

Group profit and loss account

Year ended 31 March 2005

	Note	2005 £m	2004 £m	2003 £m
Turnover: Group and share of joint ventures and associates		6,890	5,859	5,020
Group's share of joint ventures and associates turnover		(207)	(165)	(146)
Group turnover	2	6,683	5,694	4,874
Net operating expenses (including exceptional items)	3	(6,342)	(5,536)	(13,652)
EBITDA¹		1,768	1,367	859
Depreciation before exceptional items		(931)	(926)	(932)
Goodwill amortisation		(200)	(201)	(374)
UMTS licences amortisation		(169)	–	–
Other amortisation		(82)	(7)	(31)
Operating profit/(loss) before exceptional items		386	233	(478)
Exceptional items	5	(45)	(75)	(8,300)
Group operating profit/(loss)	3,4	341	158	(8,778)
Group's share of operating (loss)/profit of joint ventures and associates		(3)	–	5
Total operating profit/(loss)		338	158	(8,773)
Costs of capital reorganisation	5	(20)	–	–
Loss on sale of business – discontinued operation	5	–	(5)	(1,364)
Net interest payable and similar charges	6	(9)	(58)	(66)
Profit/(loss) on ordinary activities before taxation		309	95	(10,203)
Tax on profit/(loss) on ordinary activities	7	(8)	71	55
Profit/(loss) for the financial year	20	301	166	(10,148)
Dividends	8,20	(196)	–	–
Retained profit/(loss) for the year		105	166	(10,148)
Basic earnings/(loss) per share (pence)	9	3.5	1.9	(117.0)
Diluted earnings/(loss) per share (pence)	9	3.4	1.9	(117.0)
Dividend per share		2.25	–	–

All results in the current year derive from continuing operations.

¹EBITDA is our earnings before interest, tax, depreciation, amortisation and exceptional items, excluding our share of the operating profits and losses of our joint ventures and associates. EBITDA is not a measure of financial performance under UK GAAP and may not be comparable to similarly titled measures of other companies, because EBITDA is not uniformly defined. EBITDA should not be considered by investors as an alternative to Group operating profit or profit on ordinary activities before taxation as an indication of operating performance, or as an alternative to cash flow from operating activities as an indication of cash flows. EBITDA is one of the key financial measures used by the Group for evaluating financial performance, and is discussed in the operating and financial review and prospects on page 23.

The accompanying notes are an integral part of these financial statements.

Group balance sheet

As at 31 March 2005

	Note	2005 £m	2004 As restated £m
Fixed assets			
Intangible assets	10	7,045	7,354
Tangible assets	11	4,449	3,996
Investments	12	2	5
		11,496	11,355
Current assets			
Stocks		87	84
Debtors	13	1,060	943
Investments	14	1,285	993
Cash at bank and in hand		41	23
		2,473	2,043
Creditors: amounts falling due within one year	15	(2,031)	(1,678)
Net current assets		442	365
Total assets less current liabilities		11,938	11,720
Creditors: amounts falling due after more than one year	16	(1,403)	(1,375)
Provisions for liabilities and charges	18	(254)	(251)
Net assets		10,281	10,094
Capital and reserves			
Called up share capital	19	9	9
Share premium	20	375	3
Other reserves	20	2,913	11,074
Profit and loss account	20	6,984	(992)
Shareholders' funds		10,281	10,094

The Company balance sheet is shown in note 31.

These financial statements were approved by the Board of Directors on 17 May 2005 and were signed on its behalf by:

Peter Erskine
Chief Executive Officer

David Finch
Chief Financial Officer

Group statement of total recognised gains and losses

Year ended 31 March 2005

	Note	2005 £m	2004 £m	2003 £m
Profit/(loss) for the financial year		301	166	(10,148)
Currency translation differences arising on foreign currency net investments less translation differences on debt designated as a hedge of foreign currency net investments	20	68	(144)	1,333
Premium paid to shareholders electing for cash alternative in capital reorganisation	19,20	(15)	–	–
Total recognised gains and losses relating to the year		354	22	(8,815)

Group net debt

As at 31 March 2005

	Note	2005 £m	2004 £m
Cash at bank and in hand		41	23
Current asset investments	14	1,285	993
		1,326	1,016
Euro medium-term notes (net of issue costs)	16	(1,056)	(1,012)
Loan notes	15	(7)	(8)
Obligations under finance leases and hire purchase contracts	17	(308)	(325)
Other loans and borrowings	15,16	(33)	(37)
Net debt		(78)	(366)

Reconciliation of group operating profit to operating cash flows

Year ended 31 March 2005

	2005 £m	2004 £m	2003 £m
Group operating profit/(loss)	341	158	(8,778)
Depreciation and amortisation charges	1,388	1,136	9,637
Loss on disposal of fixed assets	2	5	8
Increase in stocks	(2)	(17)	(5)
(Increase)/decrease in debtors	(84)	(88)	166
Increase in creditors	98	142	58
Increase/(decrease) in provisions	12	55	(53)
Net cash inflow from operating activities	1,755	1,391	1,033

Group cash flow statement

Year ended 31 March 2005

	Note	2005 £m	2004 £m	2003 £m
Net cash inflow from operating activities		1,755	1,391	1,033
Returns on investments and servicing of finance	21	(43)	(62)	(63)
Taxation	21	(15)	(13)	(4)
Capital expenditure and financial investment	21	(1,348)	(1,114)	(868)
Acquisitions and disposals	21	(2)	(6)	–
Cash inflow before management of liquid resources and financing		347	196	98
Management of liquid resources	21	(302)	(191)	(3)
Financing	21	(27)	(50)	(47)
Increase/(decrease) in cash in the year	22	18	(45)	48

The accompanying notes are an integral part of these financial statements.