DIAGEO PLC
Form 6-K
March 11, 2008

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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
Diageo plc

(Translation of registrant s name into English)

8 Henrietta Place, London W1G 0NB

(Address of principal executive offices)

indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

Form 20-F þ Form 40-F o

indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82 _____

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Diageo plc

(Registrant)

Date 07 March 2008

By /s/ S Arsenić

Name: S Arsenić

Title: Assistant Company Secretary

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List identifying information required to be furnished by Diageo plc pursuant to Rule 13a-16 or 15d-16 of The Securities Exchange Act 1934
1 29 February 2008

Information	Required by/when
Public Announcements/Press	The Stock Exchange, London

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(01 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(01 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(04 February 2008)

Announcement
Company notified of transactions in respect of the US Employee Stock Purchase plan and those persons discharging managerial responsibility inform the Company of their beneficial interests therein.
(05 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(05 February 2008)

Announcement
Company announces acquisition of equity stake in Ketel One vodka.
(06 February 2008)

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(06 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(06 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(15 February 2008)

Announcement
Company announces release of shares under Total Shareholder Return Plan to participants of the Plan. Messrs Walsh, Rose and those persons discharging managerial responsibility inform the Company of their beneficial interests therein. Mr Walsh notifies the Company of sale of shares.
(18 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(18 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(19 February 2008)

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(20 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(20 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(21 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(22 February 2008)

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Information	Required by/when
Public Announcements/Press	The Stock Exchange, London

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(07 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(08 February 2008)

Announcement
Company notified of transactions in respect of the Diageo Share Incentive Plan and Messrs Walsh, Rose and those persons discharging managerial responsibility inform the Company of their interests therein.
Lord Blyth and Mr Stitzer inform the Company of their beneficial interests.
(11 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(11 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(12 February 2008)

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(13 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(13 February 2008)

Announcement
Company announces its interim results.
(14 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(14 February 2008)

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(15 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(25 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(26 February 2008)

Announcement
Company announces new importation licence in Korea.
(27 February 2008)

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(27 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(27 February 2008)

Announcement
Mr Fletcher notifies the Company of his beneficial interests.
(28 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(28 February 2008)

Announcement
Company releases shares from treasury to satisfy grants made under employee share plans.
(29 February 2008)

Announcement
Company announces total voting rights.
(29 February 2008)

Announcement
Company purchases its own shares for cancellation through Goldman Sachs International.
(29 February 2008)

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Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	13:36 01-Feb-08
Number	PRNUK-0102

TO: Regulatory Information Service
PR Newswire

RE: PARAGRAPH 12.6.4 OF THE LISTING RULES

Diageo plc Transaction in Own Shares

Diageo plc (the Company) announces that today, it released from treasury 10,386 ordinary shares of 28 101/108 pence each in the Company (Ordinary Shares), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1,013.79 pence per share.

Following this release, the Company holds 280,487,541 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,579,801,443.

1 February 2008

END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	17:54 01-Feb-08
Number	1647N

Diageo plc

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1 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 401,000 ordinary shares at a price of 1022.79 pence per share.
END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	17:38 04-Feb-08
Number	2795N

Diageo plc
4 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 450,000 ordinary shares at a price of 1031.56 pence per share.
END

Company	Diageo PLC
TIDM	DGE
Headline	Director/PDMR Shareholding
Released	14:28 05-Feb-08
Number	PRNUK-0502

TO: Regulatory Information Service
PR Newswire
RE: Paragraph 3.1.4 of the Disclosure and Transparency Rules
The notifications below were received under Paragraph 3.1.2 of the Disclosure and Transparency Rules.
Diageo plc (the Company) announces that it received notification on 4 February 2008 that Persons Discharging Managerial Responsibilities (PDMR), as

participants in the Company s US Employee Stock Purchase Plan (also known as the US Sharevalue Plan) (the Plan), purchased American Depository Shares in the Company (ADS) on 31 December 2007 at a price of $60.62 per ADS, as follows:

Name of PDMR	Number of ADSs*
R Malcolm	329.92
I Menezes	329.92
T Proctor	329.92

As a result of the above transactions, the interests of the PDMRs in the Company s Ordinary Shares of 28 101/108 pence each in the Company (Ordinary Shares) (excluding options, awards under the Company s LTIPs and interests as potential beneficiaries of the Company s Employee Benefit Trusts) are as follows:

Name of PDMR	Number of Ordinary Shares
I Menezes	274,659 (of which 181,661 are held in the form of ADS)
	Number of ADSs*
R Malcolm	22,180
T Proctor	29,329

* 1 ADS is the equivalent of 4 Ordinary Shares.

5 February 2008

END

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Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	18:15 05-Feb-08
Number	3775N

Diageo plc
5 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 450,000 ordinary shares at a price of 1022.41 pence per share.
END

Company	Diageo PLC
TIDM	DGE
Headline	Equity Stake
Released	07:01 06-Feb-08
Number	3822N

Diageo and Nolet to form a 50/50 company for super-premium Ketel One vodka
Diageo to pay $900 million for its equity stake

London and Schiedam, The Netherlands (5 February 2008) Diageo, the world s leading premium drinks business, and the Nolet family have agreed to form a new 50/50 company, which will own the perpetual exclusive global rights to sell, market and distribute the successful super-premium Ketel One vodka.

Diageo has agreed to pay US$900 million for its 50% equity interest in the newly formed company, which will be based in the Netherlands with the Nolet family owning the other 50%. Due to its rights under the agreements Diageo will fully consolidate the financial results of the new company accounting for the Nolet holding as a minority interest. Profits from the sales, marketing and distribution operations will be shared broadly equally.

The Nolet family will continue to own the brand rights for Ketel One and Diageo will become the exclusive distributor of the brand globally.

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Ownership of the Nolet distillery in Schiedam in Holland, where they have been distilling since 1691 and where Ketel One vodka is manufactured will remain with the Nolet family. The distillery will supply Ketel One vodka exclusively and perpetually to the new company at an agreed rate of return.

Currently, Ketel One vodka has an annual volume of 1.9 million cases. It is primarily a North American brand in the super-premium vodka segment and will complement Diageo s premium Smirnoff and its ultra-premium Cîroc brands. Similarly outside the United States Ketel One will expand Diageo s brand range in vodka. The Nolet family and Diageo believe that this new relationship will accelerate the growth of the brand in the USA and elsewhere in the world.

The transaction is expected to close by 31 March 2008, subject to the required regulatory approvals and other conditions. Diageo expects that the transaction will be EPS neutral in the first full financial year after closing and will be economic profit positive in year five using a weighted average cost of capital of 9%.

Both the Nolet family and Diageo consider this alliance to be perpetual. However, should either party ever decide to sell its stake in the company, the other party will have the right to purchase it at a price to be agreed. The Nolet family has an additional right to put its stake in the company to Diageo in the 4th or 5th year after closing for $900 million plus interest. If Diageo buys the Nolet family stake, full ownership of the brand will transfer to Diageo. Diageo can choose not to buy in exchange for a $100 million payment. The family may then pursue a sale to a third party.

Commenting today, Paul Walsh, Chief Executive, Diageo, said:

This transaction is strategically important for Diageo, giving us an interest in an outstanding high quality brand and fantastic potential for global growth in the super-premium vodka segment.

The new company represents a unique alliance in our industry.

Diageo brings superior marketing and distribution expertise, together with a track record of outstanding brand stewardship and the Nolet family brings a truly great

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brand, based on a high quality distillation operation and invaluable knowledge and heritage gained from over 300 years of tradition.

We feel particularly honoured that the family have chosen Diageo as their partner in taking Ketel One vodka forward to the next stage of its development. We look forward to working with the Nolet family and their team.

Commenting on the transaction, Carel Nolet Sr, said:

We are proud to be partners with Diageo, the world s leading premium drinks company, and look forward to working together with this team of highly talented people.

The partnership between Nolet and Diageo will combine our brand building and entrepreneurial skills with the unrivalled brand management, marketing and distribution expertise of Diageo to fully develop the potential of Ketel One vodka in the USA and globally.

UBS Investment Bank acted as financial adviser and Sullivan & Cromwell LLP and Morgan Lewis & Bockius LLP acted as legal advisers to Diageo in this transaction.

