



Taxation and our total economic contribution to public finances 2015-16

Vodafone Group Plc

Taxation and our total economic contribution to public finances 2015-16



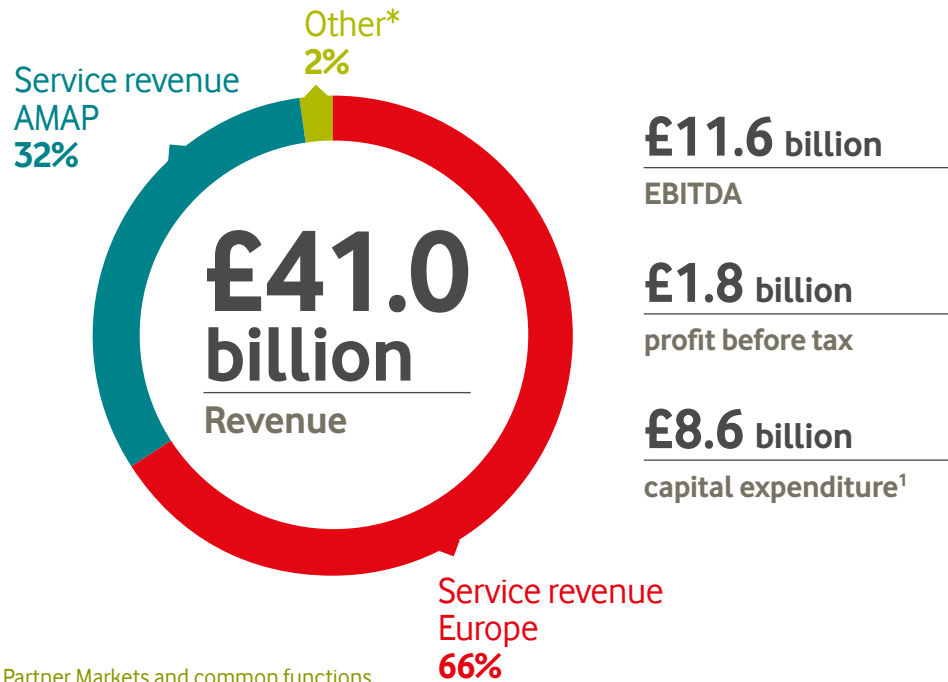
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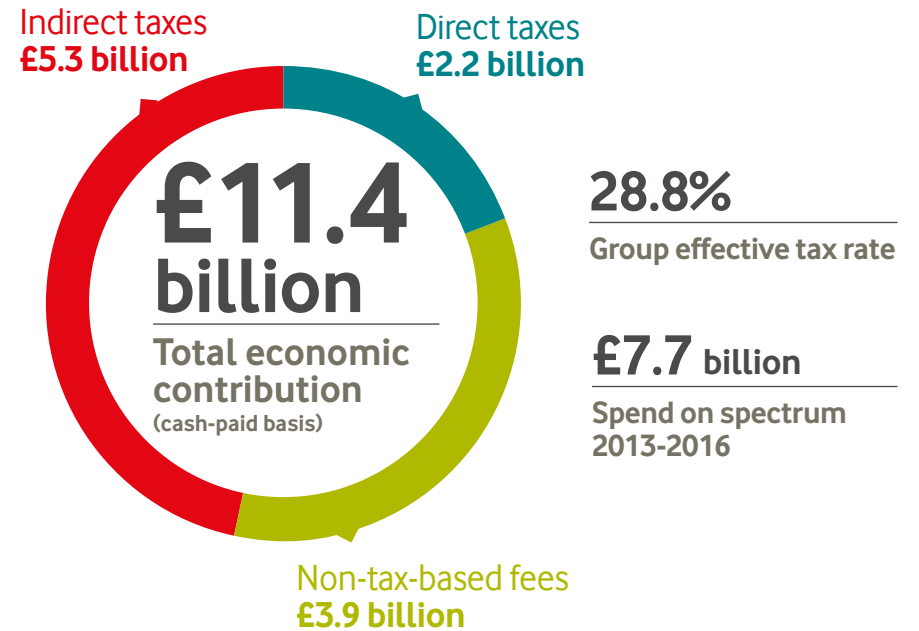
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Revenue

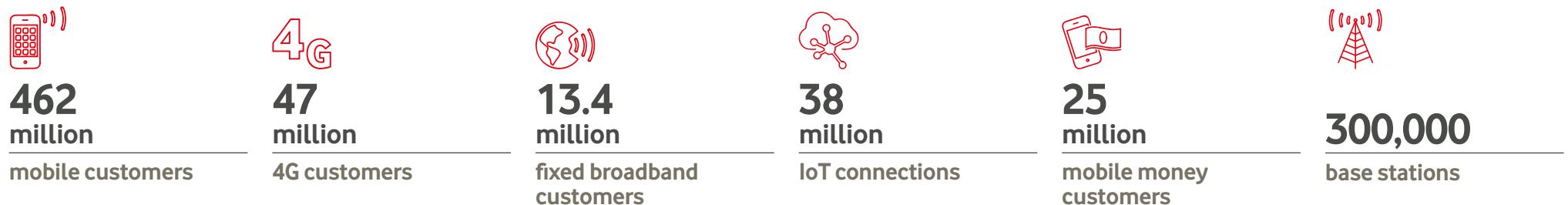


* Partner Markets and common functions

Total economic contribution



Our business



For more information, see our [Annual Report](#) and our [Sustainable Business report](#).

¹ See page 58 for a reconciliation to the numbers used elsewhere in this Report





Taxation and our total economic contribution to public finances

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Committed to transparency

This is Vodafone's fifth *Taxation and our total economic contribution to public finances* report since 2012. Five years on, the Report remains the most comprehensive publication of its kind in the global telecommunications and technology sectors and is a cornerstone of Vodafone's broader commitment to corporate transparency.

Individual countries' tax regimes and international taxation norms can be complicated, frequently opaque from a non-specialist's perspective and – at worst – wholly incomprehensible to the wider public. That complexity and paucity of understanding is a problem because taxation matters a great deal, for two reasons. First, if governments cannot raise the revenue required to fund public services and civil infrastructure, the consequences – in terms of social instability and loss of productivity – can be severe. Reliable public services are a fundamental part of ensuring a well-functioning society, and those services require reliable sources of funding, predominantly from government. Second, the loss of public confidence in national and international tax regimes – fuelled by a belief that the outcomes are inequitable, favouring big companies over small and rich over poor – has contributed to the erosion of trust in large companies and (to some extent) the politicians whose policy decisions shape those regimes.

Companies are most likely to succeed when the markets in which they operate benefit

from informed and fair policymaking and regulation, independent and respected judicial systems, widespread prosperity shared across all groups in society and a strong bond of trust between the governed and the governing. Contented citizens make for good customers and a society at ease with itself is an attractive destination for any investor seeking reliable returns over the long term. We therefore believe that increasing public understanding of, and trust in, the tax system is strongly in the interests of every business. Central to that belief is the principle that Vodafone will act with integrity in all matters related to tax, including a policy of full transparency with all tax authorities and a commitment that we will always pay all taxes properly due under the law wherever we operate.

This Report sets out our total contribution to public finances in all our countries of operation for the financial year 1 April 2015 to 31 March 2016. The gap in time between the period under review and publication reflects an important difference between this Report and the statutory accounts published in our Annual Report in June 2016: the financial contributions published here on a country-by-country basis are reported on an actual cash paid basis. In our view, a public record of the amount of cash transferred from Vodafone to each country's government is the highest form of transparency with no room for ambiguity as a consequence of accounting treatments. However, it takes longer to gather and reconcile this data as it goes into

greater detail than the statutory information presented in our Annual Report.

The *Taxation and our total economic contribution to public finances* report has evolved over the last five years, with increasing levels of disclosure and new information added at each iteration. We now include narrative reporting for all countries in which Vodafone has a separate legal entity – including the smallest of our non-operating subsidiaries – together with the relevant financial data. We have also updated our global tax risk management policy, strategy and Principles this year.

Much of the content of the Report has been shaped by discussions with a wide range of stakeholders across industry, politics, tax authorities, international NGOs and tax activists. We are grateful to all for their time and insights. Several of those we spoke to suggested that the current dataset disclosed in the country-by-country section (including direct taxation, direct non-taxation and indirect taxation revenues) would remain incomplete without the addition of total revenue and profit before tax in each country. We agree that this would enhance further our commitment to transparency on tax and have included those numbers, for the first time, in this year's Report.



Nick Read
Chief Financial Officer
Vodafone Group Plc

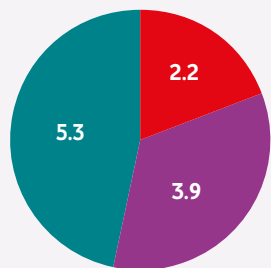
Overview

In 2015-16, Vodafone's turnover was £41 billion, on which we made a profit before tax of £1.8 billion. In cash terms, we contributed more than £11.4 billion to the public finances in our countries of operation, sharply higher than the £9.3 billion of cash passed to governments in 2014-15. The year-on-year increase is primarily related to the result of spectrum auctions that took place in Germany, Turkey and India.

£11.4 billion

in total contributions, in cash, to governments across the markets in which we operate

Total contributions to governments – £bn



- Direct revenue contribution – tax
- Direct revenue contribution – non-tax
- Indirect revenue contribution

In 2015-16, we paid governments around the world more than £2.2 billion in cash in direct taxes, raised £5.3 billion in cash on those governments' behalf in indirect taxes and paid governments more than £3.9 billion in cash via non-taxation-based revenue mechanisms such as payments for the right to use spectrum. We also invested £8.9 billion in our network and services globally.

Across the Group as a whole, our underlying effective tax rate (ETR) at the end of the 2015-16 year was 28.8%. We therefore pay almost £3 in corporate tax for every £10 we make in profit globally. The ETR excludes the one-off impact of the reorganisation of our Indian business which reduced the ETR on a statutory reporting basis for 2015-16. When comparing our total profit before tax with our total corporate taxes paid in cash terms, our 'cash-paid' ETR was even higher, at 37%.

£2.2 billion

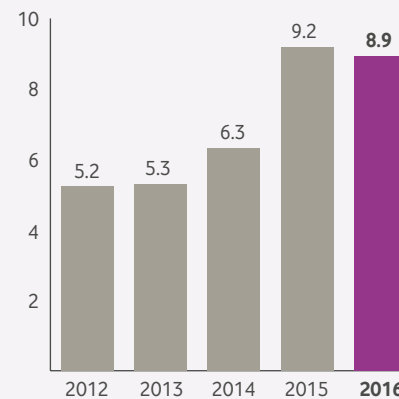
paid in direct taxes, in cash, to governments in our countries of operation

At a country level, our total contribution is broadly in line with last year in the majority of our markets with some exceptions reflecting local circumstances, such as increased capital expenditure (and, therefore, capital allowances) or the effect of changes to local tax rules.

£8.9 billion

expenditure in capital investment worldwide²

Total capital expenditure – £bn



² See page 58 for a reconciliation to the numbers used here and in the Annual Report 2016



Corporate responsibilities and obligations

As explained earlier, we fully recognise and value the benefits for society as a whole that arise from well-functioning taxation systems that command public confidence. We are also committed to acting with integrity, honesty and transparency in our tax strategy, policies and practices.

Among other obligations, companies are required to act in the interests of their shareholders. Many companies' shareholders are pension funds and long-term investment funds seeking to maximise the income or return on their investments. They expect the companies they invest in to optimise their costs in order to maximise their returns to the people and organisations who have entrusted them with their money. Vodafone and other similar large companies are predominantly owned by pension and long-term investment funds. How we run our businesses, therefore, directly affects the financial wellbeing of millions of ordinary individual pensioners and savers.

It would be incorrect, though, to assume that the interests of the individual shareholder are inevitably in conflict with the interests of the individual citizen. This is not a zero-sum game; in our view, it is entirely possible to achieve an effective balance between a company's responsibilities to society as a whole and its obligations to its shareholders. Indeed, for

the reasons we explain earlier, we believe that a commitment to the first is integral to the achievement of the second.

In a climate of growing public distrust, it can be difficult to demonstrate beyond doubt that shareholder benefit and public benefit are not mutually exclusive. That mistrust has partly been fuelled by media reporting of aggressive and artificial tax avoidance schemes – by both companies and individuals – of a kind explicitly prohibited within Vodafone's [Tax Principles](#). It is also the case, though, that public concern has arisen as a consequence of a lack of understanding of some of the fundamental aspects of how tax liabilities are assessed, charged and reported. What a non-expert believes to be an example of a company 'playing the system' is often a result of the system operating exactly as designed. Similarly, what seems at first glance to be a 'loophole' is often the intended outcome of a deliberate policy choice by a current or previous government.

Below are five areas that are a common source of confusion.

1 'Corporation tax' is not the same as 'all taxes paid by a company'

Corporation tax is just one of numerous direct taxes paid to governments by companies. As we set out in [Appendix 4](#), corporation tax is one of almost 70 different corporate taxes

paid by Vodafone's operating businesses every year. For context, Corporation Tax accounts for only around 9%³ of total tax paid to the UK Exchequer and just under 20%⁴ of total taxes paid to the UK Exchequer by the UK's largest 100 companies. It is seriously misleading to conclude that a company's corporation tax payments represent the total of its direct tax contributions to a government.

2 Many corporate taxes are paid on profits, not on revenues

If a company makes little or no profit, it will generally incur lower tax charges than another similar company with higher profits. This approach is common to almost all countries. Without it, companies enduring periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment; in the worst cases, they would be unable to afford to pay their tax bills at all and could be at risk of bankruptcy.

In addition, in some markets, other taxes that are levied on revenue (together with non-taxation-based contributions such as spectrum fees) have the effect of depressing profit and so reducing corporation tax liabilities. For context, Vodafone made a worldwide profit before tax (PBT) of £1.8 billion in 2015-16 based on a total revenue of £41 billion, and it is the PBT of £1.8 billion which determines many of the taxes we pay, not our revenue.

3 Taxation is local

Taxes generally fall due wherever profits are generated. This means that the tax liabilities that arise as a result of any profits are decided under the rules of the country that hosts the business in question. Vodafone pays all taxes due under the law in each and every country in which we have a legal entity. In 2015-16, those direct taxes paid amounted to a total of more than £2.2 billion in cash terms, broadly in line with the amount paid in 2014-15. It is incorrect to assume that all of the global profit of a multinational company is taxable in its country of domicile (£1.8 billion and the UK respectively, in Vodafone's case). Each government in each country in which we operate will assess the appropriate tax liability against our profit in that country and raise a tax charge accordingly. In some circumstances, this could lead to a company being taxed twice on the same income, see the section [below](#) on double taxation.

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/584767/Dec16_Receipts_NS_Bulletin_Final.pdf

⁴ <http://www.pwc.co.uk/total-tax-contribution-100-group/index.jhtml>



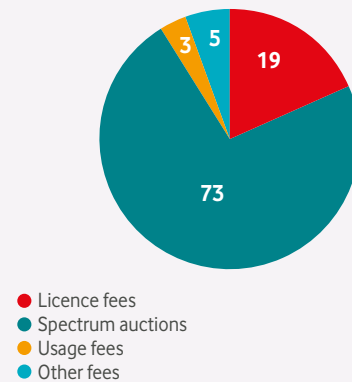
4 Taxation is not the only route used by governments to raise revenue from businesses

Governments also use other mechanisms to derive revenues from business activities including a wide range of licensing regimes, revenue or production-sharing agreements and, for communications companies, radio spectrum fees and auction proceeds. These additional sources of government revenue are often substantial – sometimes exceeding the monies raised through taxation – and represent a critically important contribution to public finances. It is therefore essential to take these government revenue-raising mechanisms into account when assessing the extent to which a company is playing its part in funding wider civil society. In 2015-16, cash revenues from Vodafone to governments from non-taxation-based

£3.9 billion

contributed in cash, in non-taxation-based revenue to governments

Total non-tax contributions 2015-16 – %



sources exceeded £3.9 billion in cash terms. This was £2.6 billion higher than the figure for 2014-15 as a result of spectrum auctions in Germany, India and Turkey.

5 Governments use tax regimes to incentivise investment

Companies are an important source of investment and employment. Governments seeking to stimulate or protect jobs and capital investment often develop corporate taxation strategies that are designed to attract the shareholder funds necessary to deliver key political objectives and achieve a wider national benefit. Those strategies include tax allowances for capital expenditure, exemptions from certain taxes and tax relief on the interest on debt raised to fund investment. Many of those measures are debated in, and approved by, national parliaments as part of a government's

overall fiscal programme. These are therefore carefully scrutinised and methodical policy choices – not accidental loopholes in any sense – and they have the effect of reducing tax liabilities for companies whose investment decisions support those policy choices. We invested £8.9 billion in the networks and services relied on by our customers in 2015-16; a substantial level of investment (not least when set against a total profit before tax of £1.8 billion), which was reflected in our tax liabilities in each country of operation. We set out more detail on our views in multinationals, governments and tax overleaf.

£18 billion

invested in building digital infrastructure across Europe – including more than £4 billion in the UK – between 2011 and 2016

Revenues and corporation tax: an illustrative example

This is an illustrative example of a company with £1 million of revenue a year that has borrowed money to invest in new equipment or premises and that has relatively high operating costs, and demonstrates how a company's corporation tax liability may only be a small proportion of its revenue.

| | |
|---|-------------------|
| Total revenue | £1,000,000 |
| Operating costs (eg costs relating to providing services, maintaining equipment, plant and premises, and purchasing raw materials) | (£650,000) |
| Administration costs (eg staff, property costs) | (£75,000) |
| Annual deduction for capital expenditure | (£150,000) |
| Interest (ie relief on debt interest costs arising from borrowings to fund expansion) | (£100,000) |
| Profit before tax | £25,000 |
| Corporation tax at 20% of profits | £5,000 |

Multinationals, governments and tax

Many governments purposefully shape their taxation policies in order to compete with other countries to attract international businesses and capital to their country and therefore stimulate job creation and skills development. More generally, governments also use tax rules to incentivise (or disincentivise) a wide range of activities and behaviours across society as a whole.

Double taxation

Governments also enter into pan-regional and bilateral cooperation agreements that are intended to enable companies to establish operations in different countries, and operate and trade across borders with as few impediments as possible. Multinational companies such as Vodafone therefore operate in an international taxation environment that is determined by governments working collectively (in some respects) as well as (much more often) individually.

