

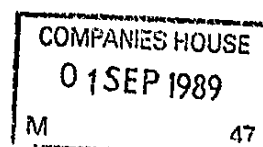
2227940

RACAL - VODAFONE HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 1989



RACAL - VODAFONE HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their annual report and audited financial statements for the 55 weeks ended 31 March, 1989.

INCORPORATION AND CHANGE OF NAME

The company was incorporated as a private company on 7th March, 1988 as Showhigh Limited and changed its name to Racal - Vodafone Holdings Limited on 5th September, 1988.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is as a holding company for other companies within the Racal Telecom plc group of companies.

The company purchased Racal - Vodafone Limited from a fellow subsidiary of Racal Telecom plc during the period since incorporation.

The company will continue as a holding company for Racal - Vodafone Limited.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 4 and shows a profit for the 55 weeks ended 31 March 1989 of £261,000.

The retained profit for the period is £170,000.

DIRECTORS

The directors of the company during the period were as follows:

	Date of Appointment
Instant Companies Limited	7 March 1988 (resigned 8 August 1988)
Mr G.A. Whent	8 August 1988
Mr E.J. Peett	8 August 1988
Mr K.J. Hydon	3 November 1988
Mr C.C. Gent	3 November 1988

None of the directors has any interest in the shares of the company.

RACAL - VODAFONE HOLDINGS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS INTEREST IN THE SHARES OF RACAL TELECOM PLC
AND RACAL ELECTRONICS PLC

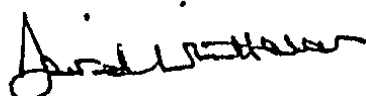
The shareholdings and share options in Racal Electronics plc and Racal Telecom plc of Mr G. A. Whent, Mr E.J. Peett, Mr. K.J. Hydon and Mr C.C. Gent are disclosed in the Annual Report of Racal Telecom plc.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Touche Ross & Co as auditors to the company will be put to the Annual General Meeting.

REGISTERED OFFICE

The registered office of the Company is at Western Road, Bracknell, Berkshire, England.



By Order of the Board
David Whittaker
Secretary
3 July 1989

REPORT OF THE AUDITORS

to the members of

RACAL - VODAFONE HOLDINGS LIMITED

We have audited the financial statements on Pages 4 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March, 1989 and of the profit and source and application of funds for the period from 7 March, 1988 to 31 March, 1989 and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

Touche Ross & Co
Chartered Accountants
Hill House
1 Little New Street
LONDON
EC4A 3TR
3 July 1989

RACAL - VODAFONE HOLDINGS LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE 55 WEEKS ENDED 31 MARCH 1989

	NOTE	1989 £'000
Turnover		- =====
Operating loss	1	(1)
Interest receivable	4	262 _____
Profit on ordinary activities before taxation		261
Tax on profit on ordinary activities	5	91 _____
Retained profit for the period		170 =====

RACAL - VODAFONE HOLDINGS LIMITED

BALANCE SHEET

AT 31 MARCH 1989


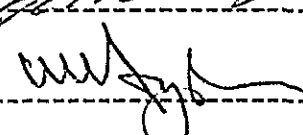
	NOTE	1989 £'000	£'000
FIXED ASSETS			
Investments	6		1,500,000
CURRENT ASSETS			
Debtors	7	55,250	
CREDITORS: amounts falling due within one year	8	1,155,080	

NET CURRENT LIABILITIES			(1,099,830)

TOTAL ASSETS LESS CURRENT LIABILITIES			400,170
			=====
CAPITAL AND RESERVES			
Called up share capital	9		400
Share Premium Account	10		399,600
Profit and loss account			170

			400,170
			=====

These financial statements were approved by the Board of Directors on
3 July 1989:


 ----- Director

 ----- Director

RACAL - VODAFONE HOLDINGS LIMITED
 SOURCE AND APPLICATION OF FUNDS
 FOR THE 55 WEEKS ENDED 31 MARCH 1989

	1989	
	£'000	£'000
FUNDS GENERATED BY OPERATIONS		
Profit on ordinary activities before taxation		261
FUNDS FROM OTHER SOURCES		
Issue of Shares		400,000
APPLICATION OF FUNDS		
Purchase of subsidiary		(1,500,000)
		<hr/>
		(1,099,739)
(INCREASE)/DECREASE IN WORKING CAPITAL		
Debtors	(55,250)	
Creditors	1,154,989	1,099,739
	<hr/>	<hr/>
		-

RACAL - VODAFONE HOLDINGS LIMITED

STATEMENT OF ACCOUNTING POLICIES

1. Basis of accounting

The financial statements are prepared under the historical cost convention.

2. Deferred Taxation

Provision is made for deferred taxation only where there is a reasonable probability that a liability will crystallise in the foreseeable future.

3. Investments

Investments in subsidiaries are stated at cost.

RACAL - VODAFONE HOLDINGS LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. Operating loss

1989
£'000

Administrative expenses

1
=====

2. Employees

The company had no employees.

3. Directors

No director received any remuneration from the company during the period.

4. Interest receivable

1989
£'000

Bank deposit

262
=====

5. Tax on profit on ordinary activities

1989
£'000

Corporation tax charge on profit for the period at 35%

91
=====

6. Investments

Cost

1989
£'000

Racal - Vodafone Limited

1,500,000
=====

The company holds 100% of the issued share capital of Racal - Vodafone Limited, a company incorporated in England which operates a cellular radio network.

RACAL - VODAFONE HOLDINGS LIMITED

NOTES ON THE FINANCIAL STATEMENTS

7. Debtors 1989
£'000

Amounts owed by
fellow subsidiaries 55,250
=====

8. Creditors - amounts falling due within
one year.

1989
£'000

Amounts owed to fellow
subsidiaries 1,154,988
Taxes and social security 91
Accruals and deferred
income 1

1,155,080
=====

9. Called up share capital

1989
Number £'000

Authorised:
Ordinary Shares of £1 each
On Incorporation 1,000 1
Increase in authorised share capital 499,000 499

500,000 500
=====

Allotted, called up and fully paid:

Ordinary shares of £1 each
On Incorporation 2 -
Share Issue 400,000 400

400,002 400
=====

The company allotted 400,000 new ordinary £1 shares on 3 October 1988
for £1000 per share. The proceeds of the allotment of £400,000,000
were used to purchase Racal-Vodafone Limited.

RACAL - VODAFONE HOLDINGS LIMITED

NOTES ON THE FINANCIAL STATEMENTS

10. Share Premium Account

	1989
	£'000
Premium arising on issue of ordinary shares	399,600
	=====

11. Ultimate Holding Company

The Ultimate holding company of Racal - Vodafone Holdings Limited is Racal Electronics plc, which is incorporated in England.