-ENDS-

For further information

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Notes to Editor

About Diageo

Diageo is the world s leading premium drinks business. With its global vision, and local marketing focus, Diageo brings to consumers an outstanding collection of beverage alcohol brands across the spirits, wine and beer categories including Smirnoff, Guinness, Johnnie Walker, Baileys, J&B, Cuervo, Captain Morgan and Tanqueray, and Beaulieu Vineyard and Sterling Vineyards wines. Diageo trades in some 180 countries around the world and is listed on both the New York Stock Exchange (DEO) and the London Stock Exchange (DGE). For more information about Diageo, its people, brands and performance, visit us at www.diageo.com

About the Nolet Distillery and the Nolet family

Since 1691 the Nolet family, through the Nolet distillery and other group companies manages the production, distribution, sales and marketing of a range of super premium spirit brands including Ketel 1 Jenever and Ketel One vodka.

The business has its origin in Schiedam, the Netherlands from where it still operates its distillery. The group focuses on personal relationships with distributors, bartenders and its consumers that are essential for the success of the company and its products. In 2007 the company produced ca two million cases per year with a turnover of around Euro 165 million. The Nolet family is actively involved with the group under the leadership of 10th generation Carel Nolet Sr and his son Bob Nolet, both based in Schiedam and his other son, Carl Nolet Jr, based in California, USA. The group employs around 180 people.

Cautionary statement concerning forward-looking statements

This announcement contains forward looking statements within the meaning of Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations and business of Diageo and certain of the plans and objectives of Diageo with respect to and outlook for these items. In particular, all statements that express forecasts, expectations and projections with respect to and outlook for future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to Diageo, anticipated cost savings or synergies and the completion of Diageo s strategic transactions, are forward-looking statements. Forecasts, expectations and projections with respect to future financial performance on an earnings per share and economic profit basis are based on a range of assumptions, including assumptions with respect to current exchange rate forecasts, the effective corporate tax rate, trading conditions for Diageo and in markets generally, the success of integration of any joint ventures or acquired businesses, competition in and growth of premium drinks markets and assumed GNP growth in the United States. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside Diageo s control.

These factors include, but are not limited to: increased competitive product and pricing pressures and unanticipated actions by competitors that could impact

Diageo s market share, increase expenses and hinder growth potential; the effects of future business combinations, partnerships, acquisitions or disposals, existing or future, and the ability to realise expected synergies and/or costs savings; Diageo s ability to complete existing or future acquisitions and disposals; legal and regulatory developments, including changes in regulations regarding consumption of, or advertising for, beverage alcohol, changes in tax law (including tax rates) or accounting standards, changes in taxation requirements, such as the impact of excise tax increases with respect to the business, and changes in environmental laws, health regulations and the laws governing pensions; developments in litigation or any similar proceedings directed at the drinks and spirits industry; developments in the Colombian litigation and any similar proceedings; changes in consumer preferences and tastes, demographic trends or perception about health related issues; changes in the cost of raw materials and labour costs; changes in economic conditions in countries in which Diageo operates, including changes in levels of consumer spending; levels of marketing spend, promotional and innovation expenditure by Diageo and its competitors; renewal of distribution or licence manufacturing rights on favourable terms when they expire; termination of existing distribution or licence manufacturing rights on agency brands; technological developments that may affect the distribution of products or impede Diageo s ability to protect its intellectual property rights; and changes in financial and equity markets, including significant interest rate and foreign currency exchange rate fluctuations, which may affect Diageo s access to or increase the cost of financing or which may affect Diageo s financial results.
All oral and written forward-looking statements made on or after the date of this announcement and attributable to Diageo are expressly qualified in their entirety by the above factors and the risk factors contained in the Annual Report on Form 20-F for the year ended 30 June 2007 filed with the United States Securities and Exchange Commission (SEC). Any forward-looking statements made by or on behalf of Diageo speak only as of the date they are made. Diageo does not undertake to update forward-looking statements to reflect any changes in Diageo s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Diageo may make in any documents which it publishes and/or files with the SEC. All readers, wherever situated, should take note of these disclosures.

-ENDS-

END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	14:33 06-Feb-08
Number	PRNUK-0602

TO: Regulatory Information Service

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PR Newswire
RE: PARAGRAPH 12.6.4 OF THE LISTING RULES
Diageo plc Transaction in Own Shares
Diageo plc (the Company) announces that today, it released from treasury 649,010 ordinary shares of 28 101/108 pence each in the Company (Ordinary Shares), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1,013.79 pence per share.
Following this release, the Company holds 279,838,531 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,579,149,453.
6 February 2008
END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	17:53 06-Feb-08
Number	4708N

Diageo plc
6 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 450,000 ordinary shares at a price of 1019.04 pence per share.
END
END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares

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Released 17:35 07-Feb-08
Number 5792N
Diageo plc
7 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 500,000 ordinary shares at a price of 1018.56 pence per share.
END

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 17:58 08-Feb-08
Number 6818N
Diageo plc
8 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 450,000 ordinary shares at a price of 1019.40 pence per share.
END

Company Diageo PLC
TIDM DGE
Headline Director/PDMR Shareholding
Released 15:06 11-Feb-08
Number PRNUK-1102
TO: Regulatory Information Service
PR Newswire
RE: PARAGRAPH 3.1.4 OF THE DISCLOSURE AND TRANSPARENCY RULES

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The notifications listed below were all received under Paragraph 3.1.2 of the Disclosure and Transparency Rules.
Diageo plc (the Company) announces that:
1. it received notification on 11 February 2008 of the following allocations of ordinary shares of 28 101/108 pence each in the Company (Ordinary Shares) under the Diageo Share Incentive Plan (the Plan), namely:
(i) the following directors of the Company were allocated Ordinary Shares on 11 February 2008 under the Plan, by Diageo Share Ownership Trustees Limited (the Trustee):

Name of Director	Number of Ordinary Shares
N C Rose	18
P S Walsh	18

(ii) the following Persons Discharging Managerial Responsibilities (PDMR) were allocated Ordinary Shares on 11 February 2008 under the Plan, by the Trustee:

Name of PDMR	Number of Ordinary Shares
S Fletcher	18
J Grover	18
A Morgan	18
G Williams	18

The number of Ordinary Shares allocated comprises those purchased on behalf of the employee using an amount which the employee has chosen to have deducted from salary (Sharepurchase) and those awarded to the employee by the Company (Sharematch) on the basis of one Sharematch Ordinary Share for every two Sharepurchase Ordinary Shares.
The Sharepurchase Ordinary Shares were purchased and the Sharematch Ordinary

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Shares were awarded at a price per share of £10.26.
The Ordinary Shares are held by the Trustee and in the name of the Trustee. Sharepurchase Ordinary Shares can normally be sold at any time. Sharematch Ordinary Shares cannot normally be disposed of for a period of three years after the award date.
As a result of the above transactions, interests of directors and PDMRs in the Company s Ordinary Shares (excluding options, awards under the Company s LTIPs and interests as potential beneficiaries of the Company s Employee Benefit Trusts) are as follows:

Name of Director	Number of Ordinary Shares
N C Rose	372,400
P S Walsh	648,260

Name of PDMR	Number of Ordinary Shares
S Fletcher	135,411
J Grover	171,432
A Morgan	136,530
G Williams	212,466 (of which 5,760 are held in the form of ADS*)

2. it received notification on 11 February 2008 from Lord Blyth, a director of the Company, that he has purchased 1,017 Ordinary Shares on 11 February 2008 under an arrangement with the Company, whereby he has agreed to use an amount of £10,500 each month, net of tax, from his director s fees to purchase Ordinary Shares. Lord Blyth has agreed to retain the Ordinary Shares while he remains a director of the Company.
The Ordinary Shares were purchased at a price per share of £10.26.
As a result of this purchase, Lord Blyth s interest in Ordinary Shares has increased to 155,143.

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3. it received notification on 11 February 2008 from Todd Stitzer, a director of the Company, that he has purchased 97 Ordinary Shares on 11 February 2008 under an arrangement with the Company, whereby he has agreed to use an amount of £1,000 each month, net of tax, from his director s fees to purchase Ordinary Shares.
The Ordinary Shares were purchased at a price per share of £10.26.
As a result of this purchase, Mr Stitzer s interest in Ordinary Shares has increased to 4,965.
11 February 2008

* 1 ADS is the equivalent of 4 Ordinary Shares.