These inter-governmental agreements aim to ensure multinational companies are not subject to 'double taxation', ie paying tax twice over in two different countries in relation to the same economic activity. There is immense complexity within these arrangements and governments sometimes disagree with each other on matters of both policy and the practical implementation – whenever one country's laws have an effect on another country's laws – of the taxes due

from a multinational company. It is important to note that in international taxation disputes of this kind, there is often not a 'right' answer; there are instead different perspectives on the correct interpretation. Some disputes (and the associated litigation) can run for a number of years.

Governments have also established measures that restrict companies from entering into artificial arrangements that would enable them to move profits from one country to another lower-tax destination. We support those measures; without decisive intervention, aggressive and artificial constructs of the type that concern governments (and the wider public) threaten to undermine the integrity of equitable and sensible international taxation norms.

The majority of our businesses are licenced on a national basis and run by companies incorporated and taxed in the same jurisdictions as our customers. Vodafone actively avoids entering into such artificial arrangements; for example, we will not seek artificially to divert profits earned in one jurisdiction to another lower-tax jurisdiction in order to minimise the total tax payments due. Our Tax Principles, shown overleaf, mandate that Vodafone will only adopt business structures that reflect genuine and substantive commercial and operational activities. This means that our corporate tax liabilities are paid in the country in which the relevant economic activities take place; exactly the kind of outcome that governments are seeking to deliver through their measures to address artificiality.

Determining the location for centralised operations

As an international business, Vodafone – in common with all multinational companies – can choose from a range of locations when setting up certain centralised global operations, such as procurement or IT support. In determining the location for a business operation, we consider a wide range of factors beyond the local tax environment, including:

- the stability and predictability of the political, regulatory and social environment, including respect for the rule of law and compliance with international human rights conventions;
- the availability of relevant skills within the local labour force together with labour costs and the overall cost of operations;
- the effectiveness of transport links;
- the quality and reliability of communication networks; and
- the range and cost of commercial real estate.

Our focus is on selecting locations that are most logical from an operational and strategic perspective. While we do take the local tax environment into account, we do not choose locations on the basis of tax arrangements that would be essentially artificial in nature and that would lead to the location of activities in countries that may offer an attractive tax regime but would be impractical in other respects.

Transfer pricing

Governments generally also require multinational companies to apply 'transfer pricing' rules to inter-company activities to ensure that profits are allocated to the countries where the relevant economic activity takes place. Vodafone has a number of centralised global functions located within specific countries, all of which operate in accordance with OECD transfer pricing rules. For example, the intellectual property associated with the Vodafone brand is held in the UK, and the team of brand and marketing professionals responsible for the strategic international development and deployment of the Vodafone brand is based in London. The transfer pricing arrangements in place ensure our operating companies around the world pay an arm's-length, externally benchmarked and verified royalty fee to a UK-based Vodafone Group company for use of the Vodafone brand.

We have established international IT and back office support hubs in countries including Germany, Ireland, Hungary, Romania, India and Egypt, and we provide insurance services from our regulated businesses in Malta, all of which operate under similar transfer pricing arrangements. The same rules also apply to our global subsidiaries based in Luxembourg, as explained in the [Luxembourg section](#) below.



Tax policy, conduct and Principles

Tax laws are often unclear and subject to a broad range of interpretations. Furthermore, the financial affairs of large multinational corporations are unavoidably complex: we typically process and submit around 10,000 tax returns to tax authorities around the world every year.

The assessment and management of tax uncertainty is therefore a significant challenge for any company of Vodafone's size. The key issues are subject to review by the Group Executive Committee (ExCo) and, separately, by the Vodafone Group Board (through the Audit and Risk Committee) twice a year. Our tax strategy is attached [here](#), and our tax code of conduct and tax risk management policy can be found [here](#) and are summarised in our Principles.

In 2016, the UK Government introduced a requirement for large companies to publish their tax strategy for their 2017-18 year end. As part of our broader commitment to corporate transparency, we first published our tax code of conduct in 2007 and our tax risk management strategy in 2009 and have published updated versions ever since. Those disclosures – which more than meet the UK Government's requirements – have also been complemented, since 2012, by this Report.

Vodafone's Tax Principles

We employ professionals who are responsible for our tax affairs in every country in which we operate. Our tax teams must follow a clearly defined set of Principles and behaviours (as detailed in our tax policy) which are aligned with the Vodafone Group [Code of Conduct](#).

We will:

- comply fully with all relevant legal and regulatory obligations in line with our broader social responsibilities and our stakeholders' expectations;
- act with integrity in all tax matters, disclosing all relevant facts to tax authorities in all countries in which we operate under a policy of full transparency based on open and honest relationships with those authorities; and
- pursue clarity and predictability on all tax matters, wherever feasible; and seek to protect shareholder value in line with our broader fiduciary duties.

We will not:

- seek to establish arrangements that are artificial in nature, are not linked to genuine business requirements and would not stand up to scrutiny by the relevant tax authorities;
- artificially transfer profits from one jurisdiction to another to minimise tax payments; or
- pay more tax than is properly due under a reasonable interpretation of the law and upon receipt of a lawful demand.

Key components of our Tax Principles

The areas below form the foundation of our approach to tax and work alongside our [tax risk management policy](#);

Tax value

To manage efficiently the tax cost to the Group of doing business, including the Group's cash taxes and effective tax rate, within the ambit of all applicable laws

Risk and reputation

To control and manage tax risks and the Group's reputation through appropriate policies, communication and robust defence

Business partnering

To be recognised as a vital business partner by our stakeholders and to facilitate the growth and development of the Group's business activities in a tax-efficient manner

Influencing

To influence governments and tax authorities constructively and positively in the interests of all our stakeholders

People

To develop and enhance our people professionally and personally as part of a world-class international tax team

Compliance

To ensure the integrity of all reported tax numbers and timely compliance with all relevant statutory tax obligations

Customer experience

To act where possible in meeting the above objectives in a way that will enhance our customers' experience

Vodafone, Luxembourg and 'tax havens'

As we explain in [Multinationals, governments and tax](#), many governments choose to develop tax regimes that offer multinational companies some form of competitive advantage in order to attract inward investment. As a consequence, variations have emerged between the tax regimes of different countries over the years and some countries have found themselves dubbed as 'tax havens', particularly where specific aspects of the national tax system offer significant advantages to businesses who choose to locate there.

There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative: if the tax regime in Country A has a significantly lower headline or effective tax rate than Country B, then through the eyes of the people of Country B, Country A could be considered to be a 'tax haven'.

Most governments – including all European Union (EU) Member States and international organisations such as the OECD – respect a government's sovereign right to determine tax matters. They also recognise that there is a clear distinction to be made between fair tax competition, focused on the rates and scope of taxation, as opposed to tax practices that discriminate in favour of specific companies or that cause harm to the wider economy.

A more nuanced definition of the term 'tax haven' focuses on national tax policies that have the effect of incentivising activities that are ring-fenced from the local economy, may be specific to individual companies rather than available to all market participants, and may be largely artificial in nature and designed purely to minimise tax. As set out in our Tax Principles above, it is our policy not to enter into such artificial arrangements.

One country that has been the focus of public and political scrutiny in recent years is Luxembourg. This is a country in which Vodafone has a significant presence and which plays a material role in any assessment of our overall contribution to public finances.

Our subsidiaries in Luxembourg are not 'brass plate' companies. They are substantive entities that carry out extensive activities that are critical to our businesses worldwide. We employ more than 300 people in our Luxembourg headquarters building. Our colleagues there manage the financing of many of our international operating companies, providing loans on a commercial 'arm's-length' basis which reflect the costs of borrowing from an external bank, in line with international best practice. Our Luxembourg-based global purchasing organisation – the Vodafone Procurement Company (VPC) – oversees more than €18 billion of global purchasing contracts. Our international roaming team is also based in Luxembourg, where it manages more than 650 international roaming agreements that enable Vodafone

customers to communicate when travelling across more than 190 countries, and provides, on a commercial basis, specialist roaming management and procurement services to third parties.

In common with many other EU member states, Luxembourg's tax legislation is scrutinised and approved by the country's parliament. The tax principles its laws are based on are largely in line with those of many other member states, including a standard corporation tax rate, which at 29.22% is higher than the corporate tax rate in a number of other EU member states, including the UK.

Why locate these activities in Luxembourg?

As is the case in many member states, Luxembourg tax law also includes features that are particular to that country and were designed to shape the local tax regime to incentivise inward investment. One of those features is particularly significant from Vodafone's perspective.

Under long-established Luxembourg tax rules, a reduction in the book value of a company's investments (an impairment or writedown of goodwill) that has been verified by independent auditors and the local tax authorities is recognised as a tax loss that can be offset against profits. This would occur, for example, if a multinational group with a subsidiary in Luxembourg acquired another business but then saw the value of that acquisition reduce as a result of deteriorating

market conditions or performance. The difference arising between the acquisition cost and the newly reduced value of the acquired business – and therefore the loss experienced by shareholders – is treated as a loss for tax purposes and can be offset against profits. For example, if a company used €5 billion of its shareholders' funds to acquire a business that is later valued at €3 billion, the effect from the shareholders' perspective is €2 billion of value foregone. While it may be a 'paper loss' up until the point where the company seeks to realise the asset, for the company's shareholders it is unquestionably a loss nevertheless.

Similar rules were in place in Germany 15 years ago when Vodafone acquired the Mannesmann conglomerate in 2000. That acquisition was followed by the dotcom crash, wiping tens of billions of euros off the value of the former Mannesmann business, resulting in significant losses for the Luxembourg subsidiary involved and ultimately for all of Vodafone's shareholders. Under the standard Luxembourg tax code, we are able to offset those historical losses against profits realised within our Luxembourg subsidiaries. It should be noted that Luxembourg introduced tax reforms that took effect on 1 January 2017 that place a time limit on how long losses incurred after this date can be used. Additionally, under UK Controlled Foreign Company rules, a proportion of profits from our Luxembourg subsidiary's global financing activities are also now taxable in the UK.



European Commission illegal state aid investigations

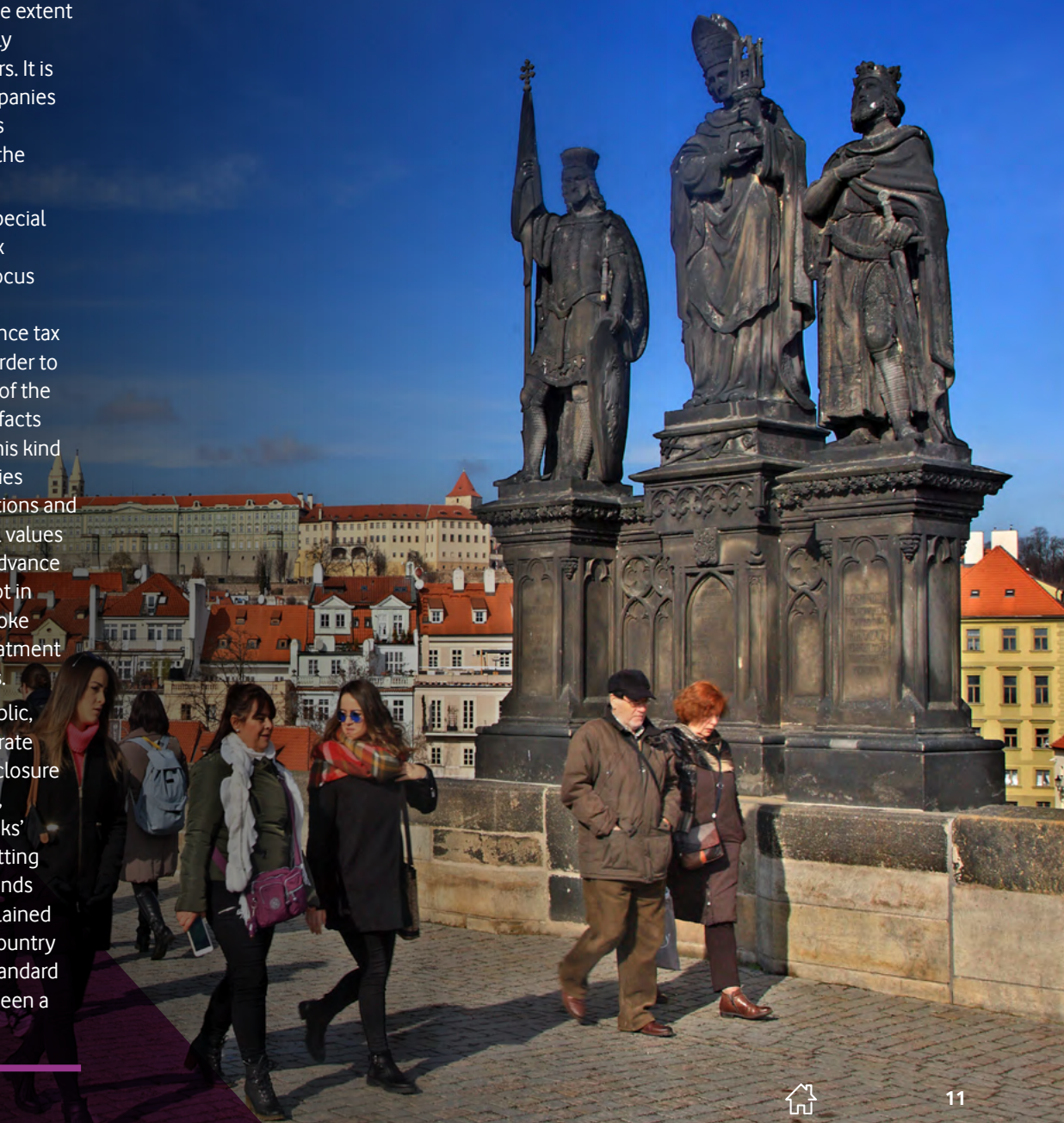
In the last few years, there have been a number of cases of alleged illegal state aid under which governments in a number of jurisdictions – including Luxembourg and Ireland – have been accused of entering into special agreements with individual multinational companies. The European Commission has alleged that the arrangements in place had the effect of reducing those companies' overall tax charges beyond the levels possible under the standard tax regimes in those jurisdictions. In 2014, the European Commission opened formal investigations into whether or not the tax rulings received by certain companies in Luxembourg, the Netherlands, Belgium and Ireland potentially infringed state aid rules through enabling profit shifting. Those investigations were followed by a series of findings, published in 2016, alleging state aid infringements in a number of instances, most prominently including Apple and Ireland.

Tax rulings are a standard part of most countries' administrative tax practices and do not in themselves constitute state aid if they merely give certainty to the company as to how the relevant laws are to be applied in practice, whether in relation to complex commercial transactions or to areas of uncertainty in domestic or international tax law. Such rulings – typically known as 'advance tax agreements' – may be provided on an informal or formal basis. In the Commission's view, the tax rulings provided in the cases under investigation went beyond

simple advance tax agreements to the extent that the companies involved allegedly gained an advantage over competitors. It is important to note that both the companies and countries involved in those cases continue to contest the outcome of the Commission investigations.

Vodafone has not entered into any special agreements with the Luxembourg tax authorities and is therefore not the focus of any related European Commission investigation. We have received advance tax agreements from the authorities in order to confirm that the standard provisions of the Luxembourg tax regime apply to our facts and circumstances. Agreements of this kind are standard practice in many countries whenever there are complex transactions and unclear tax regulations or substantial values involved. We are confident that the advance tax agreements in Luxembourg do not in any way amount to any form of bespoke arrangement with, or preferential treatment from, the Luxembourg tax authorities.

There has also been considerable public, political and media debate on a separate issue related to Luxembourg: the disclosure and subsequent publication, in 2014, by media outlets of so-called 'LuxLeaks' confidential documents allegedly setting out details of the tax affairs of thousands of individuals and companies. As explained above, our tax arrangements in the country conform to the rules set out in the standard tax code and therefore we have not been a focus of the LuxLeaks debate.



Why do we pay little or no UK Corporation Tax?

As we explain in [Corporate responsibilities and obligations](#), all governments seek constantly to adjust their tax regimes to stimulate investment and encourage job creation. The UK is no different.

We make huge investments in the UK. We spent over £1.2 billion in 2015-16 building and upgrading the networks and services relied upon by millions of our customers. In addition, since 2000 we have paid the UK Government more than £7 billion for our 3G and 4G radio spectrum licences. We raised the money for those licences from UK banks and capital markets and we are paying more than £370 million a year in interest costs on our overall UK borrowings to UK banks and financial institutions.

£1.2 billion

invested in building and upgrading our UK network and services

The UK Government allows companies to claim tax relief on capital investment in their UK operations. These capital allowances are a standard feature of the tax regime in many countries; they provide an incentive for private capital to step in to fund the development of infrastructure that would otherwise have to be built by the state with funding

sourced through public borrowing. The UK Government also provides tax relief to all businesses to reflect the interest costs on the debt raised to fund investment. Debt interest relief has the effect of stimulating investment by business; it also supports growth and job creation within the UK banks and financial institutions that provide the funding.

£7 billion

paid to the UK Government for spectrum licences since 2000

Capital allowances and debt interest relief have been a long-established cornerstone of UK corporate taxation policy, the impact of which – for every company that chooses to borrow and invest heavily in the UK – is to reduce very considerably their typical UK Corporation Tax payments. In addition, successive UK governments have set out to reduce the UK Corporation Tax rate over time – from 20% in 2016, which is one of the lowest rates in the EU – and by 2020 it will fall further, to 17%.

UK governments have therefore taken a series of deliberate policy decisions over many years which, in effect, prioritise investment and job creation above increased UK Corporation Tax receipts. These are political choices, intended to support business growth, encourage skills creation and provide work to hundreds of

thousands of people even as – at the headline level – they consciously drive down revenue from Corporation Tax; and may even lead to the increased payment of employee national insurance and other taxes.

As we explain in [Corporate responsibilities and obligations](#), Corporation Tax is charged on profits, not revenues. The UK continues to be an expensive and highly competitive country in which to do business; it is also one of the least-profitable mobile markets anywhere in the world. Our UK profit is therefore a small fraction of our gross UK revenue, which produced an operating loss of £69 million in 2015-16. This profit is significantly less than the interest costs on our UK debt (in excess of £370 million in 2015-16) and is less than our annual UK capital investment programme (more than £1.2 billion in 2015-16). Capital allowances and debt interest relief therefore more than subsume our UK profit (indeed, they do so many times over), leading to a very low or zero Corporation Tax charge. It is also worth noting that our overseas financing subsidiaries have no bearing on our UK Corporation Tax position; as we state in our [Tax Principles](#), we do not artificially transfer profits to minimise tax payments to the UK Exchequer.

As explained earlier in the Report, UK Corporation Tax accounts for less than 20% of the total taxes paid by UK businesses. As we explain in the [Our contribution, country by country](#) section of the Report, in 2015-16 we paid the UK Government £257 million, in cash, in direct taxes of all kinds – for example, we are one of the biggest business rates taxpayers in the UK. We also paid the UK Government £34 million in cash for non-tax items including spectrum and collected £721 million in indirect taxes on the Government's behalf.

