K. (TSE: 9434) today announces its results for the first six months of fiscal 2004. Consolidated operating revenues and consolidated ordinary income declined 18.4% to 736.8 billion yen and 31.7% to 84.5 billion yen respectively compared to the same period last year, primarily due to the sale of the fixed line business on 1 October 2003. Consolidated net profit was 25.5 billion yen compared to a loss of 125.0 billion yen last year, which included a provision for the loss on the sale of the fixed line business of 161.3 billion yen.

The Company reiterates its earning forecasts for fiscal 2004. The Company's total revenue forecast for the full fiscal year is dependent on increased handset sales in the second half of the fiscal year, which are expected to result from the roll out of a wider range of 3G handsets.

During the period under review, Vodafone Group Plc ("the Group") increased its stake in the former Vodafone K.K. to 98.2% and in Vodafone Holdings K.K. to 96.1%. On 1 October 2004, the merger of the former Vodafone K.K. and Vodafone Holdings K.K. completed. The Group currently has a 97.7% stake in the merged company, which has been renamed Vodafone K.K. For the purpose of clarity, the pre-merger Vodafone K.K., the mobile operator, is referred to as the "former Vodafone K.K.", while the merged entity is referred to as "Vodafone K.K." hereafter.

J. Brian Clark, President & CEO of Vodafone K.K., said, "Our achievements in the first half of fiscal 2004 demonstrate that our business transformation plan is on track. Vodafone Group successfully completed its offer for shares and the subsequent merger of Vodafone Holdings K.K. and the former Vodafone K.K. has given us a simpler structure and sharpened managerial focus. In August, we selected Shiro Tsuda to be our next President & CEO, and I am confident his unrivalled expertise will make us a strong competitor in the future. While the market remains highly competitive, we are confident that our wide range of new 3G terminals, coupled with a new flat rate and other pricing and service initiatives, will enhance our competitiveness in the months to come."

Consolidated financial summary

¥ billions, except per share data	**Six months ended 30 September 2004**	**Six months ended 30 September 2003**	**Change (%)**
Operating revenue	736.8	902.8	(18.4%)
Ordinary income	84.5	123.7	(31.7%)
Half year net income (loss)	25.5	(125.0)	-
Half year earnings per share	¥7,996	(¥39,133)	-

Consolidated operating revenue breakdown

¥ billions	**Six months ended 30 September 2004**	**Six months ended 30 September,2003**	**Change (%)**
Mobile business[1]	736.8	756.0	(2.5%)
Fixed-line business[2]	-	175.1	-
Elimination	-	(28.2)	-
Operating revenue	**736.8**	**902.8**	**(18.4%)**

Operating highlights

- An extensive range of seven new 3G handsets planned for the Christmas period was announced in September. The portfolio consists of handsets from Sharp, Motorola, Sony Ericsson, NEC and Nokia. To coincide with the handset launch, a new platform based on WAP 2.0/MMS will offer enhanced Vodafone live! services to customers, including increased capacity for file downloads, Chaku-Uta®[3] ringsongs of greater length, digital comics, and 3D games with better graphics and depth. The new mail platform will feature increased sending and receiving capacity, as well as a new easy-to-understand pricing model for MMS. To allow customers confidently to enjoy these new Vodafone live! services, a new flat rate for packet communications and other pricing initiatives will be introduced.

- By the end of September 2004, 3G network population coverage reached 99.67%, as further expansions were made to outdoor, indoor and underground service areas while effectively leveraging the Group's global economies of scale for joint equipment purchasing. Notably, subway stations of all train lines in the Tokyo Metropolitan area were covered on 1 July. For roaming abroad on GSM networks, there were a total of 143 roaming agreements in 107 countries in place as of 30 September 2004. The 3G service saw increased subscriber growth in the period with customers numbering 261,100 on 30 September compared to 137,700 at the end of March 2004.

---

[1] Consolidated operating revenue of mobile business subsidiaries including Vodafone.K.K.

[2] Consolidated operating revenue of fixed-line business subsidiaries including JAPAN TELECOM Co.,Ltd.

[3] Chaku-Uta® is a registered trademark of Sony Music Entertainment Inc.