END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	17:23 11-Feb-08
Number	7735N

Diageo plc
11 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 400,000 ordinary shares at a price of 1025.95 pence per share.
END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	18:18 12-Feb-08
Number	8694N

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Diageo plc
12 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 450,000 ordinary shares at a price of 1041.39 pence per share.
END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	15:27 13-Feb-08
Number	PRNUK-1302

TO: Regulatory Information Service
PR Newswire
RE: PARAGRAPH 12.6.4 OF THE LISTING RULES
Diageo plc Transaction in Own Shares
Diageo plc (the Company) announces that today, it released from treasury 1,920 ordinary shares of 28 101/108 pence each in the Company (Ordinary Shares), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1,013.79 pence per share.
Following this release, the Company holds 279,836,611 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,576,901,373.
13 February 2008
END

Company	Diageo PLC
TIDM	DGE
Headline	Transaction in Own Shares
Released	17:29 13-Feb-08
Number	9600N

Diageo plc
13 February 2008
Diageo plc announces that it has today purchased for cancellation through Goldman Sachs International 450,000 ordinary shares at a price of 1044.55 pence per share.
END

Interim results for the six months ended 31 December 2007

Diageo is on track to deliver full year guidance with strong first half performance volume up 4%, net sales up 7% and operating profit up 9%.

Paul Walsh, Chief Executive of Diageo, commenting on six months ended 31 December 2007 said:

Diageo s strength is its geographic diversity with leading brands across all categories. We have again delivered broad based growth in a half when we have continued to invest behind our brands and in our routes to market. In the half net sales grew 7%, operating margin increased by 80 basis points and return on invested capital was also up 80 basis points.

While performance was broadly based some individual areas of the business were key in driving these first half results. In North America our US spirits business again delivered strong top line growth. In Europe we have captured the opportunities offered by growing consumer demand for premium brands in Eastern Europe and Russia and we improved our sales execution in Great Britain in the key Christmas selling season. In International we have driven top line growth and margin improvement with continued strong performance across the region. Performance in Asia Pacific reflects our continued investments to build our route to market and widen our brand offerings in both India and China. In the first half overall performance in Asia Pacific has been affected by the loss of our import licence in Korea.

Looking at our individual brand performances; Johnnie Walker has again delivered double-digit net sales growth as have Smirnoff and Captain Morgan. The performance of Guinness has also improved with net sales up 6% and share gains in Great Britain and Ireland. In addition, a new marketing campaign has reintroduced J B to consumers in Continental Europe, Mexico and South Africa and the brand grew strongly in the first half.

This first half performance demonstrates that our brands are well supported and our routes to market remain strong and therefore, while we continue to watch for any impact that recent financial market volatility may have on broader trading conditions, we are maintaining our guidance for 9% organic operating profit growth for the current fiscal year.

Results at a glance

		First half F'08	First half F'07	Reported movement	Organic movement
Volume in millions of equivalent units		78.9	75.7	4%	4%
Net sales	£million	4,287	4,022	7%	7%
Operating profit	£million	1,414	1,306	8%	9%
Profit attributable to parent company s equity shareholders *	£million	975	895	9%	
Basic eps *	pence	37.6	32.8	15%	

* For six months ended 31 December 2007 tax rate 26.0%. For six months ended 31 December 2006 tax rate 28.3%. Includes exceptional items.

Marketing spend increased 4%. Excluding Korea, spend on non-ready to drink brands increased 8%

- 12% underlying growth of eps before exceptional items using an effective tax rate of 26% and adjusted for foreign exchange

- Free cash flow of £436 million

- Interim dividend per share increased by 5.2% to 13.20 pence

- £1.0 billion returned to shareholders: £523 million in dividends and £488 million of share buybacks

Unless otherwise stated in this announcement: net sales are sales after deducting excise duties; percentage movements are organic movements; commentary refers to organic movements and share refers to value share. See page 30 for additional information for shareholders and an explanation of non-GAAP measures including the reconciliation of basic eps as reported to underlying basic eps.

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Regional summary

North America Continued strength in premium spirits drives overall growth

Volume up 3%
Net sales up 6%
Marketing spend up 4%
Operating profit up 7%

North America again delivered strong performance led by US spirits where net sales were up 8%. The priority brands Smirnoff, Captain Morgan, Johnnie Walker, Crown Royal and Sterling and Chalone wines were the primary growth drivers. These together with price increases and mix benefits across the business from innovation and premiumisation, drove top line growth and margin improvement despite increased spend behind key growth drivers such as the Reserve Brands Group.

Europe Growth continued in line with the improved performance delivered in the second half of F 07 driven by Great Britain, Russia and Eastern Europe

Volume up 3%
Net sales up 4%
Marketing spend up 7%
Operating profit up 2%

Europe s performance overall reflected the success of the strategy to focus on premium brands and growth markets. In Great Britain recovery against the prior period was the result of increased marketing spend and a simplified Christmas pricing strategy on Smirnoff Red and Baileys. Guinness returned to growth in Great Britain and Ireland following increased marketing investment resulting in share gains in both markets. Johnnie Walker and Baileys were the major contributors to growth in the Russian business where consumers continue to demand premium brands. Sales recovered following the disruption caused in the prior period by the introduction of strip stamps. There was strong growth throughout Eastern Europe as a result of strong performance of Johnnie Walker, J B and Smirnoff. In Continental Europe deluxe and reserve brands were again the key drivers of growth.

International Double-digit growth in net sales and operating profit achieved in Latin America, Africa and Global Travel and Middle East

Volume up 7%
Net sales up 16%
Marketing spend up 14%
Operating profit up 20%

In International a strong performance from Diageo s beer brands in Africa and continued growth of scotch in Latin America, South Africa and Global Travel and Middle East were the main drivers of this strong performance. The growth of Smirnoff, Baileys and J B also made a significant contribution to the growth in the region. Price increases and mix improvements across Diageo s scotch brands and price increases in beer in Africa drove the significant improvement in overall price/mix and delivered operating margin improvement.

Asia Pacific Performance in the half impacted by Korea and investments in market infrastructure

Volume up 6%
Net sales up 1%
Marketing spend down 12%
Operating profit down 12%

Consumer demand in the region remained strong and Diageo continued to enhance routes to market by introducing brands into markets such as India, exploring opportunities in new markets such as Vietnam and focusing on priority brands in markets such as Australia. Diageo has continued to grow share in the key scotch markets of the region such as China. The overall performance in Asia Pacific has been affected by a number of factors including the loss of the import licence in Korea.

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Financial

The deficit in respect of post employment plans decreased by £34 million from £419 million at 30 June 2007 to £385 million at 31 December 2007. For the full year ending 30 June 2008, finance income under IAS 19 is expected to be £47 million, broadly in line with the benefit in the year ended 30 June 2007.

In the six months ended 31 December 2007, exchange rate movements reduced operating profit by £13 million and reduced the net interest charge by £3 million.

Based on current exchange rates, it is estimated that exchange rate movements for the year ending 30 June 2008 will not have a material impact on operating profit or the interest charge excluding the exchange impact of re-translating trading and short term inter-company loans under IAS 21 and excluding the impact of IAS 39.

Brand performance summary

	Volume movement* %	Reported net sales movement %	Organic net sales movement %
Global priority brands	5	6	7
Local priority brands	4	6	6
Category brands	3	9	9
Total	4	7	7
Key spirits brands**:			
Smirnoff vodka	9	10	11
Johnnie Walker	5	12	10
Captain Morgan	7	6	11
Baileys	5	6	6
J B	5	10	8
Jose Cuervo	(4)	(7)	(3)
Tanqueray	5	6	11
Crown Royal North America	5	5	10
Buchanan s International	8	33	14
Windsor Asia Pacific	42	(23)	(20)
Guinness	3	6	6
Ready to drink	(3)	(2)	(1)

* Reported and organic volume movements are the same for all brands in all regions

** Spirits brands excluding ready to drink

Smirnoff performed strongly with net sales growth in each region. The principal driver was North America where strong marketing campaigns drove both net sales growth and share gains. In Great Britain, Brazil, India, Australia and South Africa Smirnoff also achieved significant growth supported by focused marketing investment.

Johnnie Walker s performance was driven by International where net sales were up 16% and by Europe where net sales were up 13%. Volume growth of 7% in Johnnie Walker Black Label and price increases in a number of markets drove mix.

Captain Morgan had a strong first half with double-digit net sales growth in each region, supported by increased marketing investment.

Baileys growth was driven by Great Britain and Russia in Europe and by International. Net sales of Baileys Original Irish Cream were up across all regions as Baileys flavours renewed interest in the core brand.

J B has been reinvigorated by a new advertising campaign and new packaging. International and Europe were the key growth drivers.

While the growth of the super and ultra premium tequila segments has had a negative impact on Jose Cuervo, innovation such as super premium Jose Cuervo Platino and advertising focus has improved mix.