The HMRC/Vodafone controlled foreign companies settlement

In 2010, Vodafone and Her Majesty's Revenue and Customs (HMRC) concluded a long-running legal dispute focused on a specific point of UK and European tax legislation with a full and final settlement of £1.25 billion.

The background to this settlement is highly complex. It was focused on an area of law whose application was unclear and which successive UK governments agreed needed to be rewritten. It involved nine years of legal argument, three court cases and two independent appeals, followed by a detailed HMRC review and settlement in 2010. That settlement was then followed by a National Audit Office (NAO) inquiry in 2012, assisted by a former High Court judge, Sir Andrew Park. The NAO report concluded that the HMRC/Vodafone settlement was a good outcome for the UK taxpayer and that if Vodafone had chosen to continue litigation instead of settling with HMRC "there was a substantial risk that the Department (HMRC) would have received nothing".

The dispute focused on the UK tax authorities' interpretation of Controlled Foreign Companies (CFC) legislation and began when Vodafone bought the Mannesmann conglomerate in Germany in 2000. The acquisition was largely for shares and involved no borrowings or loans from Vodafone's UK business. Importantly, there was no reduction in Vodafone's UK tax contributions as a consequence, and the

dispute was not related in any way to the tax liabilities arising from our UK operations. We therefore questioned the UK tax authorities' application of the rules on both factual and legal grounds, in common with a number of other companies who had also challenged the UK's approach to CFC legislation.

As explained in our [Luxembourg section](#), Vodafone's subsidiary in that country is the main financing company for our many operations around the world. The UK tax authorities argued that, had those financing activities been established and undertaken in the UK, they would have attracted tax in the UK, and that therefore tax should be payable under UK CFC provisions. Vodafone argued that, as a matter of European law, we were freely entitled to establish activities wherever we chose, and that as a matter of fact, these were neither artificial arrangements nor did they have any impact on Vodafone's UK tax liabilities.

The underlying facts were scrutinised by the UK tax authorities and the points of law involved were examined in detail by the European Court of Justice, the UK High Court and the UK Court of Appeal, prior to the decision to reach a settlement. Subsequently, the UK Government sought to address a number of inconsistencies and flaws in UK CFC legislation, clarifying the UK's approach to this complex area of international taxation in new rules that took effect in January 2013.



Contributing to the development of tax policy

When governments seek to develop or change tax policy, they invariably seek input from a wide range of interested stakeholders, including business advocacy groups and a large number of individual companies. Vodafone regularly engages with governments – typically through public consultation processes or in our role as a member of an industry group – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment.

We are active participants in the European Round Table of Industrialists (ERT), the tax policy committee of the European Telecommunications Network Operators' Association (ETNO) and the Groupe Speciale Mobile Association (GSMA), which represent the mobile industry when looking at emerging issues across the EU. We have shared our insights as a multinational operator with the European Commission's Taxation and Customs Union Directorate-General (TAXUD). We are also one of the few companies in Italy to enter into the new cooperation compliance mechanism with the Italian Ministry of Economy and Finance and are active participants in the tax policy committees of Assotelecomunicazioni and the Confindustria Digitale in Italy.

We contribute to the tax committees of telecommunications industry organisations in Germany, which work on legal developments in tax policy and on tax administration, including the interpretation and application of tax law. In the UK, we are a leading industry representative in the Government's Business Forum on Tax and Competitiveness, which aims to establish a more competitive UK tax system. Vodafone is also a member of the Cellular Operators Association of India.

We are members of the South African Institute of Chartered Accountants (SAICA) tax committee, which engages on a wide range of tax issues. We are active participants in various industry and economic forums in Tanzania and the Democratic Republic of Congo, with the support of the GSMA. We also frequently participate in tax policy discussions at specific tax conferences in Africa where both revenue authorities and corporates are represented.

Vodafone and the OECD BEPS project

The Organisation for Economic Cooperation and Development's (OECD) work on 'Base Erosion and Profit Shifting' (BEPS)⁵ was created in response to calls to ensure that multinationals are taxed "where their economic activities take place and value is created". It was also designed to address public concerns about the integrity of national and international taxation systems in an ever-more complex global economy.

'Base Erosion' is the term used to describe the reduction in a country's overall tax revenues as a consequence of the movement of corporate activity and funds between different jurisdictions. 'Profit Shifting' is the term used to describe the artificial arrangements under which companies move profits from one jurisdiction to another jurisdiction in order to minimise tax payments – an activity not permitted under Vodafone's own [Tax Principles](#).

The resulting OECD BEPS action plan was endorsed by G20 member states and a number of other developing countries in November 2015. Following endorsement of the BEPS measures, the focus has now shifted to designing and putting in place an inclusive framework for monitoring BEPS and supporting the implementation of the measures, with the 57 jurisdictions now participating through their signatory of the Multilateral Competent Authority Agreements.

The BEPS 15 point action plan includes calls for:

- companies to report their profits and taxes to tax authorities on a country-by-country basis, which has now been implemented in 38 countries;
- member states to restrict harmful tax practices that unfairly and inappropriately offer certain tax incentives;
- restrictions on the ability of taxpayers to use tax treaties for abusive purposes;
- a redefinition of when a taxable presence arises in a country and hence triggers a need for a company to file a tax return and pay taxes in that country;

- changes to refine the application of transfer pricing guidelines on intercompany charges; and
- changes to cap the tax deductions available for interest expenses in certain circumstances.

The BEPS action plan is leading to some significant changes in national and international tax rules and a new set of standards for international cooperation and transparency. It is also likely, however, to result in an increased level of disputes on the allocation of taxing rights between countries.

The European Commission has announced its intention to require member states to implement the OECD's various recommendations where appropriate and has also developed other anti-tax avoidance initiatives of its own in certain areas. It has specifically done so through the 'Anti-Tax Avoidance Directive' that was issued in January 2016 and which mandates several of the BEPS measures as well as other initiatives (including charges for the relocation of assets between states). The Commission has also reissued proposals for a new Common Consolidated Corporate Tax Base (CCCTB) for multinationals, which it aims to introduce in stages from 2019 onwards – though this is still subject to approval by member states themselves and therefore it is not yet certain that it will be introduced.

The UK is among several governments – following further consultation with those impacted by the proposals – that has initiated a process to introduce the OECD's recommendations into law. The requirement to report income, profit and taxes to tax authorities on a country-by-country basis from 31 December 2017 complements our existing and ongoing commitment to tax transparency and country-level public disclosure, as exemplified by this Report.

We welcome the BEPS initiative and support increased transparency in this critically important area of public policy, as well as measures by the OECD and European Commission to eliminate artificial profit shifting and unfair tax competition.

We continue to engage constructively with the OECD, the Commission and governments both directly and through our membership of bodies such as the Confederation of British Industry and the 100 Group, on these and other related issues.

Our focus is to continue to support the OECD, European Commission and governments in implementing these recommendations in a manner that supports international trade, incentivises greater investment in infrastructure and services, fosters economic growth, employment and prosperity and generates greater public trust in the international tax system.

We will monitor the application of the proposed changes in national laws and, in particular, the proposed changes on interest deductibility that may have the effect of limiting the deductibility of interest on genuine third-party UK debt of the kind we describe in the UK section of this Report.



⁵ <http://www.oecd.org/ctp/beps-explanatory-statement-2015.pdf>

Tax and emerging markets

Africa

Vodafone is a significant contributor to the development of a number of economies across Africa. As a major investor, taxpayer, employer and purchaser of local goods and services, we make a major contribution to the delivery of governments' policy objectives across the continent.

Our sub-Saharan subsidiary, Vodacom, was first awarded a licence in South Africa in 1994. We have since expanded our presence across Africa through various acquisitions. We have been operating in Egypt since 1998 when we were awarded a licence; we expanded into Kenya (where we own 40% of Safaricom) in 2000 and acquired the business that is now Vodafone Ghana in 2008. We now have operating businesses in eight countries and a presence in another six markets across the continent⁶, employ more than 18,000 people (and provide indirect employment to many more) and have invested a total of £5.3 billion over the last five years.

In 2015-16, our African businesses paid £715 million to governments in taxes and other fees, accounting for 12% of the total direct tax and non-tax contributions we made to governments around the world. Our total contributions to governments across the continent in 2015-16 were over £1.3 billion and exceeded £4.2 billion in total over the last five years.

£715 million

paid, in cash, in taxes and other fees to governments in 14 countries in the region

As well as running communications networks across Africa, in 2007, we created the M-Pesa mobile money transfer service and launched it with our Kenyan associate, Safaricom. The service is now available across ten countries and is a well-established part of our business with more than 25 million active users.

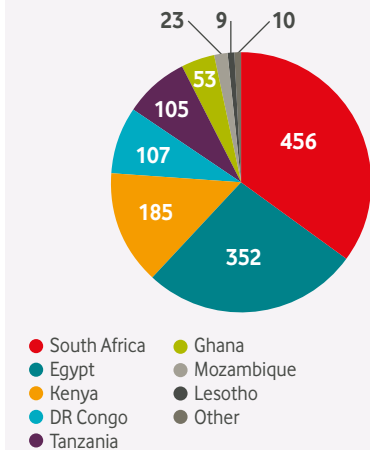
M-Pesa enables people excluded from conventional banking to access a wide range of financial services – from basic purchases to payroll and micro-finance loans and savings – simply, safely and securely via their mobile phone. M-Pesa has had a profoundly transformative effect on lives and livelihoods, providing people in some of the world's poorest communities with financial security and the ability to start and grow a business. Further details of M-Pesa can be found [here](#).

We take our responsibilities to contribute to emerging market economies seriously and our Principles, conduct and approach to tax is the same as in any other part of the world. Our commitment to transparency, openness and honesty forms a fundamental part of our Tax Principles globally and is particularly important in environments with a history of endemic corruption and where public institutions are less well developed than their OECD counterparts.

£1.3 billion

in total contributions paid, in cash, to governments in the region

Total contributions: African region – £m



⁶ Angola, Cameroon, Democratic Republic of Congo, Egypt, Ghana, Ivory Coast, Kenya, Lesotho, Mozambique, Nigeria, Sierra Leone, South Africa, Tanzania, Zambia

India

Vodafone is the largest foreign direct investor in India with more than **£13.1 billion invested since 2007**.

We are also one of the biggest taxpayers in India with more than £10 billion of tax and spectrum payments made to the Indian Government since 2011-12. In 2015-16, our direct and indirect contributions to Indian public finances exceeded £2.6 billion.

£10 billion

paid, in cash, to the Indian Government, in taxes and licence fees since 2011-12

Dispute over 2007 acquisition

In 2007, Vodafone, through one of its Dutch companies, purchased an indirect stake in a company in India from Hutchison Telecommunications International Limited (HTIL). After the acquisition was completed, the Indian tax authorities sought to raise a tax demand against Vodafone, even though the transaction took place outside India between two non-Indian entities and Vodafone was the buyer, not the seller.

The Indian tax authorities' actions led to a protracted legal dispute, culminating in a hearing before the Indian Supreme Court, which concluded unambiguously and unanimously, in January 2012, that no tax was due. Although the country's highest court had vindicated Vodafone's position, the Indian Government subsequently changed the law to introduce retrospective taxation rules.

Those rules, which were back-dated to 1962, were designed to require taxes to be paid retrospectively which, as the Supreme Court had concluded, could not be levied against Vodafone under any reasonable interpretation of the evidence or the law.

We continue to maintain that no tax is due on the 2007 acquisition and that any attempts to impose such a tax, under the retrospective tax rules, would be in breach of India's obligations under international law. We have had constructive discussions with the Indian Government since then, however, India does not accept that its conduct is in breach of international law and we have been unable to agree on a way forward without arbitration. On 17 April 2014, we filed our notice of arbitration under the bilateral investment treaty between the Netherlands and India (the Bilateral Investment Promotion and Protection Agreement) in an effort to resolve the dispute. The Indian Government and Vodafone have since both appointed arbitrators and the President of the International Court of Justice in the Hague has appointed Sir Franklin Berman QC as the presiding arbitrator.

In November 2016, the Indian tax authorities commenced action against HTIL (part of the Hutchison Group) itself for the first time, issuing the company with a draft assessment order under which the authorities are seeking capital gains tax allegedly due in India on the 2007 transaction. The Hutchison Group disputes the validity of the assessment and any liability for taxes in India.



Our contribution, country by country

| | | | |
|---|----|---|----|
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| Our contribution, country by country | | Other non-operating assets | 50 |
| Europe | 23 | | |

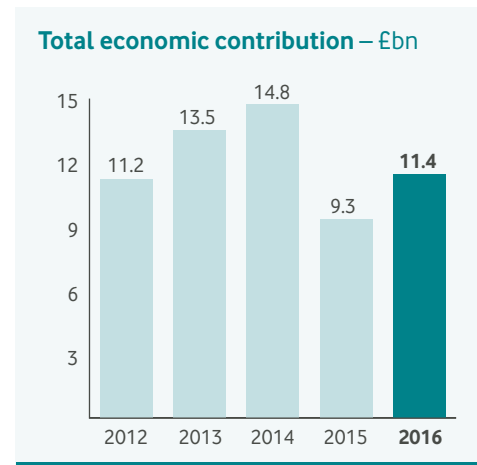


Introduction

In this section of the Report, we provide an overview of our total contribution to public finances on a country-by-country, cash basis covering every jurisdiction in which there is a registered Vodafone entity. In the 2015-16 financial year, our local operating companies, holding companies, subsidiaries and other legal entities around the world paid more than £2.2 billion in direct taxes to governments in our countries of operation plus more than £3.9 billion in other non-taxation-based fees and levies. Our total direct cash contribution to public finances during the year was therefore more than £6.1 billion.

£11.4 billion

paid, in cash, to the public finances of our countries of operation

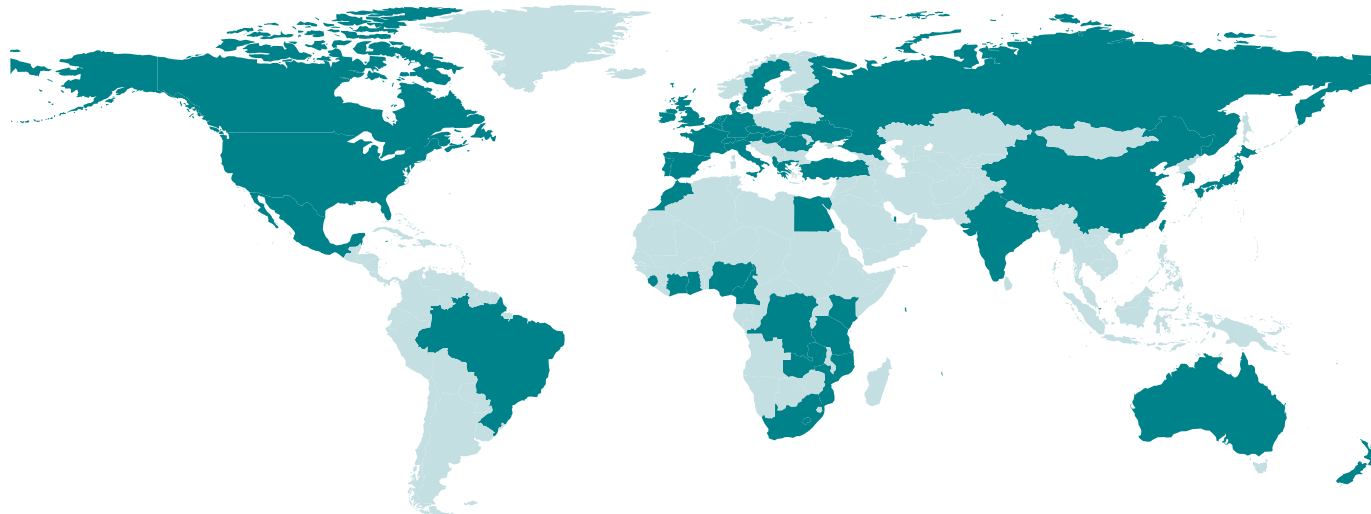


For the first time, this year's Report includes revenue and profit before tax on a country-by-country basis: our cumulative revenue in 2015-16 was £41.0 billion and our total profit before tax was £1.8 billion. As we explain earlier on page 5, we also collect large amounts of tax on governments' behalf; our 2015-16 indirect tax contribution was £5.3 billion. Our total cumulative contribution to the public finances of our countries of operation was therefore more than £11.4 billion. We also invested more than £8.9 billion in the networks and services now relied upon by our customers.

The contributions we make to governments are reported on an annual actual cash paid basis for each country in which we have a registered Vodafone entity as we believe this is the most meaningful and transparent metric we can use when assessing a

company's tangible role in helping to fund public services. International accounting rules governing the reporting of a multinational company's profit and loss tax liabilities and charges are complex and reflect a wide range of factors such as deferred taxation, losses, group-level taxation and various provisions related to uncertain tax positions. The cash payments or reliefs arising from those factors may be several years in the future. As a result, there can be a variance between a multinational company's statutory reported numbers over a specific time period – particularly in territories with holding companies as well as a local operating company – and the actual cash paid numbers set out below⁷. For more detailed information about our financial performance in 2015-16, see our [Annual Report](#).

Vodafone's operating entities



⁷ For example, see <http://www.cbi.org.uk/insight-and-analysis/tax-and-british-business>

For each country listed below, we provide a narrative summary of the activities undertaken in that jurisdiction, together with a full list of all registered Vodafone entities including legacy and dormant subsidiaries. This Report has been prepared using data presented in the Vodafone Group Plc Annual Report 2016. The data in the Annual Report for that year was presented in Pounds Sterling and this is therefore the currency used in this Report. Vodafone Group now reports its financial performance in Euros which will also be the currency in the next version of this Report to be published during the 2017-18 financial year.

£2.2 billion

paid in direct taxes, in cash, to governments in our countries of operation

The table of financial data for each country consists of the following columns.

Revenue

The revenue figure that we disclose for each country is equivalent to the amount that would be disclosed as 'turnover' in our Group accounts and is synonymous with 'turnover' or 'sales', as those terms are commonly understood.

From December 2017, under new OECD rules, all large multinational companies will be required to file a country-by-country report with local tax authorities. Those reports – which are confidential and provided to tax authorities only – must include details of revenues⁸ that the OECD breaks down under two overlapping categories:

- external, which the OECD defines as “the sum of revenues ... generated from transactions with independent parties”; and
- internal, defined as “the sum of all revenues... generated from transactions with associated enterprises”.