- Vodafone K.K.'s transformation plan is on track.
  - A voluntary retirement programme was completed in July for an annual savings of 3.6 billion yen after a 5.1 billion yen one-time cost, and structural changes have been implemented to create a more robust and agile business.
  - In August, further integration efforts saw the consolidation of nine warehouses into one logistics warehouse under a new supply chain management system.
  - To optimise distribution and improve customer relationships, a more balanced acquisition and upgrade strategy is being introduced to all channels, and relationships with key channel partners have been strengthened.
- The company continued to introduce innovative communication devices:
  - Two 3G terminals were launched in April 2004. The V801SH handset offers enriched Vodafone live! services both in Japan and abroad and the VC701SI Vodafone Connect Card gives customers high-speed internet access on PCs, PDAs and other devices for greater productivity.
  - Vodafone Mobile Office was offered to corporate customers nationwide starting on 1 July. The service enables customers to use 3G W-CDMA handsets as office desk phone replacements.
  - The KOTO V303T was launched in May as the first model from a new handset design development initiative. The V602T model, with metal and ceramic textural variations, and other product offerings from this initiative are also planned in order to enhance customers' lifestyles.
  - Five new 2G models were offered in June and July summer season with features including Chaku-Uta® ringsong support, fun karaoke functions, enhanced 3D gaming capabilities, and TV and FM radio reception.
  - A camera-less version of the V301D was offered in August to meet the needs of corporate customers who work in environments where camera phones are restricted for security reasons.
- Net customer additions totaled 171,300, representing a 7.4% share of market net additions for the six-month period.
- The percentage of prepaid customers at the end of September grew to 11% from 9% in March 2004, and from 8% in September of the previous year. The company is committed to providing Japanese mobile customers with the affordability and convenience of prepaid. To help prevent the inappropriate use of prepaid mobiles in Japan, measures will be strengthened to confirm the identities of subscribers.
- ARPU for the first half declined by 9.9% to 6,280 yen compared to the previous fiscal year, due to higher value customers migrating to competitors, the impact of price plans introduced in October 2003 which were subsequently revised in July 2004, and a higher ratio of prepaid customers.

- Data and messaging revenues as a percentage of total service revenue for the six month period was 21.3%, a slight decrease from 21.7% recorded in the first half of last fiscal year.

- Operating expenditures of the company totaled 649.3 billion yen, a 2.5% increase from the same period in the previous fiscal year, due primarily to an increase in depreciation expenses of 3G equipment and associated capital expenditures, and to an increase in costs related to customer retention. These rises were partly offset by savings resulting from a cost reduction programme which was implemented as part of a multi-year business transformation plan, targeting all operating expenses, such as leased lines, network, IT, and payroll.

  Consolidated operating costs and expenses at Vodafone K.K. totaled 649.3 billion yen in the first half of fiscal 2004, a 16.5% decrease compared to the same period last year. Consolidated operating income decreased by 37.8 billion yen to 87.5 billion yen.

- EBITDA margin for the period was 28.6%. Although this is a decline from the same period last year, it marks an improvement from 27.7% for the past full fiscal year. The necessary focus on retention and upgrades depressed the EBITDA margin; this effect, however, was partially offset by an improvement in provisions for slow moving handset stocks and by operating cost cutting initiatives. Consolidated EBITDA margin was also 28.6%.

- Capital expenditures reached 92.8 billion yen for the period on a fixed asset addition basis, a decline of 30.1 billion yen compared to the same period last year. On a cash flow basis, expenditures were 101.8 billion yen.

  Consolidated capital expenditures totaled 92.9 billion yen in the first half of fiscal 2004 on a fixed asset addition basis, a decrease of 39.5 billion yen compared to the same period in fiscal 2003. On a cash flow basis, capital expenditures decreased by 22.9 billion yen to total 101.8 billion yen.

Fiscal 2004 financial forecasts

The Company reiterates its earning forecasts for fiscal 2004. The Company's total revenue forecast for the full fiscal year is dependent on increased handset sales in the second half of the fiscal year, which are expected to result from the roll out of a wider range of 3G handsets.

Consolidated forecasts for fiscal 2004

¥ billions	**FY04 Forecast**
Operating revenue	**1,531**
Ordinary income	**127**
Net income (loss)	**110**

Recent corporate actions

The Group successfully completed tender offers for shares in Vodafone Holdings K.K. and former Vodafone K.K. in June and July of 2004, respectively. As a result of these tender offers and of the merger of Vodafone Holdings K.K. and the former Vodafone K.K. which completed on 1 October 2004, the Group's ownership of the merged Vodafone K.K. is now approximately 97.7%. In accordance with Tokyo Stock Exchange rules, the delisting of Vodafone K.K. is expected to occur after 31 March 2005.