Tanqueray grew net sales 11% on volume growth of 5%. The principal driver was the growth in North America following the launch of Tanqueray Rangpur and a price increase on the core brand. Net sales growth was delivered in all regions.

Within local priority brands Crown Royal in North America performed strongly with improvement in price/mix.

Growth in Buchanan s was driven by continued strong performance in Latin American markets and by strong growth in North America where net sales grew 31%. In Korea, Windsor maintained number one position in the market. Volume was up as a result of shipment timing due to the third party distributor arrangements in place in the half which also reduced net sales per case.

Guinness grew net sales in its four largest markets, Great Britain, Ireland, Nigeria and the US as marketing investment increased behind successful new campaigns in each market.

Ready to drink net sales were down 1%. Strong growth of Bundaberg and Cola in Australia and Smirnoff ready to drink in Brazil and Africa offset most of the impact of the segment s decline in North America and Europe.

Management Reports

As communicated at the time of the 2007 preliminary results announcement, this half yearly report forms one of the management reports Diageo is required to publish under the EU Transparency Directive from the financial year beginning 1 July 2007. Diageo will issue the next interim management statement on 8 May 2008. The year end preliminary results announcement will be issued on 28 August 2008. The trading update to be issued at the time of the AGM on 15 October 2008 will form the first interim management statement for the year ended 30 June 2009.

Interim Report

Recent changes to the Listing Rules of the Financial Services Authority have removed the requirement to issue a hard copy interim report to shareholders. However, if you require a copy of this statement please contact the Registrar s office. This statement will be available on www.diageo.com.

BUSINESS REVIEW
For the six months ended 31 December 2007

OPERATING RESULTS analysis by brand and business area

North America

Summary:

Priority spirit brands continued to drive growth

Premiumisation drove mix improvement with acceleration in growth of reserve brands

Investment in overhead has constrained growth in operating profit

Innovation delivered one third of the growth in net sales

Key measures:

	First half F 08 £ million	First half F 07 £ million	Reported movement %	Organic movement %
Volume			3	3
Net sales	1,321	1,313	1	6
Marketing spend	201	206	(2)	4
Operating profit	491	486	1	7

Reported performance:

Net sales were £1,321 million in the six months ended 31 December 2007 up £8 million from £1,313 million in the comparable prior period. Reported operating profit increased by £5 million from £486 million to £491 million in the six months ended 31 December 2007.

Organic performance:

The weighted average exchange rate used to translate US dollar sales and operating profit moved from £1 = $1.91 in the six months ended 31 December 2006 to £1 = $2.03 in the six months ended 31 December 2007. Exchange rate impacts decreased net sales by £65 million. Disposals decreased net sales by £4 million and there was an organic increase in net sales of £77 million. Exchange rate impacts reduced operating profit by £25 million. There was an organic increase in operating profit of £30 million.

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Brand performance:

	Volume movement %	Reported net sales movement %	Organic net sales movement %
Global priority brands	3	(1)	4
Local priority brands	4	5	10
Category brands	2	1	9
Total	3	1	6
Key spirits brands*:			
Smirnoff vodka	8	7	12
Johnnie Walker	5	4	10
Captain Morgan	6	5	11
Baileys	(3)	(6)	(2)
Jose Cuervo	(4)	(8)	(2)
Tanqueray	6	5	12
Crown Royal	5	5	10
Guinness	2		5
Ready to drink	(12)	(13)	(9)

* Spirits brands excluding ready to drink

Diageo North America continued to drive broadly based growth. Price increases were taken on the majority of the priority brands and price/mix improved across spirits. Net sales of spirits were up 8%, beer up 6% and wine up 12%. Weakness in the ready to drink brands in the US, with net sales down 9%, cost the region 1 percentage point of net sales growth overall.

Smirnoff vodka grew volume 8% on the continued strong performance of Smirnoff Red and the growth in Smirnoff flavours, which benefited from the successful marketing campaign highlighting how to make cocktails at home. Net sales increased 12% following price increases in key markets. Smirnoff s share of the vodka category increased 0.3 percentage points.

Johnnie Walker volume grew 5% with growth achieved across all variants. Stronger performance within Johnnie Walker Black Label and super deluxe combined with price increases, drove 10% net sales growth. Johnnie Walker continued to lead the category finding growth opportunities in a declining category and share was up a further 1.6 percentage points. Johnnie Walker has now gained share for the last four consecutive calendar years.

Captain Morgan volume was up 6% and net sales up 11% as price increases were implemented. Strong marketing campaigns continued to build the brand with consumers. Captain Morgan maintained share of the rum category.

Baileys volume and net sales were down 3% and 2% respectively as Baileys flavours lapped the national launch in the prior period. Baileys Original Irish Cream grew volume and net sales as price increases were taken and strong holiday and multicultural marketing, with singer John Legend, drove growth. Baileys share of the cordials and liqueur category increased 0.2 percentage points against an overall category decline.

While Jose Cuervo volume decreased 4%, net sales decreased 2% as price increases were implemented. Category growth was driven by the super premium segment and therefore advertising has been refocused on the super premium Jose Cuervo brands such as Jose Cuervo Black Medallion and Jose Cuervo Tradicional. An innovation, Jose Cuervo

Platino, has also been launched in the super premium segment.

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Tanqueray volume grew 6% and net sales increased 12% driven by price increases on the core brand and Tanqueray Rangpur, an innovation launched nationally in February 2007, which continued to build distribution and attract consumers. Tanqueray grew share 2.2 percentage points against an overall decline in the gin category.

Crown Royal grew volume 5% and net sales 10% benefiting from both price increases and innovation as the new super premium Crown Royal Cask 16 improved mix within the brand. Crown Royal grew share 0.4 percentage points in the North American whiskey category.

Guinness held share in the import beer segment with volume up 2% and net sales up 5% with mix improvement and price increases.

Local priority brand volume was up 4%. Seagram s 7 Crown and Seagram s VO were broadly flat and growth was driven by the higher margin brands. As a result net sales were up 10% with Buchanan s up 31% and US wine up 11% driven by double-digit growth of Chalone brands and Sterling Vineyards. Diageo Chateau and Estate grew share of the premium wine segment 0.7 percentage points.

Category brands grew net sales 9% on volume growth of 2%. Favourable mix was driven by the growth of Don Julio, the Classic Malts and French agency and other import wines. Don Julio is the clear number two in the premium tequila segment growing share 0.5 percentage points. The Classic Malts performance was driven by double-digit growth on Dalwhinnie, Oban and Talisker.

Ready to drink declined in a declining segment, with volume down 12% and net sales down 9%. Ready to drink consists of progressive adult beverages and spirit based cocktails. The overall decline was driven by progressive adult beverages which includes Smirnoff Ice. Diageo lost 0.3 percentage points in share but remained the clear segment leader. Spirits based cocktails showed good momentum with the introduction of Smirnoff cocktails, a new innovation and continued growth in consumer off take of Jose Cuervo Golden Margaritas.

Overall marketing increased 4% with spending increases directed toward the reserve brands and new product launches such as Crown Royal Cask 16 and Smirnoff cocktails.

Europe

Summary:

Performance improvement continued in the first half

Guinness returned to growth supported by increased marketing spend

Growth of key spirits brands driven by Great Britain, Russia and Eastern Europe

Premiumisation continued across the region, led by Johnnie Walker Black Label and Smirnoff Black

Key measures:

	First half F 08 £ million	**First half F 07 £ million**	**Reported movement %**	**Organic movement %**
Volume			3	3
Net sales	1,433	1,357	6	4
Marketing spend	228	208	10	7
Operating profit	509	484	5	2

Reported performance:

Net sales were £1,433 million in the six months ended 31 December 2007, up £76 million from £1,357 million in the comparable prior period. Reported operating profit increased by £25 million from £484 million to £509 million in the six months ended 31 December 2007.