External revenue includes what would typically be determined as *turnover* in that it represents money received by the company from third parties, that is from individuals and business customers. But it also includes other sources of income from third parties, such as interest income.

Internal revenue includes intra-company money flows arising from transactions between various subsidiaries, holding companies and group entities that are subject to transfer pricing rules, requiring the attribution of revenues and profits on an 'arm's length' basis, based on independent comparable valuations. Examples of internal revenues include royalties, brand and intellectual property licence fees and interest payments (but exclude dividend receipts).

While the internal revenue metric provides a useful insight into the movement of money between corporate entities into – and within – a particular jurisdiction, it is impossible to avoid some form of double-counting. Money earned in one country from a third party (and reported in that country as external revenue) is then used to fund licence fees, royalties, procurement and other intra-company costs that are subject to transfer pricing or similar arrangements with a corporate entity in another country. That money will also then be reported as internal revenue in the recipient country. However, the internal revenue

reported is not incremental; it is, in essence, the same money already accounted for in the first country's external revenue figure that is then reported for a second time as internal revenue in the second country. Internal revenue would also include the movement of money between subsidiaries within the same country. For this reason, we believe that the external revenue number is by far the most meaningful in terms of providing greater insight into the flow of money into a company – within the context of the total economic contribution that a company makes in each country in which it operates – and hence is why we have chosen to disclose this metric.

Profit before tax

This represents the total taxable revenue in each country minus allowable expenses. This provides the starting point for the corporate tax calculations in each country although – for a wide range of reasons – it may not necessarily reflect the agreed or final figure in the relevant tax return. The number excludes dividends as these relate to distributions of profits after tax between companies. It also excludes certain accounting adjustments that have no effect on the local taxable profit of the entities within each country.

Direct government revenue contribution: taxation

This encompasses Vodafone's total direct tax contribution in each country, including corporation tax, business rates or the equivalent, employers' national insurance contributions or equivalent, sector-specific taxes (such as 'special' taxes or 'telecoms' taxes), and other taxes, as illustrated in

Appendix 4. These individual taxes paid are not broken down into their component parts but reflect, cumulatively, the tax contributions paid to governments by the relevant Vodafone entities in each country.

Direct government revenue contribution: non-taxation mechanisms

This encompasses all other forms of government revenue raised in addition to a country's direct taxation regime, including telecoms licence fees, radio spectrum management fees, proceeds from revenue-sharing agreements, usage fees and proceeds from radio spectrum auctions. Examples of these payment types are listed in Appendix 4.

£3.9 billion

contributed in other non-taxation-based fees and levies, such as spectrum licences

Indirect government revenue contribution

This encompasses taxes collected by companies on behalf of national governments, including Pay As You Earn (PAYE) income tax, employees' National Insurance contributions, withholding taxes, sales and consumption taxes, and VAT. These indirect contributions to government revenue would not be collected (or generated to the same extent) if the company did not employ people and offer services or products to the customers responsible for paying the tax in question, or procure goods and services from its suppliers on which such taxes are due.

⁸ Page 35 of the [OECD guidance on country by country reporting](#)



Capital investment

Our significant investments in building and maintaining the networks and services – relied upon by more than 462 million mobile and 13.4 million broadband customers around the world – are often taken into account by local tax authorities when determining corporate tax liabilities.

Direct employment

Vodafone is an important source of employment and skills transfer worldwide. We provided incomes, benefits and the potential for a technology sector career path, as well as skills development for 107,667 people in more than 26 countries as of the end of March 2016. In addition, we have contractual relationships with many thousands of suppliers and partner companies around the world, each of which relies to a greater or lesser extent on revenues from Vodafone to pay their employees' wages. This year, we have been able to allocate all of the employees in our central Group functions to the relevant territory, which has resulted in a number of year on year variances as detailed in the tables below.

107,667

people employed in more than
26 countries around the world

The forthcoming country-by-country reporting requirements set out by the OECD will require the disclosure of this kind of data to national tax authorities on a confidential basis. We explain our support for that approach earlier in this Report and believe that this disclosure – made on a voluntary basis – of the information set out below, will help to provide greater public insight into Vodafone's significant economic contribution to the societies in which we operate.

We have no view on the merits of direct versus indirect taxation nor on the distinction between the revenues that flow to governments from taxation versus those obtained through other means such as spectrum fees. Governments – not companies – determine the rules.

It is worth noting that the figures will also vary widely from country to country and from year to year as a result of local differences between, and annual movements in, factors such as levels of profit and capital investment. There are also wide variations in local taxation regimes and other government revenue-raising mechanisms, many of which change from year to year. For example, non-taxation-based revenues will typically be very high in a year in which a government benefits from the proceeds of a spectrum auction (as happened in India in 2015-16), but much lower in a year where no such auction takes place. It is therefore not possible to draw any meaningful conclusions when seeking to compare the financial data for one country with that of another.



Country-by-country narrative reporting

In this year's Report, as previously, we aim to provide an informative overview of our activities in each of the countries listed below. We include a summary setting out the context of our activities in each location together with the relevant financial data in order to offer an insight into the factors that determine Vodafone's overall tax and economic contribution in a local market. That summary includes a list of Vodafone's legal entities present in the country plus a brief description of the purpose of those entities.

The countries included here extend beyond those in which we have an operating licence as a mobile and/or fixed-line telecoms provider and include three further categories:

- countries in which we maintain an active corporate function servicing the Group as a whole but where we do not operate as a communications provider;
- countries in which we have a legal entity focused on marketing, sales and client support for large corporate and multinational customers but do not operate as a communications provider; and

- countries in which we have legacy legal entities that were inherited as part of an acquisition in the past and which do not play an active role in the Group's overall structure or are otherwise dormant.

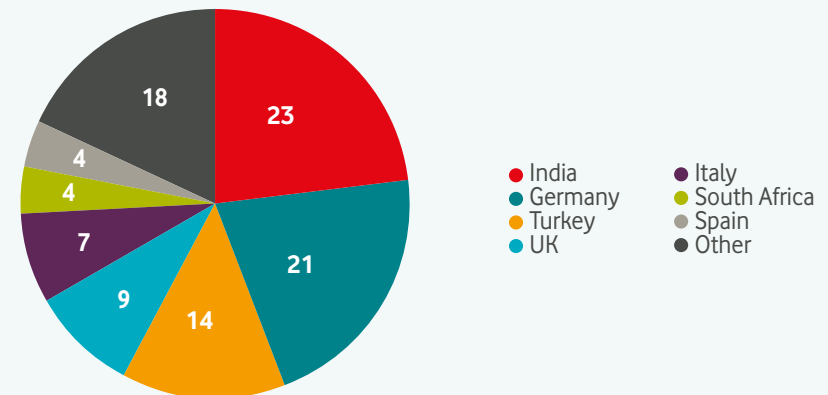
In a number of countries we have holding companies which manage our subsidiary investments and joint ventures, whose main source of income is dividends from their respective subsidiaries and joint ventures. Those dividends are paid from the profits remaining after we've paid tax to the government of the country in which the subsidiary company is located.

Our holding companies are based in countries which provide a stable foundation for numerous multinational organisations to enable the efficient flow of funding between our individual country businesses, in a manner which is also transparent. As we explain in our [Tax Principles](#), we do not enter into artificial arrangements (by which we mean arrangements that are not linked to genuine business requirements) that would not stand up to scrutiny by the relevant tax authorities, nor do we artificially transfer profits from one jurisdiction to another to minimise tax payments.

Those Principles apply to all of our legal entities in all countries, including dormant entities in so-called 'tax haven' locations which were established in the past by companies subsequently acquired by Vodafone. It takes time and money to liquidate those dormant entities so it is often simpler to retain them as inactive legacy entities with continued full disclosure to the relevant tax authorities. We also enter into Partner Market agreements with third-party

local telecommunications operators where we have no operational control over, or shareholding in, those third parties. Under some of those agreements, the local operator is permitted to use the Vodafone brand. This Report does not include jurisdictions where this is the case as we do not have a shareholding in, or control over, those third parties and they are not included within our consolidated Group accounts.

Our total contribution by country – %



Our contribution, country by country

Europe

Albania

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 84 | 5 | 4 | 6 | 5 | 18 | 425 |
| 2014-15 | n/a | n/a | 8 | 8 | 8 | 23 | 411 |
| | We are a significant international investor in Albania where we operate mobile services with 1.8 million customers as of 31 March 2016. We also provide communications services to Albanian businesses. We entered the market in 2001 through the award of a mobile licence. In 2015, we established a financial services business to bring the M-Pesa mobile money service to Albanian society. | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Albania M-Pesa SHPK • Vodafone Albania SHA | | | | | | |

Czech Republic

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 366 | 19 | 12 | 17 | 47 | 74 | 1,735 |
| 2014-15 | n/a | n/a | 10 | 8 | 44 | 83 | 1,823 |
| | We have one of the largest and most modern 4G network in the Czech Republic where we operate mobile and fixed-line services with 3.4 million customers as of 31 March 2016. We offer 3G and 4G coverage to 99% of the Czech population and also provide communications services to Czech businesses. We entered the market in 2005 through the acquisition of Oskar Mobil. Our 2015-16 non-tax contribution was higher than in the prior year primarily as a consequence of an initial payment for a spectrum licence following an auction which increased government receipts in that year. | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Czech Republic A.S. • COOP Mobil S.R.O. • Oskar Mobil S.R.O. | | | | | | |

Germany

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---------------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 7,863 | (347) | 189 | 1,371 | 854 | 1,907 | 16,034 |
| 2014-15 | n/a | n/a | 206 | <1 | 1,026 | 2,203 | 15,568 |
| | <p>Vodafone Germany is one of the leading integrated communications companies in Germany with 43.7 million SIM cards and 6.1 million fixed broadband customers. It offers mobile, fixed-line and TV services as well as a comprehensive ICT portfolio for enterprise customers, including world-class secure cloud computing services hosted and operated within Germany. The largest data centre in Vodafone is located in Germany and provides a range of IT services across the Group as a whole.</p> <p>Vodafone entered the market in 1993 when it acquired a 17% equity interest in E-Plus. In 1999, we acquired a 35% stake in Mannesmann Mobilfunk as a result of our merger with AirTouch which also resulted in the disposal of our interest in E-Plus. In 2000, Vodafone completed its takeover of Mannesmann AG and took full control of what is now Vodafone Germany.</p> <p>We have a number of holding companies in the country. These companies only own assets in Germany and do not affect our overall local tax position.</p> <p>We incurred a loss in Germany during 2015-16 for many of the reasons discussed earlier in the Report, where, previously, declining revenues have meant the profits we earned were not sufficient to cover the interest costs on Germany's historic debt financing, including the debt which financed the purchase of spectrum licences and the acquisition of Kabel Deutschland.</p> <p>Our 2015-16 indirect tax contributions were higher in the prior year principally due to higher wage tax payments relating to Kabel Deutschland and a restructuring programme which was undertaken in that year. Our non-tax contributions in 2015-2016 include the payments made to acquire spectrum licences in an auction held during the year.</p> | | | | | | |
| Number of legal entities | 26 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Bluefish Communications GmbH • Kabel Deutschland Holding AG • Kabel Deutschland Holding Erste Beteiligungs GmbH • Kabel Deutschland Holding Zweite Beteiligungs GmbH • Kabel Deutschland Siebte Beteiligungs GmbH • Kabelcom Braunschweig Gesellschaft für Breitbandkabel-Kommunikation mit beschränkter Haftung • Kabelcom Wolfsburg Gesellschaft für Breitbandkabel-Kommunikation mit beschränkter Haftung • Kabelfernsehen München Servicenter Gesellschaft mit beschränkter Haftung Beteiligungsgesellschaft • Kabelfernsehen München Servicenter GmbH & Co. KG • TKS Telepost Kabel-Service Kaiserslautern Beteiligungs GmbH • TKS Telepost Kabel-Service Kaiserslautern GmbH & Co. KG • Urbana Teleunion Rostock GmbH & Co. KG • Verwaltung Urbana Teleunion Rostock GmbH • Vodafone 1 Beteiligungs GmbH • Vodafone Automotive Deutschland GmbH • Vodafone Enterprise Germany GmbH • Vodafone GmbH • Vodafone Group Services GmbH • Vodafone Institut für Gesellschaft und Kommunikation GmbH • Vodafone Kabel Deutschland Field Services GmbH • Vodafone Kabel Deutschland GmbH • Vodafone Kabel Deutschland Kundenbetreuung GmbH • Vodafone Stiftung Deutschland gemeinnützige GmbH • Vouchercloud GmbH • Kabel Deutschland Neunte Beteiligungs GmbH • Vodafone Vierte Verwaltungsgesellschaft GmbH | | | | | | |

Greece

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 621 | 17 | 16 | 6 | 145 | 93 | 2,118 |
| 2014-15 | n/a | n/a | 26 | 104 | 154 | 75 | 2,228 |
| | We are a significant international investor in Greece where we operate mobile, fixed-line and TV services with 6.3 million customers as of 31 March 2016. We also provide communications services to Greek businesses. We entered the market in 1992 when Panafon S.A. was awarded a mobile licence. In 2014, we acquired the Hellas Online fixed-line and TV business. Our 2015-16 tax contributions are lower than the prior year due to a decrease in profitability and the impact of the resolution of a tax case, while our non-tax contribution was lower year on year as 2014-15 included a spectrum auction. | | | | | | |
| Number of legal entities | 6 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • 360 Connect S.A. • Vodafone Global Enterprise Telecommunications (Hellas) A.E. • Hellas Online S.A. • Victus Networks S.A. • Vodafone Panafon Hellenic Telecommunications Company S.A. • Zelitron S.A. | | | | | | |

Hungary

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 312 | 8 | 20 | 16 | 86 | 66 | 3,366 |
| 2014-15 | n/a | n/a | 19 | <1 | 88 | 61 | 2,949 |
| | We are a significant international investor in Hungary where we operate mobile services with 2.8 million customers as of 31 March 2016. We also provide communications services to Hungarian businesses. We entered the market in 1999 through the award of a mobile licence to Vodafone Hungary. We also operate a large shared services centre in Hungary which provides specialist finance, supply chain, HR and enterprise support to companies across the Group as a whole. Non-tax contributions have increased in 2015-16 due to increased spectrum and related taxes. | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Tesco MBL Telecommunications Company Limited • Vodafone Magyarország Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag • Vodafone Shared Services Budapest Private Limited Company | | | | | | |

Ireland

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---------------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 747 | (13) | 19 | 15 | 82 | 168 | 1,272 |
| 2014-15 | n/a | n/a | 25 | 9 | 69 | 166 | 1,155 |
| | <p>We are one of the largest international investors in Ireland where we operate mobile and fixed-line services with 2.2 million customers as of 31 March 2016. We are also a significant provider of communications services to Irish corporate and public sector customers. We entered the market in 2001 through the acquisition of Eircell.</p> <p>We operate a data centre in Ireland which provides IT services to companies across the Group as a whole. In 2015, we established a joint venture, Siro Limited, with the local electricity company ESB to bring ultrafast fibre-optic broadband services directly to the premises in more than 50 towns across Ireland. Many of the legal entities in Ireland were inherited as a result of small local acquisitions to expand our Irish operations and most of these are now dormant. Direct tax contributions have decreased year on year due to a decline in profits, while non-tax contributions have increased as a result of the delayed implementation of spectrum acquired in 2012. Indirect contributions increased largely due to the impact of the acquisition of the remaining 50% of Eudokia Limited, a network infrastructure company.</p> | | | | | | |
| Number of legal entities | 22 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • SIRO Limited • Cable & Wireless GN Limited • Cable & Wireless (Ireland) Limited • Cable & Wireless Services (Ireland) Limited • Complete Network Technology Limited • Energis Communications (Ireland) Limited • Eudokia Limited • Fonua Limited • Interfusion Networks Limited • MediaOne Limited • Person to Person Limited • Stentor Limited • Talk To Me Limited • Vodafone Global Network Limited • Vodafone Group Services (Ireland) Limited • Vodafone Ireland Distribution Limited • Vodafone Ireland Limited • Vodafone Ireland Marketing Limited • Vodafone Ireland Property Holdings Limited • Vodafone Ireland Retail Limited • Vodafone Ireland Sales Limited • Western Cellular Limited | | | | | | |

Italy

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 4,542 | 464 | 123 | 203 | 517 | 1,190 | 7,384 |
| 2014-15 | n/a | n/a | 96 | 23 | 734 | 1,154 | 6,864 |
| | <p>We are one of the largest international investors in Italy where we operate mobile and fixed-line services with 26.1 million customers as of 31 March 2016. We are also a significant provider of communications services to Italian corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies.</p> <p>We entered the market in 1999 through the acquisition of our original stake in Omnitel as part of the merger with AirTouch. In 2014, we acquired one of the world's leading automotive Machine-to-Machine (M2M) companies, Cobra Group, now Vodafone Automotive, and have located the headquarters of our global automotive Internet of Things (IoT) practice in the country. We also operate a data centre in Italy which provides a range of IT services to companies across the Group as a whole.</p> <p>Our 2015-16 direct tax contribution was higher than the prior year as a result of the absence of repayments in respect of overpaid taxes, while indirect contributions decreased primarily on account of an increase in customers taking out pre-paid mobile services and a corresponding decrease in post-paid contracts. Non-tax contributions increased as a result of the acquisition of additional spectrum in the year.</p> | | | | | | |
| Number of legal entities | 8 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Automotive Electronic Systems S.r.L • Vodafone Automotive Italia S.p.A. • Vodafone Automotive S.p.A. • Vodafone Enterprise Italy S.r.L • Vodafone Gestioni S.p.A. • Vodafone Global Enterprise (Italy) S.r.L. • Vodafone Italia S.p.A. • Vodafone Servizi E Tecnologie S.r.L. | | | | | | |

Malta

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 68 | 115 | 4 | 2 | 9 | 12 | 343 |
| 2014-15 | n/a | n/a | 6 | 2 | 8 | 12 | 321 |
| | <p>We are a significant international investor in Malta where we operate mobile and fixed-line services with around 310,000 customers as of 31 March 2016. We also provide communications services to Maltese businesses. We entered the market in 1990 through the award of a mobile licence. We base our global insurance operation in Malta where we provide services such as individual customer warranties for companies across the Group as a whole.</p> | | | | | | |
| Number of legal entities | 4 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Multi Risk Benefits Limited • Multi Risk Indemnity Company Limited • Multi Risk Limited • Vodafone Malta Limited | | | | | | |