(Financial summary attached)

Condensed Consolidated Statement of Income

For the six months ended 30 September 2004 and 2003

¥ millions	**Six months ended 30 September 2004**	**Six months ended 30 September 2003**
Operating revenue	736,821	902,843
Operating costs and expenses	649,341	777,522
Operating income	87,480	125,321
Non-operating revenue	1,155	2,623
Non-operating expenses	4,174	4,280
Ordinary income	84,461	123,664
Extraordinary gains	3,906	9,241
Extraordinary losses	5,324	165,480
Profit (loss) before income taxes	83,043	(32,575)
Net income (loss)	25,547	(125,039)
EBITDA	210,387	275,227
EBITDA margin (%)	28.6%	30.5%

Note: Figures in above table are rounded down.

Condensed Consolidated Balance Sheets

As of 30 September 2004 and 31 March 2004

¥ millions	**As of 30 September 2004**	**As of 31 March 2004**
Assets		
Fixed assets	1,103,410	1,130,494
Current assets	246,032	297,673
Total assets	**1,349,443**	**1,428,167**
Liabilities		
Fixed liabilities	169,152	216,940
Current liabilities	604,568	685,329
Total liabilities	773,721	902,269
Minority stakes	190,403	164,359
Shareholders' equity	385,318	361,539
Total liabilities and shareholders' equity	**1,349,443**	**1,428,167**

Note: Figures in above table are rounded down.

About Vodafone K.K.

Vodafone K.K., formerly Vodafone Holdings K.K.[4], is a leading mobile operator in Japan with over 15 million customers and a subsidiary of Vodafone Group Plc, the world's largest mobile community. The Tokyo-based company is listed on the Tokyo Stock Exchange and the Osaka Securities Exchange, with Vodafone Group Plc holding an indirect interest in the company of 97.7%. Vodafone K.K. offers a wide range of sophisticated mobile voice and data services including Vodafone live!, which provides e-mail and internet access to 86% of its customers, and Sha-mail, the pioneering picture messaging service first introduced in November 2000 that now has over 12 million users. In December 2002, Vodafone K.K. launched the world's first commercial 3G W-CDMA service based on 3GPP, the international standard. Vodafone K.K.'s 3G service offers its customers fast data speeds in Japan and roaming on 144 networks in 109 countries and regions as of 4 November 2004. Vodafone K.K. also owns 100% stakes in Japan System Solution Co., Ltd. and Telecom Express Co. Ltd. For more information, please visit www.vodafone.jp

---

[4] Vodafone Holdings K.K. merged with the former Vodafone K.K. on 1 October 2004. The merged entity was renamed Vodafone K.K. on the same day.

Forward-Looking Statements

This press release contains certain forward-looking statements concerning the operations and strategy of Vodafone K.K. and its subsidiaries (collectively, "Vodafone Japan Group") and its expectations concerning its financial and operating results, in particular its fiscal 2004 performance forecasts (including consolidated operating revenue, ordinary income and net income), as well as expectations for trends in the Japanese fixed-line and wireless telecommunications markets and capital expenditure. By their nature, forward-looking statements are 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: changes in economic conditions that would adversely affect demand for Vodafone Japan Group's services; greater than anticipated competitive activity; slower customer growth or reduced customer retention; the impact on capital spending from investment in network capacity and the deployment of new technologies, including 3G technology; the possibility that technologies will not perform according to expectations or that vendors' performances will not meet Vodafone Japan Group's requirements; changes in projected growth rates in the wireless telecommunications industry; the accuracy of and any changes in Vodafone Japan Group's projected revenue models; future revenue contributions of data services offered by Vodafone Japan Group; Vodafone Japan Group's ability to successfully introduce new services, in particular 3G services, and the delivery and performance of key products; changes in the regulatory framework in which Vodafone Japan Group operates; and the impact of legal or other proceedings involving Vodafone Japan Group or other companies in the telecommunications industry.

All written or verbal forward-looking statements attributable to Vodafone Japan Group or persons acting on its behalf made in this press release or subsequent hereto are expressly qualified in their entirety by the factors referred to above.