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Organic performance:
The weighted average exchange rate used to translate euro sales and profit moved from £1 = 1.48 in the six months ended 31 December 2006 to £1 = 1.43 in the six months ended 31 December 2007. Exchange rate impacts increased net sales by £28 million. Transfers between markets decreased net sales by £1 million and there was an organic increase in net sales of £49 million. Exchange rate impacts increased operating profit by £11 million. Transfers between markets increased operating profit by £3 million and there was an organic increase in operating profit of £11 million.
Brand performance:

	Volume movement %	Reported net sales movement %	Organic net sales movement %
Global priority brands	4	7	5
Local priority brands	(1)		(2)
Category brands	3	7	5
Total	3	6	4
Key spirits brands*:			
Smirnoff vodka	6	6	4
Johnnie Walker	6	16	13
Baileys	7	10	7
J B		8	4
Guinness	3	6	4
Ready to drink	(11)	(14)	(15)

* Spirits brands excluding ready to drink

Volume grew 3% and positive price/mix contributed to net sales growth of 4%. Strong performance in Great Britain, Russia and Eastern Europe offset weaker performance in Iberia and Greece. Global priority brands benefited from increased marketing spend of 11% with Guinness, Smirnoff and Baileys the key beneficiaries.
Smirnoff vodka volume increased 6% while net sales increased 4%. The brand performed strongly in Great Britain benefiting from two new marketing campaigns and a simplified Christmas pricing strategy. New marketing campaigns in Ireland also drove increases in both net sales and share.
Johnnie Walker volume was up 6% and net sales increased 13% as a result of strong growth in Russia, Eastern Europe, Benelux and Spain. In Spain net sales of Johnnie Walker Red Label grew 11% and the brand increased share 1.7 percentage points. The growth of Johnnie Walker Black Label in Russia and Eastern Europe combined with price increases drove positive mix.
Baileys volume and net sales increased 7%. In the key Great Britain market Baileys net sales increased 11%. The return to growth of Baileys Original Irish Cream was a result of the simplified Christmas pricing strategy. Russia again delivered strong growth and the launch of Baileys flavours was extended to Hungary and the Czech Republic. Marketing spend grew 11% and the brand launched its first regional campaign across Europe with a successful digital promotion.
Strong performance of J B in France and Eastern Europe drove net sales growth of 4%. In Spain, while volume was down 5% as a result of the continued decline of the standard scotch segment, price increases drove 3% net sales

growth.

Captain Morgan net sales grew 12% across the region. This growth was supported with marketing investment up over 60%.

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Guinness returned to growth with volume up 3% and net sales up 4%. Increased marketing spend, up 20% for the first half, was a major contributor to this turnaround. In both Great Britain and Ireland, the success of new advertising campaigns were key factors in the improvement. In a declining beer category Guinness grew 8 percentage points ahead of the category to gain 0.5 percentage points of share, consolidating its position as the number three on trade beer brand in Great Britain. In Ireland Guinness grew net sales 3% and gained 1.3 percentage points of share in the on trade supported by a slow down in the consumer switch to the off trade.

Total ready to drink volume declined 11% and net sales declined 15%, primarily driven by Smirnoff Ice in Great Britain and France.

Within local priority brands, Bell s and Gordon s in Great Britain benefited from the simplified Christmas pricing strategy, increased off trade visibility for Bell s over the seasonal period and a stronger print campaign for Gordon s. This performance was offset by Cacique in Spain, local beer brands in Ireland and Gordon s in Continental Europe.

Category brand volume increased 3% and net sales increased 5% as strong performance in scotch offset the decline in Pimm s which was impacted by the poor summer weather.

International

Summary:

Double-digit net sales growth achieved in Latin America, Africa and Global Travel and Middle East

Beer brands continue to grow strongly in Africa with spirits brands now delivering a third of the growth

Strong net sales growth of scotch brands across Latin America and in South Africa and Global Travel and Middle East

Focus on categories outside of scotch and beer drove broader based growth

Key measures:

	First half F 08 £ million	**First half F 07 £ million**	**Reported movement %**	**Organic movement %**
Volume			7	7
Net sales	1,050	884	19	16
Marketing spend	125	112	12	14
Operating profit	347	298	16	20

Reported performance:

Net sales were £1,050 million in the six months ended 31 December 2007, up £166 million from £884 million in the comparable prior period. Reported operating profit increased by £49 million from £298 million to £347 million in the six months ended 31 December 2007.

Organic performance:

Exchange rate impacts increased net sales by £23 million. Transfers between regions increased net sales by £1 million and there was an organic increase in net sales of £142 million. Exchange rate impacts reduced operating profit by £4 million and transfers of costs between regions reduced operating profit by £6 million. There was an organic increase in operating profit of £59 million.

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Brand performance:

	Volume movement %	Reported net sales movement %	Organic net sales movement %
Global priority brands	9	17	16
Local priority brands	7	25	18
Category brands	5	17	13
Total	7	19	16
Key spirits brands*:			
Smirnoff vodka	10	23	21
Johnnie Walker	10	21	16
Baileys	8	15	15
Buchanan s	8	33	14
Guinness	5	11	14
Ready to drink	5	12	14

* Spirits brands excluding ready to drink

Growth was led by the global priority brands with net sales up 16%, driven by Johnnie Walker, Guinness and Smirnoff. Price/mix improvement was achieved across global priority, local priority and category brands.

Smirnoff vodka delivered volume and net sales growth throughout the region, up 10% and 21% respectively. The key markets were Brazil and South Africa where the vodka category displayed strong growth. In both these markets Smirnoff is the category leader and strong marketing campaigns helped to drive further share gains.

Johnnie Walker volume was up 10% as a result of strong growth across the region. This was fuelled by growth in Latin America, especially in Mexico, South Africa and the Middle East. Net sales were up 16% driven by price increases implemented in Latin America and Global Travel and Middle East.

Baileys volume was up 8% and net sales were up 15% as premium priced gift packs and consumer promotions in Global Travel and the launch of Baileys flavours in Mexico drove overall growth.

Buchanan s is the clear leader in the deluxe scotch segment in Venezuela and Mexico and strong consumer demand in these two markets drove overall volume growth, up 8%. Net sales grew 14% as price increases were implemented.

Guinness delivered 5% volume growth driven by the successful Guinness Greatness campaign, economic expansion in East Africa and a positive performance in Cameroon. Price increases and a benefit from changes in excise tax in some markets have resulted in strong price/mix with net sales up 14%.

J B also delivered strong growth in the region with volume up 18% fuelled by strong consumer demand in Mexico, South Africa and Global Travel. Price increases implemented in South Africa and Global Travel led to net sales up 24%.

Local priority brands grew volume 7% and net sales 18%. Buchanan s, Tusker and Pilsner all delivered double-digit net sales growth as price increases were implemented following successful advertising campaigns. Malta Guinness also grew net sales by double-digits driven by Nigeria and Ghana.

Category brands grew volume 5% driven by the growth of beer brands in Africa. Price/mix was achieved as a result of significant price increases on lower priced scotch brands in Latin America and as a result net sales were up 13%.

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Ready to drink volume increased 5%. This was the result of growth in Smirnoff ready to drink brands, particularly the launch of new flavours of Smirnoff Caipiroska in Brazil, continued growth of Smirnoff Ice in Nigeria and Smirnoff ready to drink in South Africa. Net sales grew 14% mainly as a result of price increases in Venezuela and South Africa.

Most African markets delivered double-digit net sales growth, however East Africa and South Africa drove overall performance, with net sales up 26% and 25% respectively.

In East Africa this was the result of successful marketing campaigns on Guinness and Tusker and expanded distribution of Senator beer. In South Africa Diageo s scotch brands drove the growth as they continued to outperform a growing and competitive category in both volume and net sales terms with price increases implemented across most brands.

Net sales grew 11% and 25% respectively in Nigeria and Ghana, with strong performances from Guinness and Malta Guinness. This was driven by price increases which were implemented on these key brands.

Strong consumer demand for scotch has driven performance in both Venezuela and Mexico. In Venezuela net sales grew 10% and in Mexico increased investment behind the sales force and expansion of the customer base led to share gains and net sales up 31%.

In the Paraguay, Uruguay and Brazil hub net sales were up 7% with Smirnoff vodka and ready to drink the key drivers. The new marketing campaign on Smirnoff vodka combined with expansion into other regions resulted in volume growth ahead of the category despite taking two price rises in the last year. Smirnoff ready to drink also benefited from the campaign.

Performance in Global Travel and Middle East where volume was up 7% and net sales up 14% was driven by Johnnie Walker, particularly Johnnie Walker Black Label and super deluxe which benefited from increased visibility behind the Winners stay in control campaign in Global Travel. Price increases drove the price/mix improvement.

Asia Pacific

Summary:

- Continued growth in consumer demand
- Improved performance in Australia led by continued strength of the ready to drink segment
- Continued share gains in deluxe scotch in China
- Loss of import licence in Korea reduced operating profit in the half
- Launch of new brands in India strengthened the route to market

Key measures:

	First half F 08 £ million	First half F 07 £ million	Reported movement %	Organic movement %
Volume			6	6
Net sales	438	430	2	1
Marketing spend	89	100	(11)	(12)
Operating profit	99	115	(14)	(12)

Reported performance:

Net sales were £438 million in the six months ended 31 December 2007, up £8 million from £430 million in the comparable prior period. Reported operating profit decreased by £16 million from £115 million to £99 million in the six months ended 31 December 2007.