Netherlands

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---------------------------------|---|------------------------|---------------------------------------|--|------------------------------------|-------------------------|-------------------|
| 2015-16 | 1,384 | (64) | 48 | - | 177 | 250 | 3,598 |
| 2014-15 | n/a | n/a | 20 | - | 196 | 295 | 3,480 |
| | <p>We are a large international investor in the Netherlands where we operate mobile and fixed-line services with 5.1 million customers as of 31 March 2016. We are also a significant provider of communications services to Dutch corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies. We entered the market in 1995 through the award of a mobile licence.</p> <p>The Netherlands is Vodafone's main holding company location as the country offers:</p> <ul style="list-style-type: none"> • a stable economic and political environment; • an extensive network of international bilateral treaties designed to protect companies investing overseas; • a commitment to providing certainty in advance on tax matters; and • a long-established principle of capital import neutrality under which the Netherlands authorities do not levy additional taxes on investments overseas by companies based in the Netherlands when specific conditions are met. <p>Our holding companies in the Netherlands own the majority of the Group's international assets which makes it more straightforward for us to invest in expanding our businesses worldwide. This is particularly important for our emerging markets companies whose access to capital would be severely constrained if limited to local sources of financing only.</p> <p>We incurred a loss in the Netherlands in 2015-16 as a tough trading environment over a number of years has meant the profits from our operating business are lower than the interest costs our holding companies incur on debt used to acquire new investments. Our 2015-16 direct tax contributions are higher than the previous year as 2014-15 included a repayment of tax which was overpaid in an earlier period.</p> <p>In December 2016, we completed the merger of our Dutch operating company with Ziggo – the local subsidiary of Liberty Global – to create a 50:50 joint venture national unified communications provider in the Netherlands.</p> | | | | | | |
| Number of legal entities | 10 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Cable & Wireless Aspac BV • Cable & Wireless Internet Service Provider BV • European Networks BV • mITE • Vodafone Enterprise Netherlands BV | | | <ul style="list-style-type: none"> • Vodafone Europe BV • Vodafone International Holdings BV • Vodafone Libertel BV • Vodafone Panafon International Holdings BV • XM Mobile BV | | | |

Portugal

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 716 | 23 | 26 | 23 | 78 | 257 | 1,483 |
| 2014-15 | n/a | n/a | 37 | 23 | 92 | 268 | 1,433 |
| | We are one of the largest international investors in Portugal where we operate mobile, fixed-line and TV services with 5.3 million customers as of 31 March 2016; we also reach 1.6 million homes with our ultra-fast fibre-optic network and provide communications services to Portuguese businesses. We entered the market in 1999 following the merger with the AirTouch group under which we acquired Telecel. Tax contributions have decreased year on year as a result of a reduction in profits. | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Celfocus – Soluções Informáticas Para Telecomunicações SA • Oni Way – Infocomunicações SA • Vodafone Portugal Comunicações Pessoais SA | | | | | | |

Romania

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 558 | 39 | 24 | 17 | 71 | 97 | 3,993 |
| 2014-15 | n/a | n/a | 26 | 13 | 72 | 103 | 3,705 |
| | We are a significant international investor in Romania where we operate mobile services with 8.5 million customers as of 31 March 2016. We also provide communications services to Romanian businesses. We entered the market in 2005 through the acquisition of Mobifon. In 2015, we established a financial services business to bring the M-Pesa mobile money service to Romanian society. We also operate a large technology shared services centre in Romania which provides specialist back-office and technology support to companies across the Group as a whole. | | | | | | |
| Number of legal entities | 4 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Romania M – Payments SRL • Vodafone Romania SA • Vodafone Romania Technologies SRL • Vodafone Shared Services Romania SRL | | | | | | |

Spain

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 3,679 | (268) | 139 | 60 | 245 | 862 | 6,006 |
| 2014-15 | n/a | n/a | 199 | 100 | 279 | 850 | 6,050 |
| | <p>We are one of the largest international investors in Spain where we operate mobile, fixed-line and TV services with 17.3 million customers as of 31 March 2016. We are also a significant provider of communications services to Spanish corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies. We entered the market in 2000 when Vodafone Group acquired a stake in Airtel Movil, which was awarded its first mobile licence in 1995. In 2014, we acquired the ONO Group, which offers cable TV and fixed-line services.</p> <p>We incurred a loss in Spain during 2015-16 for many of the reasons discussed earlier in the Report. Previously, declining revenues have meant the profits we earned have not been sufficient to cover the interest costs on Spain's historic debt financing, including debt which financed spectrum licences and the acquisition of the Ono Group.</p> <p>Our economic contributions have decreased in 2015-16 largely due to the impact of synergies achieved between the fixed and mobile companies and the timing of payments in respect of spectrum licence fees.</p> | | | | | | |
| Number of legal entities | 8 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Grupo Corporativo ONO S.A.U. • Tenaria S.A.U. • Vodafone Automotive España S.L. • Vodafone Enabler España S.L. • Vodafone Enterprise Spain S.L.U. • Vodafone España S.A.U. • Vodafone Holdings Europe S.L.U. • Vodafone ONO S.A.U. | | | | | | |

United Kingdom

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|--|--|---|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 6,719 | (486) | 257 | 34 | 721 | 1,237 | 17,965 |
| 2014-15 | n/a | n/a | 320 | 28 | 726 | 1,309 | 16,681 |
| <p>Vodafone was founded in the UK more than 30 years ago. The country remains the domicile of the Group; however, as Vodafone has expanded internationally, the UK now accounts for less than 1% of the Group's total adjusted operating profit as of 31 March 2016. More than 95% of our customers and around 84% of our employees are outside the UK and less than a quarter of our top 230 global senior leaders are nationals from our country of domicile.</p> <p>We are one of the largest private infrastructure investors in the UK where we operate mobile and fixed-line services with 18.3 million customers as of 31 March 2016. We are also a significant provider of communications services to UK corporate and public sector customers, from small and medium-sized enterprises and local government departments to central government and some of the world's largest multinational companies.</p> <p>In addition to the Vodafone UK local operating business, the Group's core global functions are located in the UK. These include the corporate headquarters which provides professional support services to companies across the Group as a whole. For example, the Vodafone brand (and associated intellectual property assets) and global brand management team are located in the UK. This means that under transfer pricing arrangements (explained earlier in this Report) which have been agreed with tax authorities around the world, all of the Group's operating businesses pay royalty fees into the UK for the use of the Vodafone brand and to fund the activities of the team which oversees it. Similarly, the global function which supports the Group's affiliate Partner Market network is also based in the UK. We also have a number of UK holding companies (which ultimately own the entire Group) as well as companies that manage the external treasury activities of the Group as a whole.</p> <p>Direct tax contributions were lower given the conclusion in 2015-16 of payments scheduled under the Controlled Foreign Companies settlement with HMRC in 2010 resulting in a full and final settlement of £1.25 billion, as explained earlier in the Report.</p> <p>All of these activities create revenue that is subject to tax in the UK after the costs incurred. Our overall UK profit and tax liabilities are also determined by the factors explained earlier in the Report including:</p> <ul style="list-style-type: none"> • substantial levels of capital investment (more than £1.2 billion in 2015-16); • significant debts associated with UK spectrum costs and to fund the expansion of the Group; and • low profitability of the UK mobile market compared with other countries. <p>All these factors combined have the effect of suppressing the total profit before tax in the UK, which fell to a loss of £486 million in 2015-16. This figure also reflects the impact of lower service revenue amid ongoing customer service challenges arising from a billing IT system migration.</p> <p>Our long history in the UK means that we have a significant number of legal entities linked to past mergers and acquisitions or discontinued lines of business which play no active role in the Group today. Almost 70% of all Vodafone legal entities in the UK are dormant but remain registered for the reasons we explained earlier in the Report.</p> | | | | | | | |
| Number of legal entities | 201 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • AAA (Euro) Limited • AAA (MCR) Limited • AAA (UK) Limited • Acorn Communications Limited • Apollo Submarine Cable System Limited • Aspective Limited • Astec Communications Limited • Bluefish Communications Limited | <ul style="list-style-type: none"> • Business Serve Limited • C.S.P. Solutions Limited • Cable and Wireless (India) Limited • Cable & Wireless Access Limited • Cable & Wireless A-Services Limited • Cable & Wireless Aspac Holdings Limited • Cable & Wireless Capital Limited • Cable & Wireless CIS Services Limited | <ul style="list-style-type: none"> • Cable & Wireless Communications Data Network Services Limited • Cable & Wireless Communications Starclass Limited • Cable & Wireless Europe Holdings Limited • Cable & Wireless Global Business Services Limited | <ul style="list-style-type: none"> • Cable & Wireless Global Holding Limited • Cable & Wireless Global Telecommunication Services Limited • Cable & Wireless Holdco Limited • Cable and Wireless Nominee Limited • Cable & Wireless Trade Mark Management Limited • Cable & Wireless U.K. | | | |

United Kingdom (continued)

Legal entities (continued)

- Cable & Wireless UK Holdings Limited
- Cable & Wireless UK Services Limited
- Cable & Wireless Waterside Holdings Limited
- Cable & Wireless Worldwide Pension Trustee Limited
- Cable & Wireless Worldwide plc
- Cable & Wireless Worldwide Services Limited
- Cable & Wireless Worldwide Voice Messaging Limited
- Cellops Limited
- Cellular Operations Limited
- Central Communications Group Limited
- Central Telecom (Northern) Limited
- Chelys Limited
- City Cable (Holdings) Limited
- Cornerstone Telecommunications Infrastructure Limited
- CT Networks Limited
- CWW Operations Limited
- Dataroam Limited
- Digital Island (UK) Limited
- Digital Mobile Spectrum Limited
- Emtel Europe Limited
- Energis (Ireland) Limited
- Energis Communications Limited
- Energis Holdings Limited
- Energis Local Access Limited
- Energis Management Limited
- Energis Squared Limited
- Erudite Systems Limited
- Eurocall Holdings Limited
- Flexphone Limited
- FM Associates (UK) Limited
- Gateway Communications Africa (UK) Limited
- General Mobile Corporation Limited
- Generation Telecom Limited
- Global Cellular Rental Limited
- How2 Telecom Limited
- Intercell Communications Limited
- Intercell Limited
- Internet Network Services Limited
- Invitation Digital Limited
- Isis Telecommunications Management Limited
- Jaguar Communications Limited
- Legend Communications plc
- London Hydraulic Power Company
- Metroholdings Limited
- ML Integration Group Limited
- ML Integration Limited
- ML Integration Services Limited
- Mobile Phone Centre Limited
- Mobiles 4 Business.com Limited
- Nat Comm Air Limited
- Netforce Group Public Limited Company
- Oxygen Solutions Limited
- P.C.P. (North West) Limited
- Peoples Phone Limited
- Pinnacle Cellular Group Limited
- Pinnacle Cellular Limited
- Project Telecom Holdings Limited
- PT Network Services Limited
- PTI Telecom Limited
- Quickcomm UK Limited
- Rian Mobile Limited
- Singlepoint (4U) Limited
- Singlepoint Payment Services Limited
- Stentor Communications Limited
- T.W. Telecom Limited
- T3 Telecommunications Limited
- Talkland Airtime Services Limited
- Talkland Communications Limited
- Talkland International Limited
- Talkland Midlands Limited
- Talkmobile Limited
- Telecommunications Europe Limited
- Ternhill Communications Limited
- The Eastern Leasing Company Limited
- The Old Telecom Sales Co. Limited
- Thus Group Holdings Limited
- Thus Group Limited
- Thus Group plc
- Thus Limited
- Thus Profit Sharing Trustees Limited
- Townley Communications Limited
- Uniqueair Limited
- Vizzavi Limited
- Voda Limited
- Vodacall Limited
- Vodacom Business Africa Group Services Limited
- Vodacom UK Limited
- Vodafone (New Zealand) Hedging Limited
- Vodafone (NI) Limited
- Vodafone (Scotland) Limited
- Vodafone 2
- Vodafone 4 UK
- Vodafone 5 Limited
- Vodafone 5 UK
- Vodafone 6 UK
- Vodafone Americas 4 Limited
- Vodafone Automotive UK Limited
- Vodafone Benelux Limited
- Vodafone Business Services Limited
- Vodafone Business Solutions Limited
- Vodafone Cellular Limited
- Vodafone Central Limited
- Vodafone Central Services Limited
- Vodafone Connect 2 Limited
- Vodafone Connect Limited
- Vodafone Consolidated Holdings Limited
- Vodafone Corporate Limited
- Vodafone Corporate Secretaries Limited
- Vodafone DC Pension Trustee Company Limited
- Vodafone Distribution Holdings Limited
- Vodafone Enterprise Europe (UK) Limited
- Vodafone Enterprise Global Limited
- Vodafone Euro Hedging Two
- Vodafone Euro Hedging Limited
- Vodafone Europe UK
- Vodafone European Investments
- Vodafone European Portal Limited
- Vodafone Finance Limited
- Vodafone Finance Luxembourg Limited
- Vodafone Finance Sweden
- Vodafone Finance UK Limited
- Vodafone Financial Operations
- Vodafone Global Content Services Limited
- Vodafone Global Enterprise Limited
- Vodafone Group (Directors) Trustee Limited
- Vodafone Group Pension Trustee Limited
- Vodafone Group Plc
- Vodafone Group Services Limited
- Vodafone Group Services No.2 Limited
- Vodafone Group Share Trustee Limited
- Vodafone Hire Limited
- Vodafone Holdings Luxembourg Limited
- Vodafone Intermediate Enterprises Limited
- Vodafone International Holdings Limited
- Vodafone International Operations Limited
- Vodafone Investment UK
- Vodafone Investments Australia Limited
- Vodafone Investments Limited
- Vodafone IP Licensing Limited
- Vodafone Leasing Limited
- Vodafone Limited
- Vodafone M.C. Mobile Services Limited
- Vodafone Marketing UK
- Vodafone Mobile Commerce Limited



United Kingdom (continued)

| | | | | |
|-----------------------------------|--|---|--|---|
| Legal entities (continued) | <ul style="list-style-type: none"> • Vodafone Mobile Communications Limited • Vodafone Mobile Enterprises Limited • Vodafone Mobile Network Limited • Vodafone Multimedia Limited • Vodafone Nominees Limited • Vodafone Oceania Limited • Vodafone Old Show Ground Site Management Limited | <ul style="list-style-type: none"> • Vodafone Overseas Finance Limited • Vodafone Overseas Holdings Limited • Vodafone Panafon UK • Vodafone Partner Services Limited • Vodafone Property Investments Limited • Vodafone Retail (Holdings) Limited • Vodafone Retail Limited • Vodafone Sales & Services Limited • Vodafone Satellite Services Limited | <ul style="list-style-type: none"> • Vodafone Specialist Communications Limited • Vodafone UK Content Services Limited • Vodafone UK Investments Limited • Vodafone UK Limited • Vodafone Ventures Limited • Vodafone Worldwide Holdings Limited • Vodafone Yen Finance Limited • Vodafone Limited | <ul style="list-style-type: none"> • Vodata Limited • Woodend Cellular Limited • Woodend Communications Limited • Woodend Group Limited • Woodend Holdings Limited • Your Communications Group Limited • Vodafone Enterprise Equipment Limited |
|-----------------------------------|--|---|--|---|

Africa, Middle East and Asia-Pacific

Australia

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---------------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 867 | (108) | 13 | 16 | 38 | 118 | 1,593 |
| 2014-15 | n/a | n/a | 13 | 31 | 28 | 209 | 1,695 |
| | <p>We operate telecommunication services in Australia under a 50:50 joint venture with Hutchison Telecommunications (Australia) Limited with 5.2 million customers as of 31 March 2016. We also support a number of enterprise customers in Australia. We first entered the market in 1992 through the award of a mobile licence to Vodafone Pty Limited and established the joint venture with Hutchison in 2009.</p> <p>Our joint venture incurred a loss in 2015-16 as the business continues to recover following the difficulties it faced in previous years. Our 2015-16 non-tax contribution was lower than in the prior year as a consequence of the spectrum auction in 2013-14. We have included the individual entities owned by Vodafone Hutchison Australia Group for the first time this year.</p> | | | | | | |
| Number of legal entities | 15 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Bluefish Australia Pty Limited • H3GA Properties (No 3) Pty Limited • Mobileworld Communications Pty Limited • Mobileworld Operating Pty Limited • PPL Pty Limited • Quickcomm (Pty) Limited • Vodafone Australia Pty Limited • Talkland Australia Pty Limited • VAPL No. 2 Pty Limited • Vodafone Enterprise Australia Pty Limited • Vodafone Hutchison Australia Pty Limited • Vodafone Hutchison Finance Pty Limited • Vodafone Hutchison Receivables Pty Limited • Vodafone Network Pty Limited • Vodafone Pty Limited | | | | | | |

Democratic Republic of Congo

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 285 | (8) | 35 | 38 | 35 | 63 | 634 |
| 2014-15 | n/a | n/a | 30 | 20 | 34 | 78 | 691 |
| | <p>Vodacom is the second largest mobile operator in the Democratic Republic of the Congo (DRC). Over the last three years, we have invested more than £75 million in developing the networks and services relied on by our 8.5 million customers (as of 31 March 2016); this in turn has contributed positively towards economic development and job creation.</p> <p>Vodacom Congo (RDC) s.p.r.l. is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 51% of the company. Congo Wireless Network owns the remaining interest. Vodacom entered the DRC in 2002 through the award of a mobile licence. Vodacom also operates mobile financial services through Vodacash s.p.r.l. (also known as M-Pesa in other markets), providing mobile money transfer, savings and credit services to people unable to access traditional banking systems.</p> <p>Non-tax contributions increased in the year due to the renewal of our 2G licence in December 2015.</p> | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodacom Congo (RDC) SA • Vodacash s.p.r.l. | | | | | | |

Egypt

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 1,202 | 293 | 120 | 67 | 166 | 299 | 8,373 |
| 2014-15 | n/a | n/a | 107 | 47 | 148 | 316 | 8,456 |
| | <p>We are a significant international investor in Egypt where we operate mobile services with 38.7 million customers as of 31 March 2016. We also provide communications services to Egyptian businesses. We own 54.9% of Vodafone Egypt (the remaining stake is owned by Telekom Egypt) and entered the market in 1998 through the award of a mobile licence. We also operate a large technology shared services centre in Egypt which provides IT and customer support to companies across the Group as a whole. Economic contributions have increased year on year mainly due to an increase in revenue.</p> | | | | | | |
| Number of legal entities | 7 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Misrfone Trading Company LLC • Sarmady Communications • Starnet • Vodafone Data • Vodafone Egypt Telecommunications S.A.E. • Vodafone International Services LLC • Wateaneyea Telecommunications S.A.E. | | | | | | |