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Organic performance:
Exchange rate impacts increased net sales by £2 million. There was an organic increase in net sales of £6 million. Transfers between regions decreased operating profit by £3 million and there was an organic decrease in operating profit of £13 million.
Brand performance:

	Volume movement %	Reported net sales movement %	Organic net sales movement %
Global priority brands	4	4	4
Local priority brands	16	(8)	(7)
Category brands	3	10	7
Total	6	2	1
Key spirits brands*:			
Smirnoff vodka	23	37	31
Johnnie Walker	(5)	(2)	(1)
Windsor	42	(23)	(20)
Guinness	(10)	(5)	(3)
Ready to drink	12	20	14

* Spirits brands excluding ready to drink

Smirnoff vodka continued to deliver strong growth with volume up 23% driven by India and Australia. A focus on Smirnoff flavours in these markets, the growth of Smirnoff Black in Australia and a price increase in India resulted in price/mix improvement with net sales up 31%.
The performance of Johnnie Walker was impacted by closures in the Indian duty free channel and lower shipments into China, although Johnnie Walker gained share in the growing deluxe scotch segment in China. Price/mix of 4 percentage points was driven by price increases in a number of markets.
Guinness volume declined 10% and net sales declined 3%. This was the result of a change in tax in Japan which disrupted shipments to our distributor and a planned reduction of stock levels in Indonesia.
Australia remains the key market for Diageo s ready to drink brands in Asia Pacific and strong growth of Bundaberg and Cola, Smirnoff Ice Double Black and Johnnie Walker ready to drink, has resulted in 14% net sales growth for ready to drink in the region.
Local priority brand performance was driven by Windsor in Korea. Volume was up as a result of shipment timings, whilst net sales were impacted by third party distributor costs. Bundaberg delivered growth in both volume and net sales up 2% and 15% respectively. Growth in ready to drink positively impacted mix.
Category brands were driven by the growth of locally bottled scotch brands in India.
The loss of Diageo s import licence in Korea in July 2007 has had a significant impact on the overall growth rate for the Asia Pacific region in the first half. Following the loss of the import licence the route to market was through a third party distributor and therefore sales were recognised at the time stock was transferred to the distributor while net sales per case reduced to reflect the transfer of costs, including marketing spend, to the distributor. The net impact therefore was to increase volume and reduce net sales per case, marketing spend and operating profit. Diageo however maintained leadership of the whisky category. An application for a new import licence was submitted on 26

December 2007.

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In Australia there has been increased focus on the priority brands to drive profitability. This resulted in 9% growth in net sales on broadly flat volume. The fast growing ready to drink brands were a key driver of this growth as new media campaigns and up weighted investment on major sporting events such as the rugby world cup, drove growth in Bundaberg, Johnnie Walker and Smirnoff ready to drink. In spirits Johnnie Walker and Smirnoff both delivered double-digit net sales growth.

In Thailand the focus has been on improving profitability following two years of volume out performance. Low value products were discontinued and prices increased on a number of brands despite price reductions on competitor brands. Therefore volume declined 17% and net sales declined 5%. Diageo remains the leader in premium and deluxe whisky but lost volume share in the deluxe segment.

In China the scotch category is estimated to have grown by a further 20% and Diageo has again gained share. The appreciation of the RMB created a market for US dollar priced Johnnie Walker into China and therefore while consumer off take is estimated to have increased by 30%, shipments were down 8%. Diageo China became fully operational in the half and as a result, brand awareness for the brands it distributes such as Baileys and J B increased and Smirnoff volume share was up 2 percentage points in a category growing 15%. Therefore despite a 10% fall in net sales of Johnnie Walker, overall net sales were up 2%.

In India volume grew 28% as Diageo s Bottled in India (BII) business grew as a result of improved distribution and further growth of the innovation brands, Haig and Shark Tooth. This increase was however offset by the closure of a number of high volume duty free airport retail stores and sales of Johnnie Walker halved resulting in overall net sales growth of 7%.

Corporate revenue and costs

Net sales were £45 million in the six months ended 31 December 2007, up £7 million from £38 million in the prior period. Net reported operating costs were £32 million in the six months ended 31 December 2007 and were £77 million in the six months ended 31 December 2006. A number of costs are recharged by corporate to the four regions at fixed exchange rates and the difference between these fixed rates and actual rates is included in corporate. Centrally incurred overheads and other expenses were down slightly in the period.

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FINANCIAL REVIEW
Summary consolidated income statement

	Six months ended 31 December 2007 £ million	Six months ended 31 December 2006 £ million
Sales	**5,667**	5,358
Excise duties	**(1,380)**	(1,336)
Net sales	**4,287**	4,022
Operating costs	**(2,873)**	(2,716)
Operating profit	**1,414**	1,306
Sale of businesses	**5**	
Net finance charges	**(156)**	(98)
Share of associates profit after tax	**105**	91
Profit before taxation	**1,368**	1,299
Taxation	**(354)**	(367)
Profit for the period	**1,014**	932
Attributable to:		
Equity shareholders of the parent company	**975**	895
Minority interests	**39**	37
	1,014	932

Sales and net sales

On a reported basis, sales increased by £309 million from £5,358 million in the six months ended 31 December 2006 to £5,667 million in the six months ended 31 December 2007. On a reported basis net sales increased by £265 million from £4,022 million in the six months ended 31 December 2006 to £4,287 million in the six months ended 31 December 2007. Exchange rate movements decreased reported sales and net sales by £12 million. Disposals resulted in a net decrease in reported sales and net sales of £4 million for the period.

Operating costs

On a reported basis, operating costs increased by £157 million in the six months ended 31 December 2007 due to an increase in cost of sales of £143 million, from £1,534 million to £1,677 million and an increase in marketing costs of £17 million, from £626 million to £643 million, offset by a decrease in other operating expenses of £3 million, from £556 million to £553 million. The impact of exchange rate movements increased total operating costs by £1 million.

Post employment plans

Post employment costs for the six months ended 31 December 2007 of £25 million (2006 £28 million) comprised amounts charged to operating profit of £48 million (2006 £52 million) and finance income of £23 million (2006 £24 million).

At 31 December 2007, Diageo s deficit before taxation for all post employment plans was £385 million (30 June 2007 £419 million). The decrease in the deficit is primarily a result of higher returns on assets for the UK pension plans offset by an increase in the inflation assumption.

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Operating profit

Reported operating profit for the six months ended 31 December 2007 increased by £108 million to £1,414 million from £1,306 million in the comparable prior period. Exchange rate movements reduced operating profit for the six months ended 31 December 2007 by £13 million.

Net finance charges

Net finance charges increased by £58 million from £98 million in the six months ended 31 December 2006 to £156 million in the six months ended 31 December 2007.

The net interest charge increased by £37 million from £120 million in the prior year to £157 million in the six months ended 31 December 2007. This increase principally resulted from the increase in net borrowings in the period and maturing US dollar fixed debt being refinanced at higher market rates and the increase in average floating rates on euro and sterling denominated debt. Exchange rate movements reduced the net interest charge by £3 million.

Other net finance income of £1 million (2006 £22 million) included income of £23 million (2006 - £24 million) in respect of the group s post employment plans. Other finance charges in the six months to 31 December 2007 include £2 million (2006 £4 million income) in respect of exchange rate translation differences on inter-company funding arrangements that do not meet the accounting criteria for recognition in equity, £5 million (2006 nil) in respect of exchange movements on net borrowings not in a hedge relationship and therefore recognised in the income statement, £8 million (2006 £6 million) unwinding of discounts on liabilities and £7 million (2006 nil) on the conversion of cash transferred out of Diageo subsidiaries in countries where exchange controls are in place.

Associates

The group s share of profits of associates after interest and tax was £105 million for the six months ended 31 December 2007 compared to £91 million in the comparable period last year. Diageo s 34% equity interest in Moët Hennessy contributed £96 million to share of profits of associates after interest and tax (2006 £84 million).

Profit before taxation

Profit before tax increased by £69 million from £1,299 million to £1,368 million in the six months ended 31 December 2007, primarily as a result of increased operating profit, offset by higher net finance charges in the period.

Taxation

The tax charge is based upon the estimate of the tax rate expected for the full financial year.

The reported tax rate for the six months ended 31 December 2007 is 26% compared with 28.3% for the six months ended 31 December 2006. Factors that led to a higher reported tax rate for the six months ended 31 December 2006 were a provision for the settlement of tax liabilities relating to the Guinness/GrandMet merger and a reduction in the carrying value of deferred tax assets.

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Exchange rates

The estimated effect of exchange rate movements on the results for the six months ended 31 December 2007 as compared with the results for the six months ended 31 December 2006 is as follows:

	Gains/(losses) £ million
Operating profit	
Translation impact	**(20)**
Transaction impact	**7**
Associates	
Translation impact	**3**
Transaction impact	
Interest and other finance charges	
Translation impact interest	**3**
Net exchange movements on short term inter-company loans	**(6)**
Net exchange movements on undesignated net debt	**(5)**
Total exchange effect on profit before taxation	**(18)**

	Six months ended 31 December 2007	Six months ended 31 December 2006
Exchange rates		
Translation US$/£ rate	**2.03**	1.91
Translation /£ rate	**1.43**	1.48
Transaction US$/£ rate	**1.88**	1.87
Transaction /£ rate	**1.41**	1.44

The weakening of the US dollar had adverse translation and transaction effects on operating profit and a favourable impact on US dollar denominated interest charges.

Outlook for the impact of exchange rate movements:

Based on current exchange rates, it is estimated that exchange rate movements for the year ending 30 June 2008 will not have a material impact on operating profit or the interest charge excluding the exchange impact of re-translating trading and short term inter-company loans under IAS 21 and excluding the impact of IAS 39.

Dividend

An interim dividend of 13.20 pence per share will be paid to holders of ordinary shares and ADR s on the register on 7 March 2008. This represents an increase of 5.2% on last year s interim dividend. The interim dividend will be paid to shareholders on 7 April 2008. Payment to US ADR holders will be made on 11 April 2008. A dividend reinvestment plan is available in respect of the interim dividend and the plan notice date is 17 March 2008.

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Cash flow

	Six months ended 31 December 2007 £ million	Six months ended 31 December 2006 £ million
Cash generated from operations	**830**	914
Interest paid (net)	**(140)**	(104)
Dividends paid to minority interests	**(37)**	(22)
Taxation	**(118)**	(72)
Net sale of businesses and other investments	**6**	1
Net capital expenditure	**(105)**	(45)
Free cash flow	**436**	672

Cash generated from operations decreased from £914 million to £830 million in the six months ended 31 December 2007 principally as a result of cash outflows in relation to working capital which were £192 million greater than in the prior period. This increase was principally due to increased inventory levels, including higher maturing spirit stocks and higher receivables including the impact of some later phasing of sales in the period. Net capital expenditure on property, plant and equipment increased £60 million to £105 million in the period, the biggest drivers being the capital investment in the new distillery in Scotland in the period and disposal proceeds of £30 million relating to Park Royal received in the six months ended 31 December 2006. The decrease in cash generated from operations, increased interest payments and increased capital expenditure resulted in a reduction in free cash flow of £236 million to £436 million from £672 million in the prior period.

In the six months ended 31 December 2007, Diageo purchased 46.4 million shares as part of the share buyback programme (2006 72.8 million shares) at a cost including fees of £492 million (2006 £704 million). Net payments to acquire shares for employee share schemes totalled £85 million (2006 £48 million). Equity dividends of £523 million were paid during the period (2006 £524 million). In the six months ended 31 December 2007, Diageo made no investments in business acquisitions (2006 £20 million).

Diageo continues to target a range of ratios which are currently broadly consistent with an A band credit rating.

Balance sheet

At 31 December 2007, total equity was £4,051 million compared with £4,170 million at 30 June 2007. This decrease was mainly due to the dividend paid out of shareholders equity of £523 million and the shares repurchased for cancellation of £492 million, partly offset by the profit for the period of £1,014 million.

Net borrowings were £5,724 million at 31 December 2007, an increase of £879 million from net borrowings at 30 June 2007 of £4,845 million. The principal components of this increase were the payments of £492 million as part of the share buyback programme, £85 million net repurchase of own shares for share schemes, adverse exchange rate movements of £227 million and a £523 million equity dividend paid offset by free cash inflow of £436 million.

Economic profit

Economic profit increased by £62 million from £515 million in the six months ended 31 December 2006 to £577 million in the six months ended 31 December 2007. See page 38 for the calculation and definition of economic profit.

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DIAGEO CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Six months ended 31 December 2007 £ million**	Six months ended 31 December 2006 £ million
Sales	2	**5,667**	5,358
Excise duties		**(1,380)**	(1,336)
Net sales		**4,287**	4,022
Cost of sales		**(1,677)**	(1,534)
Gross profit		**2,610**	2,488
Marketing expenses		**(643)**	(626)
Other operating expenses		**(553)**	(556)
Operating profit	2	**1,414**	1,306
Sale of businesses	3	**5**	
Net interest payable	4	**(157)**	(120)
Net other finance income	4	**1**	22
Share of associates profits after tax		**105**	91
Profit before taxation		**1,368**	1,299
Taxation	5	**(354)**	(367)
Profit for the period		**1,014**	932
Attributable to:			
Equity shareholders of the parent company		**975**	895
Minority interests		**39**	37
		1,014	932
Pence per share			
Basic earnings		**37.6 p**	32.8 p
Diluted earnings		**37.4 p**	32.6 p
Average shares		**2,590m**	2,725m

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DIAGEO CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six months ended 31 December 2007 £ million	Six months ended 31 December 2006 £ million
Exchange differences on translation of foreign operations excluding borrowings	**239**	(254)
Exchange differences on borrowings and derivative net investment hedges	**(212)**	171
Effective portion of changes in fair value of cash flow hedges		
(Losses)/gains taken to equity	**(16)**	15
Transferred to income statement	**(46)**	25
Actuarial gains on post employment plans	**23**	13
Tax on items taken directly to equity	**2**	(17)
Net expense recognised directly in equity	**(10)**	(47)
Profit for the period	**1,014**	932
Total recognised income and expense for the period	**1,004**	885
Attributable to:		
equity shareholders of the parent company	**958**	856
minority interests	**46**	29
Total recognised income and expense for the period	**1,004**	885

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DIAGEO CONDENSED CONSOLIDATED BALANCE SHEET

		31 December 2007		30 June 2007		31 December 2006	
	Notes	**£ million**	**£ million**	£ million	£ million	£ million	£ million
Non-current assets							
Intangible assets		**4,440**		4,383		4,399	
Property, plant and equipment		**2,008**		1,932		1,889	
Biological assets		**2**		12		3	
Investments in associates		**1,682**		1,436		1,405	
Other investments		**124**		128		72	
Other receivables		**19**		17		14	
Other financial assets		**82**		52		51	
Deferred tax assets		**694**		771		837	
Post employment benefit assets		**20**		38		17	
			9,071		8,769		8,687
Current assets							
Inventories	6	**2,695**		2,465		2,474	
Trade and other receivables		**2,541**		1,759		2,183	
Other financial assets		**69**		78		87	
Cash and cash equivalents	7	**811**		885		975	
			6,116		5,187		5,719
Total assets			**15,187**		13,956		14,406
Current liabilities							
Borrowings and bank overdrafts	7	**(1,372)**		(1,535)		(1,279)	
Other financial liabilities		**(99)**		(43)		(24)	
Trade and other payables		**(2,180)**		(1,888)		(2,021)	
Corporate tax payable		**(799)**		(673)		(788)	
Provisions		**(64)**		(60)		(66)	
			(4,514)		(4,199)		(4,178)
Non-current liabilities							
Borrowings	7	**(5,154)**		(4,132)		(4,222)	
Other financial liabilities		**(96)**		(104)		(82)	
Other payables		**(31)**		(38)		(11)	

Provisions		**(278)**		(274)		(287)	
Deferred tax liabilities		**(658)**		(582)		(560)	
Post employment benefit liabilities		**(405)**		(457)		(776)	
			(6,622)		(5,587)		(5,938)
Total liabilities			**(11,136)**		(9,786)		(10,116)
Net assets			**4,051**		4,170		4,290
Equity							
Called up share capital		**832**		848		868	
Share premium		**1,342**		1,341		1,340	
Other reserves		**3,175**		3,186		3,135	
Retained deficit		**(1,505)**		(1,403)		(1,242)	
Equity attributable to equity shareholders of the parent company			**3,844**		3,972		4,101
Minority interests			**207**		198		189
Total equity	9		**4,051**		4,170		4,290