Fiji

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---------------------------|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | - | - | - | - | - | - |
| 2014-15 | n/a | n/a | 4 | - | - | - | - |
| We disposed of our Fijian business in 2014-15. The direct tax contribution in 2015 includes the tax we paid to the Fijian Government arising from the disposal. | | | | | | | |
| Number of legal entities | Nil – sold in 2014 | | | | | | |

Ghana

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 194 | (66) | 4 | 7 | 42 | 33 | 1,149 |
| 2014-15 | n/a | n/a | 6 | 12 | 29 | 33 | 1,154 |
| <p>We are a significant international investor in Ghana where we operate mobile and fixed-line services with 7.9 million customers as of 31 March 2016. We also provide communications services to Ghanaian businesses. We own 70% of Vodafone Ghana (the remaining 30% is owned by the Ghanaian Government) and entered the market in 2008 through the acquisition of Ghana Telecom. Vodafone Ghana also provides mobile financial services through M-Pesa, enabling people unable to access traditional banking systems to benefit from money transfer, savings and credit services.</p> <p>Our business in Ghana operates in a market where the profits we can generate by providing the services described above to customers do not yet cover the cost of funding the business's investment in building and running the required network and operations. Our indirect tax contributions have increased in the year as a result of higher revenues generated by an increase in customer numbers.</p> | | | | | | | |
| Number of legal entities | 4 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Ghana Telecommunications Company Limited • National Communications Backbone Company Limited • Vodacom Business (Ghana) Limited • Vodafone Ghana Mobile Financial Services Limited | | | | | | |

India

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 5,230 | (226) | 417 | 1,083 | 1,141 | 946 | 22,483 |
| 2014-15 | n/a | n/a | 412 | 568 | 1,053 | 987 | 19,471 |
| <p>We are one of the largest international investors in India where we operate mobile and fixed-line services with 197.9 million customers as of 31 March 2016. We are also a significant provider of communications services to Indian corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies.</p> <p>We entered the market in 2007 through the acquisition of assets owned by Hutchison. Local rules limiting the extent to which non-Indian shareholders could own assets in certain sectors led to unavoidably complex ownership arrangements until 2013 when we were permitted to acquire the remaining interests held by minority investors and were then able to begin to rationalise our overall corporate structure in India – a process which continues.</p> <p>The tax treatment of the 2007 acquisition is the focus of an ongoing dispute with the Indian Government which is explained here.</p> <p>We also operate large technology shared service centres in India which provide specialist back-office and technology support to companies across the Group as a whole. In 2012, we established a financial services business to bring the M-Pesa mobile money transfer service to India. We also own 42% of Indus Towers, one of the world's largest mobile transmission tower companies which provides the passive infrastructure for the radio network for Vodafone India and two of its competitors. During the year we completed a restructuring and simplification of our Indian operating business which resulted in reducing eight operating companies into two operating companies through a merger process.</p> <p>Our business in India operates in a challenging environment and incurred a loss in 2015-16 as the costs of spectrum, investment in our networks and the interest costs incurred with local Indian banks exceeded the profit we make from providing our services to customers.</p> <p>Our 2015-16 non-tax contribution was higher than in the prior year as a consequence of a spectrum auction in 2015-16 which increased government receipts in that year.</p> | | | | | | | |
| Number of legal entities | 26 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • AG Mercantile Company Private Limited • Cable & Wireless Global (India) Private Limited • Cable & Wireless Networks India Private Limited • Connect (India) Mobile Technologies Private Limited • Indus Towers Limited • Jaykay Finholding (India) Private Limited • Mobile Commerce Solutions Limited • MV Healthcare Services Private Limited • Nadal Trading Company Private Limited • ND Callus Info Services Private Limited • Omega Telecom Holdings Private Limited • Plustech Mercantile Company Private Limited • Scorpio Beverages Private Limited • SMMS Investment Private Limited • Telecom Investments India Private Limited • UMT Investments Limited • Usha Martin Telematics Limited • Vodafone Business Services Limited • Vodafone Global Services Private Limited • Vodafone India Limited • Vodafone India Services Private Limited • Vodafone Mobile Services Limited • Vodafone Mpesa Limited • Vodafone Towers Limited • Vodafone Technology Solutions Limited | | | | | | |

Kenya

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 495 | 164 | 71 | 10 | 104 | 85 | 1,703 |
| 2014-15 | n/a | n/a | 61 | 11 | 92 | 95 | 1,637 |
| <p>We are one of the largest international investors in Kenya, where our associate Safaricom (40% owned by Vodafone) operates mobile services with 25.2 million customers as of 31 March 2016. Safaricom also provides communications services to Kenyan corporate and public sector clients. Vodafone entered the Kenyan market in 2000 through the acquisition of our stake in Safaricom. Our investment is owned and managed by our Kenyan holding company. Other legal entities include the companies responsible for the M-Pesa mobile money service. M-Pesa was initially launched in Kenya and it is now a mainstay of the country's financial system, used by millions of Kenyans every day. Tax contributions are higher in 2015-16 than in the previous year on account of an increase in the number of customers in the year.</p> | | | | | | | |
| Number of legal entities | 4 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • M-Pesa Holding Co. Limited • Safaricom Limited • Vodacom Business (Kenya) Limited • Vodafone Kenya Limited | | | | | | |

Lesotho

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 50 | 19 | 5 | 2 | 2 | 10 | 188 |
| 2014-15 | n/a | n/a | 2 | 2 | 2 | 10 | 170 |
| <p>Vodacom is the largest mobile operator in Lesotho. Over the last three years, Vodacom Lesotho has invested more than £28 million to improve and modernise the network and services relied on by 1.4 million customers as of 31 March 2016.</p> <p>Vodacom Lesotho (Pty) Limited is a subsidiary of the South Africa-based Vodacom Group Limited, through Vodacom International Holdings Pty Limited, which owns 80% of the company. The remaining interest in Vodacom Lesotho is owned by Sekhametsi Enterprises (Pty) Limited. Vodacom entered Lesotho in 1996 through the award of a mobile licence. Vodacom Lesotho also provides mobile financial services through M-Pesa, enabling people unable to access traditional banking systems to benefit from money transfer, savings and credit services.</p> | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodacom Lesotho (Pty) Limited | | | | | | |

Mozambique

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 184 | 14 | 3 | 8 | 12 | 49 | 437 |
| 2014-15 | n/a | n/a | 3 | 7 | 8 | 87 | 387 |
| | <p>Vodacom is the second largest mobile operator in Mozambique. Over the last three years, Vodacom has invested more than £185 million to improve and modernise the networks and services relied on by its 4.8 million customers as of 31 March 2016.</p> <p>Vodacom Mozambique – VM SA – is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 85% of the company. The remaining interest is owned by various minority shareholders. Vodacom entered Mozambique in 2003 through the award of a mobile licence. Vodafone M-Pesa SA provides mobile financial services – including mobile money transfer and savings and credit services – to people unable to access traditional banking systems.</p> | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • VM SA • Vodafone M-Pesa SA | | | | | | |

New Zealand

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 900 | (4) | 48 | 8 | 75 | 108 | 2,883 |
| 2014-15 | n/a | n/a | 9 | 50 | 82 | 129 | 3,134 |
| | <p>We are a significant international investor in New Zealand where we operate mobile, fixed-line and TV services with 2.8 million customers as of 31 March 2016. We are also a significant provider of communications services to New Zealand corporate and public sector customers. We entered the market in 1998 through the acquisition of BellSouth's New Zealand operations, and in 2012 we acquired the TelstraClear fixed-line and TV business. Our 2014-15 direct tax contributions were lower than the prior year as a result of our tax liabilities being offset by a refund of tax paid to the tax authorities in previous years.</p> <p>In June 2016, we announced our intention to merge our New Zealand mobile and fixed-line business with Sky Network Television Limited to create a leading integrated telecommunications and media group in the country. The transaction is currently awaiting regulatory approval.</p> <p>Direct tax contributions have increased in 2015-16 due to withholding taxes being paid on the re-financing of Vodafone New Zealand's debt. Non-tax contributions declined as there was a spectrum auction in 2014-15.</p> | | | | | | |
| Number of legal entities | 5 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • TNAS Limited • TSM NZ Limited • Vodafone Mobile NZ Limited • Vodafone New Zealand Limited • Vodafone Next Generation Services Limited | | | | | | |

Qatar

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 386 | (86) | <1 | 4 | 4 | 73 | 541 |
| 2014-15 | n/a | n/a | - | 2 | - | 101 | 514 |
| | <p>We own 23% of Vodafone Qatar; the Qatar Foundation owns 27% and the remaining shares are publicly held with a listing on the Qatar Exchange. Vodafone Qatar operates mobile and fixed-line services with 1.5 million customers as of 31 March 2016. We entered the market in 2009 through the award of a mobile licence.</p> <p>We incurred a loss in Qatar during 2015-16 as the profits we earn from providing the services mentioned above to our customers do not yet cover the depreciation cost of our licences and our network.</p> | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone and Qatar Foundation L.L.C • Vodafone Qatar Q.S.C. | | | | | | |

South Africa

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 3,041 | 787 | 255 | 18 | 184 | 432 | 5,231 |
| 2014-15 | n/a | n/a | 291 | 14 | 216 | 485 | 4,988 |
| | <p>Vodafone owns 65% of the Vodacom Group; the remaining 35% is publicly owned through a listing on the Johannesburg Stock Exchange. Vodacom is one of Africa's largest public companies and owns our operating businesses in the DRC, Lesotho, Mozambique, South Africa and Tanzania.</p> <p>The large majority of Vodacom's revenues are derived from its biggest operating company, Vodacom South Africa (Pty) Limited, which was founded in 1994. In the South African market, Vodacom is the largest mobile operator and provides mobile and fixed-line services to over 43 million customers as of 31 March 2016. Vodafone acquired a majority interest in Vodacom Group in 2009.</p> <p>Over the last three years, Vodacom has spent £1.2 billion to improve and modernise its network over the same period, in turn contributing positively towards economic development and job creation.</p> <p>Vodafone's tax contributions in 2015-16 are in line with those in 2014-15 in South African Rand but are lower in Pounds Sterling reported terms as a consequence of currency fluctuations.</p> <p>Vodafone Group owns several holding companies in South Africa – its country of domicile – as well as an insurance business which provides services to companies across the Vodacom Group. There are a number of dormant companies with no active role in either Vodafone Group or Vodacom Group. We struck off a number of previously dormant companies in the year as part of a rationalisation of our legal entities in South Africa.</p> | | | | | | |
| Number of legal entities | 27 | | | | | | |

South Africa (continued)

| | | |
|-----------------------|--|---|
| Legal entities | <ul style="list-style-type: none"> • Cable and Wireless Worldwide South Africa (Pty) Limited • Centriq Insurance Company (Pty) Limited • GS Telecom (Pty) Limited • Jupicol (Pty) Limited • Mezzanine Ware (Pty) Limited (RF) • Motifpros 1 (Pty) Limited • Number Portability Company (Pty) Limited • Scarlet Ibis Investments 23 (Pty) Limited • Storage Technology Services (Pty) Limited • Vodacom (Pty) Limited • Vodacom Business Africa Group (Pty) Limited • Vodacom Financial Services (Pty) Limited • Vodacom Group Limited • Vodacom Insurance Administration Company (Pty) Limited | <ul style="list-style-type: none"> • Vodacom Insurance Company (RF) Limited • Vodacom International Holdings (Pty) Limited • Vodacom Life Assurance Company (RF) Limited • Vodacom Payment Services (Pty) Limited • Vodacom Properties No.1 (Pty) Limited • Vodacom Properties No.2 (Pty) Limited • Vodafone Holdings (SA) (Pty) Limited • Vodafone Investments (SA) (Pty) Limited • Waterberg Lodge (Pty) Limited • Wheatfields Investments 276 (Pty) Limited • Wheatfields Investments No 261 (Pty) Limited • X-Link Communications (Pty) Limited • Yebu Yethu Limited |
|-----------------------|--|---|

Tanzania

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---------------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 288 | 19 | 59 | 10 | 36 | 67 | 541 |
| 2014-15 | n/a | n/a | 65 | 8 | 46 | 73 | 525 |
| | <p>Vodacom is the largest mobile operator in Tanzania with 12.4 million customers as of 31 March 2016. Over the last three years, we have invested around £199 million to modernise the networks and services relied on by our customers.</p> <p>Vodacom Tanzania is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 82% of the company. The remaining interest in Vodacom Tanzania is owned by Mirambo Limited. Vodacom Group Limited also has a 49% stake in Mirambo Limited through Cavalry Holdings Limited. Vodacom entered the market in 2000 through the award of a mobile licence and also provides mobile financial services through M-Pesa, offering mobile money transfer, savings and credit services to people unable to access traditional banking systems.</p> | | | | | | |
| Number of legal entities | 5 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Gateway Communications Tanzania Limited • Mirambo Limited • M-Pesa Limited | | | <ul style="list-style-type: none"> • Vodacom Tanzania Limited • Vodacom Tanzania Limited Zanzibar | | | |

Turkey

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 2,212 | (39) | 301 | 860 | 424 | 353 | 3,397 |
| 2014-15 | n/a | n/a | 287 | 209 | 430 | 343 | 3,359 |
| <p>We are a significant international investor in Turkey where we operate mobile and fixed-line services with 22.5 million customers as of 31 March 2016. We are also a significant supplier of communications services to Turkish corporate and public sector customers. We entered the market in 2005 following our acquisition of the assets of Telsim. We have a holding company which owns our Turkish operating business. We also operate a technology R&D centre which provides specialist expertise to companies across the Group as a whole.</p> <p>We incurred a loss in Turkey during 2015-16 as the profits we earn from providing the services mentioned above to our customers do not cover the depreciation cost of our licences and our network, or the interest costs of the financing of the purchase of those licences and network.</p> <p>Our 2015-16 non-tax contributions include the payments made to acquire a spectrum licence following an auction in the year.</p> | | | | | | | |
| Number of legal entities | 8 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Bilgi Ve İletişim Hizmetleri A.Ş. • Vodafone Dagitim Hizmetleri A.Ş. • Vodafone Elektronik Para Ve Ödeme Hizmetleri A.Ş. • Vodafone Holding A.Ş. • Vodafone Net İletişim Hizmetleri A.Ş. • Vodafone Teknoloji Hizmetleri A.Ş. • Vodafone Telekomunikasyon A.Ş. • Vodafone Mobile Operations Limited | | | | | | |

Enterprise sales and marketing locations

Angola

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 3 | <1 | <1 | - | <1 | <1 | 7 |
| 2014-15 | n/a | n/a | - | - | <1 | - | 7 |
| <p>Vodacom Business Limitada is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to Machine-to-Machine and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.</p> | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodacom Business Limitada | | | | | | |



Austria

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | <1 | <1 | <1 | - | - | <1 | - |
| 2014-15 | n/a | n/a | <1 | - | - | - | Note 1 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodafone Enterprise Austria GmbH | | | | | | |

Belgium

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | <1 | (1) | 1 | - | <1 | <1 | 17 |
| 2014-15 | n/a | n/a | 1 | - | 1 | <1 | 16 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also have a legal entity which acts as our representative office in engaging with Brussels-based European institutions. | | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Ipergy Communications NV Vodafone Belgium SA/NV | | | | | | |

Brazil

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | <1 | (1) | <1 | - | <1 | - | 3 |
| Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also have a company supporting our automotive IoT business, which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. | | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Cobra de Brasil Servicos de Telematica Limitada Vodafone Servicos Empresariais Brasil Limitada Datora Mobile Telecomunicações SA | | | | | | |

Cameroon

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 5 | 1 | <1 | <1 | <1 | 1 | 29 |
| 2014-15 | n/a | n/a | <1 | <1 | <1 | <1 | 29 |
| | Vodacom Business Cameroon SA is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to Machine-to-Machine and cloud computing services – to Vodafone’s and Vodacom’s large corporate and multinational customers with a presence across Africa. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodacom Business Cameroon SA | | | | | | |

Canada

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | <1 | <1 | - | - | - | 3 |
| | Our local legal entity provides marketing, sales and client support for Vodafone’s large corporate and multinational customers with an operating presence in the country. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Cable & Wireless Canada Incorporated | | | | | | |

China

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 6 | <1 | <1 | - | 1 | - | 24 |
| 2014-15 | n/a | n/a | <1 | - | <1 | <1 | 24 |
| | Our local legal entity provides marketing, sales and client support for Vodafone’s large corporate and multinational customers with an operating presence in the country. We also operate a company supporting our automotive IoT business, which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Cable & Wireless Communications Technical Services (Shanghai) Co. Limited Cobra (Beijing) Automotive Technologies Co, Limited Vodafone China Limited | | | | | | |

Denmark

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|-----------------------------------|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | <1 | <1 | - | <1 | <1 | - |
| 2014-15 | n/a | n/a | <1 | - | <1 | <1 | Note 1 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | • Vodafone Enterprise Denmark A/S | | | | | | |

France

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 17 | 7 | 1 | - | <1 | 7 | 69 |
| 2014-15 | n/a | n/a | 2 | - | 1 | 3 | 14 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We operate a company supporting our automotive IoT business which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. We also have a dormant company which no longer plays an active role in the Group. | | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Automotive France S.A.S • Vodafone Automotive Telematics Development S.A.S • Vodafone Enterprise France S.A.S | | | | | | |

Hong Kong

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 46 | (7) | <1 | <1 | - | - | 78 |
| 2014-15 | n/a | n/a | <1 | - | - | 3 | 79 |
| Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in Hong Kong. | | | | | | | |
| Number of legal entities | 4 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Enterprise Hong Kong Limited • Vodafone Enterprise Global Network HK Limited • Vodafone Global Enterprise (Hong Kong) Limited • Vodafone China Limited (Hong Kong) | | | | | | |

Ivory Coast

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 2 | <1 | - | - | - | <1 | 9 |
| 2014-15 | n/a | n/a | <1 | - | <1 | <1 | 7 |
| Vodacom Business Côte d'Ivoire s.a.r.l. is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to Machine-to-Machine and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa. | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodacom Business Côte d'Ivoire s.a.r.l. | | | | | | |

Japan

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 3 | 1 | <1 | - | <1 | - | 21 |
| 2014-15 | n/a | n/a | <1 | - | <1 | 1 | 12 |
| Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also operate a company supporting our automotive IoT business which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. | | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodafone Automotive Japan K.K. Vodafone Global Enterprise (Japan) K.K. Vodafone Japan K.K. | | | | | | |

Mexico

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | <1 | - | - | - | - | 3 |
| 2014-15 | n/a | n/a | <1 | - | <1 | - | 2 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodafone Global Enterprise Mexico S.de R.L. de C.V. | | | | | | |



Nigeria

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 32 | (3) | 4 | 1 | 4 | 4 | 196 |
| 2014-15 | n/a | n/a | 1 | 2 | 3 | 5 | 194 |
| | Vodacom Business Africa (Nigeria) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to Machine-to-Machine and cloud computing services – to Vodafone’s and Vodacom’s large corporate and multinational customers with a presence across Africa. | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • C & W Worldwide Nigeria Limited • Spar Aerospace (Nigeria) Limited • Vodacom Business Africa (Nigeria) Limited | | | | | | |

Russia

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 1 | <1 | <1 | <1 | <1 | <1 | 18 |
| | Our local legal entities provide marketing, sales and client support for Vodafone’s large corporate and multinational customers with an operating presence in the country. We also operate a company supporting our automotive IoT business, which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. | | | | | | |
| Number of legal entities | 3 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Cable & Wireless CIS Svyaz LLC • Vodafone Global Enterprise Russia LLC • Autoconnex Limited | | | | | | |

Sierra Leone

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | <1 | <1 | - | - | - | <1 | 3 |
| 2014-15 | n/a | n/a | <1 | - | <1 | <1 | 3 |
| | VBA International (SL) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to Machine-to-Machine and cloud computing services – to Vodafone’s and Vodacom’s large corporate and multinational customers with a presence across Africa. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • VBA International (SL) Limited | | | | | | |



Singapore

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 47 | 2 | 1 | <1 | <1 | 6 | 238 |
| 2014-15 | n/a | n/a | <1 | - | <1 | 8 | 194 |
| Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in Singapore. | | | | | | | |
| Number of legal entities | 4 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Bluefish Apac Communications Pte Limited Vodafone Enterprise Global Network Pte Limited Vodafone Enterprise Regional Business Singapore Pte Limited Vodafone Enterprise Singapore Pte Limited | | | | | | |

South Korea

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 12 | <1 | <1 | <1 | <1 | - | 14 |
| 2014-15 | n/a | n/a | <1 | - | <1 | <1 | Note 1 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in South Korea. We also operate a company supporting our automotive IoT business which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. | | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodafone Automotive Korea Limited Vodafone Global Enterprise South Korea Limited | | | | | | |

Sweden

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | <1 | <1 | <1 | - | <1 | <1 | 2 |
| 2014-15 | n/a | n/a | <1 | - | <1 | <1 | 2 |
| Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. | | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> Vodafone Enterprise Sweden AB | | | | | | |

Switzerland

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 30 | <1 | <1 | <1 | <1 | <1 | 20 |
| 2014-15 | n/a | n/a | <1 | - | 1 | 5 | 3 |
| | Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. We also operate a company supporting our automotive IoT business which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014. | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Automotive Telematics SA • Vodafone Enterprise Switzerland AG | | | | | | |

Taiwan

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | - | <1 | <1 | - | - | - |
| | Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Global Enterprise Taiwan Limited | | | | | | |

Ukraine

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | <1 | <1 | <1 | - | - | <1 | - |
| | Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • LLC Vodafone Enterprise Ukraine | | | | | | |

United States of America

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 43 | (13) | (24) | 1 | 18 | 12 | 579 |
| 2014-15 | n/a | n/a | 4 | <1 | 14 | 9 | 506 |
| | <p>Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. In 2015, we also launched a Vodafone-branded US mobile service for our multinational customers. This is a mobile virtual network operator (MVNO) service which runs on the T-Mobile US network; Vodafone does not own or operate the physical network used to connect customers.</p> <p>Our 2015-2016 direct tax contributions include refunds of US state taxes. We had paid these amounts in earlier years as part of the Verizon Wireless disposal, some of which were due back to us on the finalisation of the state tax liability for that year.</p> | | | | | | |
| Number of legal entities | 5 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Bluefish Communications Inc. • Cable & Wireless a-Services, Inc. • Cable & Wireless America Systems Inc. • Vodafone Americas Virginia Inc. • Vodafone US Inc. | | | | | | |

Zambia

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 9 | (1) | <1 | - | - | 2 | 180 |
| 2014-15 | n/a | n/a | 1 | <1 | 1 | 3 | 199 |
| | <p>AfriConnect (Zambia) Limited is an enterprise-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to Machine-to-Machine and cloud computing services – to Vodafone's and Vodacom's large corporate and multinational customers with a presence across Africa.</p> | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • AfriConnect (Zambia) Limited | | | | | | |

Other non-operating assets

Cayman Islands

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|--|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | <1 | <1 | - | - | - | - |
| 2014-15 | n/a | n/a | - | <1 | - | - | - |
| | Our legal entity in the Cayman Islands is a legacy of the transaction with Hutchison in 2007 which led to what is now Vodafone India, as explained in the India section of this Report. Hutchison owned the assets in India indirectly via a Cayman Islands holding company. In its 2012 ruling, the Indian Supreme Court examined the Cayman Islands entity established by Hutchison (and subsequently acquired by Vodafone) and concluded that it had not been established to avoid tax. Under Vodafone's ownership, the Cayman Islands holding company has no income and plays no role in reducing the taxes payable by our Indian operations or by the Group. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> CGP Investments (Holdings) Limited | | | | | | |

Guernsey

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | <1 | - | - | - | - | - |
| 2014-15 | n/a | n/a | - | - | - | - | - |
| | Our legal entities in Guernsey are a consequence of prior acquisitions. These holding companies play no role in reducing the taxes payable by the Group. | | | | | | |
| Number of legal entities | 5 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> FB Holdings Limited Le Bunt Holdings Limited Silver Stream Investments Limited VBA Holdings Limited VBA International Limited | | | | | | |

Jersey

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|--|---|---|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | <1 | - | - | - | - | - |
| 2014-15 | n/a | n/a | - | - | - | - | - |
| <p>We have a number of legal entities in Jersey. Eight of these holding companies are subject to tax in either the UK or the Netherlands. Their overall tax contributions are therefore included within the numbers disclosed for those two countries. We also have one legacy holding company in Jersey which receives a limited amount of dividend income (which is paid from post-tax profits) and which plays no role in the financing of the Group.</p> | | | | | | | |
| Number of legal entities | 9 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Aztec Limited • Globe Limited • Plex Limited | <ul style="list-style-type: none"> • Vizzavi Finance Limited • Vodafone Holdings (Jersey) Limited | <ul style="list-style-type: none"> • Vodafone International 2 Limited • Vodafone Jersey Dollar Holdings Limited | <ul style="list-style-type: none"> • Vodafone Jersey Finance • Vodafone Jersey Yen Holdings Unlimited | | | |

Luxembourg

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--|---|--|---|--|------------------------------------|-------------------------|-------------------|
| 2015-16 | 164 | 1,379 | 6 | <1 | 11 | 35 | 317 |
| 2014-15 | n/a | n/a | 19 | <1 | 7 | 14 | 305 |
| <p>Our legal entities in Luxembourg conduct financing, procurement and roaming activities on behalf of the Group as a whole. Our local legal entities also provide marketing, sales and client support for Vodafone's large corporate and multinational customers with an operating presence in the country. Further details of our Luxembourg subsidiaries are set out earlier in the Report.</p> <p>As explained earlier in the Report, Luxembourg provides a large proportion of the Group's funding to many of our businesses worldwide. Under transfer pricing rules, all such arrangements must operate under commercial 'arm's length' principles, which are externally benchmarked and verified: in simple terms, the interest and fees associated with this funding activity must be comparable to those levied by an external financial institution. In addition, Luxembourg hosts our global procurement and roaming subsidiaries which serve Vodafone businesses worldwide as strategic centres of excellence and which also operate as profit centres in their own right, charging third parties (such as Partner Markets operators) fees on a commercial basis for a variety of services, including the provision of specialist roaming management and procurement services to third parties.</p> <p>Our 2015-16 direct tax contribution was lower than the previous year as in 2014-15 the Luxembourg authorities issued routine tax assessments for prior years as well as for the year in question.</p> | | | | | | | |
| Number of legal entities | 11 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Enterprise Luxembourg S.A. • Vodafone International 1 S.a.r.l. • Vodafone International M S.a.r.l. | <ul style="list-style-type: none"> • Vodafone Investments Luxembourg S.a.r.l. • Vodafone Luxembourg 5 S.a.r.l. • Vodafone Luxembourg S.a.r.l. | <ul style="list-style-type: none"> • Vodafone Asset Management Services S.a.r.l. • Vodafone Payment Solutions S.a.r.l. • Vodafone Procurement Company S.a.r.l. | <ul style="list-style-type: none"> • Vodafone Roaming Services S.a.r.l. • Vodafone Enterprise Global Businesses S.a.r.l. | | | |

Mauritius

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | 26 | (28) | 1 | - | <1 | - | 5 |
| 2014-15 | n/a | n/a | <1 | <1 | <1 | <1 | 5 |
| | Our legal entities in Mauritius are a legacy of prior acquisitions, predominantly the acquisition of the Hutchison assets in 2007 which led to what is now Vodafone India (as explained above in the Cayman Islands section). Mauritius is a common base for multinational investment into India and Africa, and a number of assets acquired by Vodafone and Vodacom in the past have involved assuming ownership of Mauritius-based companies. These entities play no role in reducing the taxes payable by our African or Indian operations (or the operations of the Group) and many of these are now dormant. Vodacom's Mauritius-based companies also provide HR and wholesaling services to other members of the Vodacom Group. | | | | | | |
| Number of legal entities | 16 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Al-Amin Investments Limited • Array Holdings Limited • Asian Telecommunications Investments (Mauritius) Limited • CCII (Mauritius) Inc. • CGP India Investments Limited • Euro Pacific Securities Limited • Mobile Wallet VM1 • Mobile Wallet VM2 • Mobilvest • Prime Metals Limited • Trans Crystal Limited • VBA (Mauritius) Limited • Vodacom International Limited • Vodafone Mauritius Limited • Vodafone Telecommunications (India) Limited • Vodafone Tele-Services (India) Holdings Limited | | | | | | |

Morocco

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|--------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | - | - | - | - | - | - |
| 2014-15 | - | - | - | - | - | - | - |
| | We have one legacy legal entity in Morocco. This is now dormant. | | | | | | |
| Number of legal entities | 1 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Vodafone Maroc S.a.r.l. | | | | | | |

Seychelles

| | Revenue (£m) | Profit before tax (£m) | Direct revenue contribution: Tax (£m) | Direct revenue contribution: Non-tax (£m) | Indirect revenue contribution (£m) | Capital investment (£m) | Direct employment |
|---------------------------------|---|------------------------|---------------------------------------|---|------------------------------------|-------------------------|-------------------|
| 2015-16 | - | - | - | - | - | - | - |
| 2014-15 | - | - | - | - | - | - | - |
| | We acquired two legal entities in the Seychelles when Vodacom Group increased its stake in Vodacom Tanzania in 2014. These entities have no income and play no part in the financing of either Vodacom Group or Vodafone Group. | | | | | | |
| Number of legal entities | 2 | | | | | | |
| Legal entities | <ul style="list-style-type: none"> • Cavalry Holdings Limited • East Africa Investments (Mauritius) Limited | | | | | | |



Appendices

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Appendix 1

Country-by-country contributions table

The table below sets out the data for five of the most relevant indicators of Vodafone's total overall contribution to the public finances and wider economies of the countries within which we operate and this year also includes revenue and profit before tax (PBT) figures for each of our businesses. The source data is predominantly drawn from information included within the publicly available Vodafone Group Annual Report 2016, the public accounts of the Group's listed operating company subsidiaries and the accounts of various non-listed Group operating company subsidiaries. This Report has been prepared using data presented in the Vodafone Group Plc Annual Report for 2016. The data in the Annual Report for that year was presented in Pounds Sterling which is, therefore, the currency used in this Report. Vodafone Group now reports its financial performance in Euros which will also be the currency in the next version of this Report to be published during the 2017-18 financial year. The Vodafone Group public accounts are certified by the Group's external auditors and the public accounts of the Group's listed operating company subsidiaries are certified by those companies' external auditors. Additional data is subject to assurance in line with the approach taken for other metrics disclosed in the Vodafone Group Sustainable Business Report 2015-16. The assurance for this Report was conducted by BDO.

| | Revenue | PBT (ex dividends) | Direct revenue contribution: taxation | | Direct revenue contribution: non-tax | | Indirect revenue contribution | | Capital investment | | Direct employment | |
|----------------|---------------|--------------------|---------------------------------------|---------------|--------------------------------------|---------------|-------------------------------|---------------|--------------------|---------------|-------------------|---------------|
| | FY15-16 £m | FY15-16 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 | FY14-15 |
| Europe | | | | | | | | | | | | |
| Albania | 84 | 5 | 4 | 8 | 6 | 8 | 5 | 8 | 18 | 23 | 425 | 411 |
| Czech Republic | 366 | 19 | 12 | 10 | 17 | 8 | 47 | 44 | 74 | 83 | 1,735 | 1,823 |
| Germany | 7,863 | (347) | 189 | 206 | 1,371 | <1 | 854 | 1,026 | 1,907 | 2,203 | 16,034 | 15,568 |
| Greece | 621 | 17 | 16 | 26 | 6 | 104 | 145 | 154 | 93 | 75 | 2,118 | 2,228 |
| Hungary | 312 | 8 | 20 | 19 | 16 | <1 | 86 | 88 | 66 | 61 | 3,366 | 2,949 |
| Ireland | 747 | (13) | 19 | 25 | 15 | 9 | 82 | 69 | 168 | 166 | 1,272 | 1,155 |
| Italy | 4,542 | 464 | 123 | 96 | 203 | 23 | 517 | 734 | 1,190 | 1,154 | 7,384 | 6,864 |
| Malta | 68 | 115 | 4 | 6 | 2 | 2 | 9 | 8 | 12 | 12 | 343 | 321 |
| Netherlands | 1,384 | (64) | 48 | 20 | - | - | 177 | 196 | 250 | 295 | 3,598 | 3,480 |
| Portugal | 716 | 23 | 26 | 37 | 23 | 23 | 78 | 92 | 257 | 268 | 1,483 | 1,433 |
| Romania | 558 | 39 | 24 | 26 | 17 | 13 | 71 | 72 | 97 | 103 | 3,993 | 3,705 |
| Spain | 3,679 | (268) | 139 | 199 | 60 | 100 | 245 | 279 | 862 | 850 | 6,006 | 6,050 |
| United Kingdom | 6,719 | (486) | 257 | 320 | 34 | 28 | 721 | 726 | 1,237 | 1,309 | 17,965 | 16,681 |
| TOTAL | 27,659 | (488) | 882 | 995 | 1,770 | 318 | 3,038 | 3,494 | 6,231 | 6,603 | 65,722 | 62,666 |



| | Revenue | PBT (ex dividends) | Direct revenue contribution: taxation | | Direct revenue contribution: non-tax | | Indirect revenue contribution | | Capital investment | | Direct employment | |
|---|---------------|--------------------|---------------------------------------|---------------|--------------------------------------|---------------|-------------------------------|---------------|--------------------|---------------|-------------------|---------------|
| | FY15-16 £m | FY15-16 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 | FY14-15 |
| Africa, Middle East and Asia-Pacific | | | | | | | | | | | | |
| Australia | 867 | (108) | 13 | 13 | 16 | 31 | 38 | 28 | 118 | 209 | 1,593 | 1,695 |
| Democratic Republic of Congo | 285 | (8) | 35 | 30 | 38 | 20 | 35 | 34 | 63 | 78 | 634 | 691 |
| Egypt | 1,202 | 293 | 120 | 107 | 67 | 47 | 166 | 148 | 299 | 316 | 8,373 | 8,456 |
| Fiji | - | - | - | 4 | - | - | - | - | - | - | - | - |
| Ghana | 194 | (66) | 4 | 6 | 7 | 12 | 42 | 29 | 33 | 33 | 1,149 | 1,154 |
| India | 5,230 | (226) | 417 | 412 | 1,083 | 568 | 1,141 | 1,053 | 946 | 987 | 22,483 | 19,471 |
| Kenya | 495 | 164 | 71 | 61 | 10 | 11 | 104 | 92 | 85 | 95 | 1,703 | 1,637 |
| Lesotho | 50 | 19 | 5 | 2 | 2 | 2 | 2 | 2 | 10 | 10 | 188 | 170 |
| Mozambique | 184 | 14 | 3 | 3 | 8 | 7 | 12 | 8 | 49 | 87 | 437 | 387 |
| New Zealand | 900 | (4) | 48 | 9 | 8 | 50 | 75 | 82 | 108 | 129 | 2,883 | 3,134 |
| Qatar | 386 | (86) | <1 | - | 4 | 2 | 4 | - | 73 | 101 | 541 | 514 |
| South Africa | 3,041 | 787 | 255 | 291 | 18 | 14 | 184 | 216 | 432 | 485 | 5,231 | 4,988 |
| Tanzania | 288 | 19 | 59 | 65 | 10 | 8 | 36 | 46 | 67 | 73 | 541 | 525 |
| Turkey | 2,212 | (39) | 301 | 287 | 860 | 209 | 424 | 430 | 353 | 343 | 3,397 | 3,359 |
| TOTAL | 15,336 | 760 | 1,331 | 1,292 | 2,129 | 981 | 2,261 | 2,170 | 2,636 | 2,944 | 49,152 | 46,182 |
| Enterprise sales and marketing locations | | | | | | | | | | | | |
| Angola | 3 | <1 | <1 | - | - | - | <1 | <1 | <1 | - | 7 | 7 |
| Austria | <1 | <1 | <1 | <1 | - | - | - | - | <1 | - | - | Note 1 |
| Belgium | <1 | (1) | 1 | 1 | - | - | <1 | 1 | <1 | <1 | 17 | 16 |
| Brazil | <1 | (1) | <1 | n/a | - | n/a | <1 | n/a | - | n/a | 3 | n/a |
| Cameroon | 5 | 1 | <1 | <1 | <1 | <1 | <1 | <1 | 1 | <1 | 29 | 29 |
| Canada | - | <1 | <1 | n/a | - | n/a | - | n/a | - | n/a | 3 | n/a |
| China | 6 | <1 | <1 | <1 | - | - | 1 | <1 | - | <1 | 24 | 24 |
| Denmark | - | <1 | <1 | <1 | - | - | <1 | <1 | <1 | <1 | - | Note 1 |
| France | 17 | 7 | 1 | 2 | - | - | <1 | 1 | 7 | 3 | 69 | 14 |
| Hong Kong | 46 | (7) | <1 | <1 | <1 | - | - | - | - | 3 | 78 | 79 |
| Ivory Coast | 2 | <1 | - | <1 | - | - | - | <1 | <1 | <1 | 9 | 7 |
| Japan | 3 | 1 | <1 | <1 | - | - | <1 | <1 | - | 1 | 21 | 12 |