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DIAGEO CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 December 2007		Six months ended 31 December 2006	
	£ million	**£ million**	£ million	£ million
Cash flows from operating activities				
Profit for the period	**1,014**		932	
Taxation	**354**		367	
Share of associates profits after taxation	**(105)**		(91)	
Net interest and other net finance income	**156**		98	
Gains on sale of businesses	**(5)**			
Depreciation and amortisation	**109**		104	
Movements in working capital	**(707)**		(515)	
Dividend income	**7**		7	
Other	**7**		12	
Cash generated from operations		**830**		914
Interest received		**53**		21
Interest paid		**(193)**		(125)
Dividends paid to minority interests		**(37)**		(22)
Taxation paid		**(118)**		(72)
Net cash from operating activities		**535**		716
Cash flows from investing activities				
Disposal of property, plant and equipment	**19**		39	
Purchase of property, plant and equipment	**(124)**		(84)	
Net disposal of other investments	**6**		1	
Disposal of businesses	**4**			
Purchase of businesses			(20)	
Net cash outflow from investing activities		**(95)**		(64)
Cash flows from financing activities				
Net purchase of own shares for share schemes	**(85)**		(48)	
Own shares repurchased	**(492)**		(704)	
Net increase in loans	**580**		900	
Equity dividends paid	**(523)**		(524)	
Net cash used in financing activities		**(520)**		(376)
Net (decrease)/increase in net cash and cash equivalents		**(80)**		276
Exchange differences		**12**		(28)
Net cash and cash equivalents at beginning of the period		**839**		651

Net cash and cash equivalents at end of the period	**771**	899
Net cash and cash equivalents consist of:		
Cash and cash equivalents	**811**	975
Bank overdrafts	**(40)**	(76)
	771	899

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NOTES

1. Basis of preparation

These condensed consolidated financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed and adopted for use in the European Union and the Disclosure and Transparency Rules (DTR) of the Financial Services Authority. These condensed consolidated financial statements are also prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). This interim condensed consolidated financial information is unaudited and has been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the year ended 30 June 2007.

The following interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), are effective for the first time in the current financial year and have been adopted by the group with no significant impact on its consolidated results or financial position:

IFRIC 10 Interim financial reporting and impairment (effective for annual periods beginning on or after 1 November 2006).

IFRIC 11 Group and treasury share transactions (effective for annual periods beginning on or after 1 March 2007)

The following standards and interpretations, issued by the IASB or IFRIC, have not yet been adopted by the group:

Amendment to IAS 1 Presentation of financial statements: capital disclosures (effective for annual periods beginning on or after 1 January 2007). The amendment to IAS 1 requires additional disclosures in the Annual Report on the objectives, policies and processes for managing capital. Appropriate additional disclosures will be included in the 2008 Annual Report.

Amendment to IAS 23 Borrowing costs (effective for annual periods beginning on or after 1 January 2009). The amendment to IAS 23 generally eliminates the option to expense borrowing costs attributable to the acquisition, construction or production of a qualifying asset as incurred and instead requires the capitalisation of such borrowing costs as part of the cost of specific assets. The group is currently assessing the impact of the amendment on the results and net assets of the group.

IFRS 8 Operating segments (effective for annual periods beginning on or after 1 January 2009). IFRS 8 contains requirements for the disclosure of information about an entity s operating segments and also about the entity s products and services, the geographical areas in which it operates, and its major customers. The standard is concerned only with disclosure and replaces *IAS 14 Segment reporting*. The group is currently assessing the impact this standard would have on the presentation of its consolidated results.

IFRIC 12 Service concession arrangements (effective for annual periods beginning on or after 1 January 2008)

IFRIC 13 Customer loyalty programmes (effective for annual periods beginning on or after 1 July 2008)

IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective for annual periods beginning on or after 1 January 2008)

The group does not currently believe the adoption of the interpretations would have a material impact on the consolidated results or financial position of the group. The amendment to IAS 23, IFRIC 12, IFRIC 13 and IFRIC 14 have not yet been endorsed or adopted for use in the European Union.

The comparative figures for the financial year ended 30 June 2007 are not the company s statutory accounts for that financial year. Those accounts have been reported on by the company s auditors and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

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2. Business and geographical analyses

Business analysis is presented under the categories of Diageo North America, Diageo Europe, Diageo International, Diageo Asia Pacific and Corporate, reflecting the group s management and internal reporting structure. The Diageo Asia Pacific business was established in January 2007. The results for the period ended 31 December 2006 have been revised for the new reporting structure.

Business analysis:

	Six months ended 31 December 2007 Sales £ million	**Six months ended 31 December 2007 Operating profit/(loss) £ million**	Six months ended 31 December 2006 Sales £ million	Six months ended 31 December 2006 Operating profit/(loss) £ million
North America	**1,546**	**491**	1,543	486
Europe	**2,217**	**509**	2,122	484
International	**1,277**	**347**	1,070	298
Asia Pacific	**582**	**99**	585	115
	5,622	**1,446**	5,320	1,383
Corporate	**45**	**(32)**	38	(77)
	5,667	**1,414**	5,358	1,306

Corporate sales and costs are in respect of central costs including finance, human resources and legal as well as certain information systems, service centres, facilities and employee costs that are not directly allocated to the geographical operating units. They also include the revenues and costs related to rents receivable in respect of properties not used by Diageo in the manufacture, sale or distribution of premium drinks, exchange movements on short term inter-company trading balances and the results of Gleneagles Hotel.

Geographical analysis of sales and operating profit by destination:

	Six months ended 31 December 2007 Sales £ million	**Six months ended 31 December 2007 Operating profit £ million**	Six months ended 31 December 2006 Sales £ million	Six months ended 31 December 2006 Operating profit £ million
North America	**1,566**	**502**	1,564	498
Europe	**2,291**	**484**	2,197	417
Asia Pacific	**601**	**107**	609	129
Latin America	**568**	**160**	459	141
Rest of World	**641**	**161**	529	121

	5,667	**1,414**	5,358	1,306

Sales and operating profit by geographical destination have been stated according to the location of the third party customers.

Certain businesses reported for internal management purposes within Diageo International have been reported within the appropriate market in the geographical analysis above. Corporate sales and operating loss are principally incurred in Europe.

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Analysis of total assets:	**31 December 2007 £ million**	30 June 2007 £ million	31 December 2006 £ million
North America	**894**	842	898
Europe	**1,576**	1,063	1,300
International	**1,028**	808	828
Asia Pacific	**479**	406	416
Moët Hennessy	**1,584**	1,348	1,364
Corporate and other	**9,626**	9,489	9,600
	15,187	13,956	14,406

Corporate and other total assets consist primarily of brands that are capitalised in the balance sheet, property, plant and equipment, maturing whisky inventories and other assets that are not directly allocated to the group s operating segments.

Weighted average exchange rates used in the translation of profit and loss accounts were US dollar - £1 = $2.03 (2006 £1 = $1.91) and euro £1 = 1.43 (2006 £1 = 1.48). Exchange rates used to translate assets and liabilities at the balance sheet date were US dollar £1 = $1.99 (30 June 2007 £1 = $2.01; 31 December 2006 £1 = $1.96) and euro £1 = 1.36 (30 June 2007 £1 = 1.48; 31 December 2006 £1 = 1.48). The group uses exchange rate transaction hedges to mitigate the effect of exchange rate movements.

The festive holiday season provides the peak period for sales. Approximately 30% of annual sales volume arises in the last three months of each calendar year.

3. Exceptional items

Exceptional items are those that in management s judgement need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information.

In the six months ended 31 December 2007, there was an exceptional gain of £5 million on the sale of shares in Top Table. This gain is identified as a pre-tax exceptional item. There were no exceptional items in the six months ended 31 December 2006.

4. Net interest and other finance charges

	Six months ended 31 December 2007 £ million	Six months ended 31 December 2006 £ million
Interest payable	**(196)**	(145)
Interest receivable	**43**	26
Market value movements on interest rate instruments	**(4)**	(1)
Net interest payable	**(157)**	(120)
Net finance income in respect of post employment plans	**23**	24
Unwinding of discounts	**(8)**	(6)
Other finance charges	**(7)**	

	8	18
Net exchange movements on certain financial instruments	**(7)**	4
Net other finance income	**1**	22

5. Taxation

The £354 million (2006 £367 million) taxation charge for the six months ended 31 December 2007 comprises a UK tax charge of £23 million (2006 £55 million) and a foreign tax charge of £331 million (2006 £312 million).

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6. Inventories

	31 December 2007	30 June 2007	31 December 2006