| | Revenue | PBT (ex dividends) | Direct revenue contribution: taxation | | Direct revenue contribution: non-tax | | Indirect revenue contribution | | Capital investment | | Direct employment | |
|---|---------------|--------------------|---------------------------------------|---------------|--------------------------------------|---------------|-------------------------------|---------------|--------------------|---------------|-------------------|----------------|
| | FY15-16 £m | FY15-16 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 £m | FY14-15 £m | FY15-16 | FY14-15 |
| Enterprise sales and marketing locations – continued | | | | | | | | | | | | |
| Mexico | - | <1 | - | <1 | - | - | - | <1 | - | - | 3 | 2 |
| Nigeria | 32 | (3) | 4 | 1 | 1 | 2 | 4 | 3 | 4 | 5 | 196 | 194 |
| Russia | 1 | <1 | <1 | n/a | <1 | n/a | <1 | n/a | <1 | n/a | 18 | n/a |
| Sierra Leone | <1 | <1 | - | <1 | - | - | - | <1 | <1 | <1 | 3 | 3 |
| Singapore | 47 | 2 | 1 | <1 | <1 | - | <1 | <1 | 6 | 8 | 238 | 194 |
| South Korea | 12 | <1 | <1 | <1 | <1 | - | <1 | <1 | - | <1 | 14 | Note 1 |
| Sweden | <1 | <1 | <1 | <1 | - | - | <1 | <1 | <1 | <1 | 2 | 2 |
| Switzerland | 30 | <1 | <1 | <1 | <1 | - | <1 | 1 | <1 | 5 | 20 | 3 |
| Taiwan | - | - | <1 | n/a | <1 | n/a | - | n/a | - | n/a | - | n/a |
| Ukraine | <1 | <1 | <1 | n/a | - | n/a | - | n/a | <1 | n/a | - | n/a |
| United States of America | 43 | (13) | (24) | 4 | 1 | <1 | 18 | 14 | 12 | 9 | 579 | 506 |
| Zambia | 9 | (1) | <1 | 1 | - | <1 | - | 1 | 2 | 3 | 180 | 199 |
| TOTAL | 260 | (14) | (15) | 10 | 2 | 2 | 24 | 20 | 32 | 39 | 1,513 | 1,302 |
| Other non-operating assets | | | | | | | | | | | | |
| Cayman Islands | - | <1 | <1 | - | - | <1 | - | - | - | - | - | - |
| Guernsey | - | <1 | - | - | - | - | - | - | - | - | - | - |
| Jersey | - | <1 | - | - | - | - | - | - | - | - | - | - |
| Luxembourg | 164 | 1,379 | 6 | 19 | <1 | <1 | 11 | 7 | 35 | 14 | 317 | 305 |
| Mauritius | 26 | (28) | 1 | <1 | - | <1 | <1 | <1 | - | <1 | 5 | 5 |
| Morocco | - | - | - | - | - | - | - | - | - | - | - | - |
| Seychelles | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 190 | 1,350 | 7 | 19 | <1 | <1 | 11 | 7 | 35 | 14 | 322 | 310 |
| GLOBAL TOTAL | 43,445 | 1,608 | 2,204 | 2,316 | 3,900 | 1,302 | 5,335 | 5,691 | 8,934 | 9,601 | 116,709 | 110,460 |

Notes to table

The table above includes all contributions from countries where the Group has a legal entity presence. 'Global enterprise' includes all jurisdictions in which we have separate legal entities supporting our Vodafone Global Enterprise (VGE) sales, marketing and client support activities except where the contributions from VGE are in countries shown in the Europe or AMAP regions in which case the VGE element is included within those lines.

We also have VGE entities in Argentina, Bahrain, Chile, Saudi Arabia and the United Arab Emirates where there is either no contribution data for 2015-16 or the entities were set up after 31 March 2016.

The global total direct employment number includes employees in our non-controlled entities who are excluded from the numbers in the Annual Report.

A reconciliation between our Annual Report revenue and profit before tax figures and the data in the table above can be found on [page 58](#).

For prior year country-by-country tables, [click here](#) for 2015, [here](#) for 2014, [here](#) for 2013 and [here](#) for 2012.

Note 1: In 2014-15 we were not able to identify the employees in Austria, Denmark and South Korea separately from those in the central Group functions.



Appendix 2

Key Group financials

| | 2015-16 | 2014-15 |
|---|---------|---------|
| Revenue (£m) | 40,973 | 42,227 |
| Adjusted operating profit (£m) | 3,117 | 3,507 |
| Free cash flow (£m) | 1,013 | 1,088 |
| Employees | 107,667 | 101,443 |
| Market capitalisation (as at 31 March) (£m) | 59,200 | 58,400 |
| Group mobile customers (million) | 462.3 | 454.2 |

For more detailed information about our financial performance in 2015-16, see our [Annual Report](#).

Reconciliation of revenue and profit before tax as reported here to the Vodafone Group 2016 results

| | Revenue £m | Profit before tax £m | Capital expenditure £m |
|---|---------------|-------------------------|------------------------------|
| Figures from Annual Report 2016 pages 30, 31 and 37* | 40,973 | 1,846 | 8,599 |
| Include revenue from associates and joint ventures not included in revenue in our accounts | 2,054 | - | - |
| Add intra-company items eliminated from the Group results | 417 | 3 | - |
| Exclude Group items which do not affect local taxable profits | - | (241) | - |
| Include capital expenditure from associates and joint ventures not included in our accounts | | | 469 |
| Other differences | 0 | (0) | (3) |
| Figures from Tax Report 2016 data (and country-by-country tables) | 43,445 | 1,608 | 8,934 |

Please note that while we are able to reconcile the revenue and profit before tax figures as reported in the Vodafone Group [Annual Report 2016](#) to those reported here, it is not possible to do this for the contributions made to governments as these are disclosed on a cash-paid basis for the reasons we have set out [earlier](#) in the Report.

* as reported in the Vodafone Group [Annual Report](#) for the year ended 31 March 2016, published in June 2016.

Appendix 3

Verizon Wireless

In February 2014, we completed the sale of our US group – whose principal asset was Vodafone’s 45% shareholding in Verizon Wireless – to our US joint venture partners, Verizon Communications Inc. The total consideration was \$130 billion.

Our US group structure was predominantly a legacy of prior mergers and acquisitions dating back more than 14 years. In addition to the Verizon Wireless shareholding, our US group also owned a range of minority non-US interests acquired in the merger with AirTouch Communications Inc. in 1999, together with other non-US interests acquired over time.

It would not have made sense to leave those legacy non-US interests (which were not included in the sale to Verizon Communications) stranded in US jurisdiction once the sale of our US group was completed. We therefore undertook a rationalisation and reorganisation of the US group structure prior to completion of the transaction to ensure that those non-US interests were held by Vodafone outside the United States. That reorganisation gave rise to an estimated £2.2 billion US tax liability under standard US tax rules; a sum which was paid to the US tax authorities in 2014.

Our US group has always been owned by one of Vodafone’s European holding companies, based in the Netherlands, which also owns many of our other international assets. Our European holding company sold the US group to Verizon Communications in its entirety once the rationalisation and reorganisation, described above, had been completed.

The sale of our US group was not taxable under standard US tax rules: under the US tax code, US tax is not imposed on these types of sales of shares by non-US-based entities. Such treatment is also consistent with US tax treaties. The sale was also not taxable under standard Dutch rules: long-established tax law in the Netherlands provides a participation exemption on dividends received and capital gains arising from the sale of shares by any Dutch company, whatever the size of the company or the size of the transaction involved. A number of other EU countries have similar provisions in place, all of which are designed to stimulate long-term corporate investment and consequential broader benefits for the wider economy.

While the UK is not a relevant jurisdiction for tax purposes given the locations of the buyer (the United States) and the seller (the Netherlands), under rules established in 2002, the UK has similar shareholding disposal exemptions to those of the Netherlands.



Appendix 4

Types of taxation

The table below provides an illustrative overview of the types of taxation paid by Vodafone operating companies around the world every year.

Direct taxation

Advertisement tax
 Airtime excise tax
 Betting duty
 Business profits tax
 Business rates
 Capital gains tax
 City services levy
 Cleaning tax
 Climate change levy
 Commission levy
 Communications services tax
 Company car tax
 Construction tax
 Consumption tax
 Corporation tax
 Donations tax
 Economic activity tax
 Education tax / Educational infrastructure tax
 Employers' national insurance contributions
 Employers' Provident Fund contribution
 Employers' tax on pension plans
 Environment tax
 Environmental product fee
 Equipment approvals duty
 Expatriate tax
 Fixed asset tax
 Fringe benefit tax

Fuel duty
 Game tax
 Garbage tax
 Homologation tax
 Import duty
 Innovation contribution
 Insurance premium tax
 Interconnect tax
 International inbound call termination surtax
 Irrecoverable value added tax and goods and services tax
 Judicial tax
 Levy contributions
 Local business tax
 Measuring equipment tax
 Minimum alternative tax
 Mobile telecoms services value added tax
 Mobile telecoms value added tax (higher rate)
 Municipal and city rates
 Municipal business tax
 Municipal sewage levy
 Municipal tax on immovable property
 Municipal waste tax
 Municipal water tax
 National fiscal stabilisation levy
 National health insurance levy
 Net wealth tax
 Numbering tax

Occupation of public space tax
 Parking tax
 PAYE settlements
 Railway development levy
 Real estate/property/landlord tax
 Real estate transfer tax
 Rehabilitation contribution
 Shop opening authorisation tax
 Social security tax
 Special communications tax
 Special consumption tax
 Stamp duty land tax
 Tax on non-biodegradable SIM cards
 Tax on prize programmes
 Tax on public domain / fixed lines
 Technology tax
 Transfer tax
 Turnover tax
 Universal service tax
 Vocational training contribution
 Withholding tax
 Workers' compensation insurance levy

Non-taxation-based fees

Annual government fee
 Antitrust authority contributions
 Carrier fees
 Chamber of commerce fees
 Cost contribution fund payments
 Frequency fees
 Identity management fee
 International Mobile Equipment Identity (IMEI) number registration fees
 Licence renewal fees
 National copyright collecting fees
 Network usage fees
 Non-IMEI number registration fees
 Proceeds from revenue sharing agreements
 Radio link fees
 Spectrum auction receipts
 Spectrum management fees
 Telecoms authority contributions
 Telecoms levy
 Telecoms licence fees
 Usage fees
 Universal communications service access fund
 Universal social charge
 Wireless connection fees
 Wireless usage fees



Appendix 5

Glossary

Advance tax agreements

These can arise when there are complex transactions, unclear tax regulations or substantial values involved, and tax authorities seek to provide companies of all sizes with both formal and informal rulings and clearances in order to reduce uncertainty.

Arms-length principle

This is the principle of pricing of a transaction between related parties as if the parties were acting as independent entities.

Artificial arrangements

These are where transactions, activities or arrangements are undertaken without any significant commercial purpose. See our [tax risk management policy](#) for our perspective on artificial arrangements.

Base erosion

This is the term used to describe the reduction in a country's overall tax revenues as a consequence of the fluid movement of corporate activity and funds between different jurisdictions.

BEPS

This is the OECD's project designed to address artificial base erosion and profit shifting (BEPS). The initiative intends to ensure that multinationals are taxed 'where their economic activities take place and value is created'.

Deferred taxation

This is an accounting concept whereby the future tax consequences of past transactions are reflected in the accounts of a company. A deferred tax liability would mean that more tax will be due in the future as a result of past transactions, whereas a deferred tax asset means there will be less tax due in the future.

Depreciation

This is the amount included on the profit and loss account of a company each year to reflect the reduction in value of capital expenditure, e.g. network equipment.

Diverted profits tax

A tax was introduced by the UK from April 2015 to tax circumstances where multinationals either contrive arrangements so as not to meet the definition of a taxable presence in the UK, or which artificially divert UK profits to an entity in a lower tax jurisdiction for purely tax reasons.

Double taxation

This is the taxation of the same income twice by two or more different tax jurisdictions.

Effective tax rate

This is the ratio of tax expense included in the financial statements compared to the profits shown in the same financial statements.

Exchange of information

This refers to the exchange between tax authorities of certain information relating to

tax payers in each jurisdiction. The type of information exchanged could relate to bank accounts held by tax payers or to sharing of country-by-country reports prepared under the BEPS initiative.

Holding company

This is a type of company whose principle purpose is to hold and manage investments in other companies or joint ventures.

Profit before tax

This represents the profits we earn after the deduction of all costs. This number forms the basis on which we pay corporation tax. More information can be found [here](#).

Profit shifting

This is the term used to describe the artificial arrangements under which companies move profits from one jurisdiction to another jurisdiction in order to minimise tax payments.

Revenue

This represents the total income earned by a company and includes the amounts earned from selling services to customers or other Group companies, income received for royalties for use of brands, and interest income.

State aid

This generally arises in the EU where a member state, through a government body, has granted some form of advantage to an individual or company.

Taxable presence

This describes the activities that take place in a country that require the filing of a tax return and possibly the payment of taxes in that country.

Tax haven

There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative: if the tax regime in Country A has a lower headline or effective tax rate than Country B, then through the eyes of the people of Country B, Country A could be considered to be a 'tax haven'.

A more nuanced definition of the term 'tax haven' focuses on national tax policies which have the effect of incentivising activities that are ring-fenced from the local economy, may be specific to individual companies rather than available to all market participants, and may be largely artificial in nature and designed purely to minimise tax.

Transfer pricing

This refers to the setting of the price for goods and services sold between related entities within a Group. Transfer pricing should be based on the arms-length principle. It is used to ensure that profits are allocated to the countries where the relevant economic activity takes place.



Appendix 6

BDO LLP Assurance Statement Tax and our total contribution to public finances

Independent Assurance Statement to Vodafone Management

The online "Tax and our total contribution to public finances" document for 2015-16 (the "Report") has been prepared by the management of Vodafone who are responsible for the collection and presentation of the information within it.

The management of Vodafone are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with Vodafone management's instructions, is to carry out a limited assurance review of the data included in the "Our contribution, country by country" section of the Report and to ensure that the statements made in the remainder of the Report are not inconsistent with that data and our discussions with Vodafone. Our work involved a review of data relating to:

- Revenue
- Profit Before Tax
- Direct revenue contribution: taxation
- Direct revenue contribution: other non-tax

- Indirect revenue contribution
- Capital investment
- Direct employment

Our responsibility in performing our assurance activities is to the management of Vodafone Group only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our assurance engagement has been planned and performed in accordance with the revised version of the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information – 'ISAE3000 Revised'¹.

Specifically, the subject matter in the Report has been evaluated against the following criteria:

- Coverage of the most material issues.
- Consistency of the statements made with underlying information that we reviewed and points raised through discussions with Vodafone teams.
- Completeness of the data in terms of coverage of material reporting entities.

- Accuracy of group level data collation and presentation.

Summary of work performed:

1. The procedures we performed were based on our professional judgement and included the steps outlined below:
 - Interviewed identified members of Vodafone Group Tax with responsibility for managing, collating and reviewing the data for the Report to;
 - review the relevant documentation and guidance provided to local teams.
 - examine the processes and controls at Group level in managing, collating and reviewing the data for the Report.
 - review the underlying processes and documentation supporting the qualitative statements in the Report.
2. Interviewed a sample of ten Vodafone local country tax teams to review:
 - adherence to and understanding of the guidance provided by Vodafone Group Tax.
 - the processes for ensuring that all local country taxes are included within the reporting to Vodafone Group Tax.

- the extent to which Vodafone Group Tax has reviewed the data provided to them by the local country team.

3. Reviewed the basis upon which the identified data reported by the ten Vodafone local country tax teams sampled (ensuring coverage of Operating companies, Enterprise sales and marketing locations and Non-Operating companies) has been captured, reviewed and consolidated to assess whether the data has been collected, consolidated and reported accurately.
4. Sought explanations for material differences between the quantitative data presented in the previous tax section in the 2014-15 Report and this Report (noting that figures for Revenue and Profit Before Tax were not included in the previous Report).
5. Reviewed and challenged supporting evidence from Vodafone Group Tax in relation to selected qualitative tax statements made within the Report.
6. Reviewed the Report for consistency between sections.

¹ International Standard on Assurance Engagements 3000 (Revised) is effective for assurance reports dated on or after December 15, 2015



BDO LLP Assurance Statement continued

7. Compared the data in the Report to the relevant disclosures in the Vodafone Group's Consolidated Financial Statements for the year ended 31 March 2016.
8. Consider, review and challenge as appropriate any significant changes in the 2015-16 report from the content of the previous year's document.

Limitations of our review

We conducted our work to express a limited assurance conclusion. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement.

Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement (such as the statutory audit of financial statements) and we do not therefore express a reasonable assurance opinion.

Our review of tax and non-tax contribution data was limited to the subject matter identified above from the ten jurisdictions sampled.

As part of our work, we placed reliance on Vodafone's controls at local country and Group level for managing and reporting the tax and non-tax contribution information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review

systems and controls in place at Group level for the collation of capital investment data and direct employment data where this information has been extracted from the Group's financial management and related systems.

Our conclusions

Based on our review of the collection, consolidation and presentation of revenue; Profit Before Tax; direct revenue contribution; taxation; direct revenue contribution: other non-tax; indirect revenue contribution; direct employment data; and capital investment data:

1. Nothing has come to our attention that causes us to believe that the data included within the scope of our review has not been materially collated and presented properly at Group level; and
2. Nothing has come to our attention that causes us to believe that the statements made within the scope of our review are inconsistent with the tax data included in the Report or our discussions with Vodafone teams.

Observations from our work

Our observations and areas for improvement will be raised in a report to Vodafone management as appropriate. Any such observations do not affect our conclusions on the Report set out above.

Vodafone has demonstrated a positive intention to engage its stakeholders and the public in relation to the tax and economic contribution that the business makes.

This is the fifth time that Vodafone has sought to report a detailed level of tax data in the absence of any formal requirement.

We make the following comments in relation to how the data required for the Report has been gathered, reviewed and consolidated:

- There is a formal and documented methodology in place that sets out the process for data collection.
- Local teams were provided with sufficient time and improved guidance to enable effective collation of country data.
- The local reporting template is intuitive to use and has sufficient granularity of captions to support quality and consistency over the data collection process.
- The Group consolidation template provides a clear audit trail to the local reporting templates.

Our independence

BDO LLP provide independent assurance services in relation to the "Tax and our total contribution to public finances" document for 2015-2016 (the "Report").

We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1.

Our assurance team

Our assurance team has been drawn from our tax network, which undertakes engagements similar to this with a number of significant UK and international businesses. Our assurance team has provided no other services relating to the collection and consolidation of the data and the statements made in the Report.

**BDO LLP
Manchester**

February 2017

