

DIAGEO PLC
Form 6-K
October 16, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2012

Commission File Number: 001-10691

DIAGEO plc

(Translation of registrant's name into English)

Lakeside Drive, Park Royal, London NW10 7HQ

(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 x

Form 40-F ..

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Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): "

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): "

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 – 31 August 2012

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 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(03 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(08 August 2012)

Announcement

Company notified of transactions in respect of the Diageo Share Incentive Plan and Mr Walsh, Ms Mahlan and PDMRs inform the Company of their interests therein.

Dr Humer informs the Company of his beneficial interests.

(10 August 2012)

Announcement

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(20 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(21 August 2012)

Announcement

Company announces preliminary results for year ended 30 June 2012.

(23 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(24 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(10 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(13 August 2012)

Announcement

Company announces interim blocklisting review

(14 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(16 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(17 August 2012)

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Company releases shares from treasury to satisfy grants made under employee share plans.

(28 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(29 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(30 August 2012)

Announcement

Company releases shares from treasury to satisfy grants made under employee share plans.

(31 August 2012)

Company announces total voting rights.

(31 August 2012)

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: 21 September 2012 By: /s/ C Kynaston
Name: C Kynaston
Title: Assistant Company Secretary

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:21 01-Aug-2012
Number 21519-8A88

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 60,318 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 248,179,511 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,505,936,474.

John Nicholls

Deputy Company Secretary

01 August 2012

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 13:57 03-Aug-2012
Number 21356-14B5

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 11,190 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 248,168,321 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,505,947,664.

John Nicholls

Deputy Company Secretary

3 August 2012

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Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:22 08-Aug-2012
Number 21519-4340

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 16,911 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 248,151,410 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,505,964,575.

John Nicholls

Deputy Company Secretary

8 August 2012

Company Diageo PLC
TIDM DGE
Headline Director/PDMR Shareholding
Released 13:47 10-Aug-2012
Number 21346-192E

TO: Regulatory Information Service

PR Newswire

RE: PARAGRAPH 3.1.4 OF THE DISCLOSURE AND TRANSPARENCY RULES

The notifications listed below were all received under Paragraph 3.1.2 of the Disclosure and Transparency Rules.

Diageo plc (the "Company") announces that:

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1. It received notification on 10 August 2012 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 10 August 2012 under the Plan, by Diageo Share Ownership Trustees Limited (the "Trustee"):

Name of Director Number of Ordinary Shares

D Mahlan 11

PS Walsh 11

(ii) the following Persons Discharging Managerial Responsibilities ("PDMR") were allocated Ordinary Shares on 10 August 2012 under the Plan, by the Trustee:

Name of PDMR Number of Ordinary Shares

N Blazquez 11

D Gosnell 11

J Grover 11

A Morgan 11

G Williams 11

I Wright 11

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 Shares were awarded at a price per share of £17.12.

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.

It received notification on 10 August 2012 from Dr FB Humer, a director of the Company, that he had purchased 484 Ordinary Shares on 10 August 2012 under an arrangement with the Company, whereby he has agreed to use an amount of £8,000 each month, net of tax, from his director's fees to purchase Ordinary Shares. Dr Humer 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 £17.12.

As a result of the above transactions, interests of directors and PDMRs in the Company's Ordinary Shares and American Depository Shares ("ADS")* (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

Dr FB Humer	41,517
D Mahlan	94,900 (of which 94,534 are held as ADS)
PS Walsh	651,602

Name of PDMR Number of Ordinary Shares

N Blazquez	55,844
D Gosnell	81,513
J Grover	154,962
A Morgan	150,850
G Williams	173,960 (of which 6,424 are held as ADS)
I Wright	36,412

J Nicholls

Deputy Company Secretary

10 August 2012

*1 ADS is the equivalent of 4 Ordinary Shares.

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:12 10-Aug-2012
Number 21511-9BEA

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 18,011 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 248,133,399 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,505,982,586.

John Nicholls

Deputy Company Secretary

10 August 2012

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Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:54 13-Aug-2012
Number 21553-A66A

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 127,477 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 248,005,922 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,506,110,063.

John Nicholls

Deputy Company Secretary

13 August 2012

Company Diageo PLC
TIDM DGE
Headline Blocklisting - Interim Review
Released 15:52 14-Aug-2012
Number 21546-EBD2

SCHEDULE 5

BLOCK LISTING SIX MONTHLY RETURN

To: Listing Applications

UK Listing Authority

Financial Services Authority

25, The North Colonnade

Canary Wharf

London, E14 5HS

Please ensure the entries on this return are type

1. Name of company: Diageo plc

2. Name of scheme: Diageo (formerly Guinness) Executive Stock Option Scheme

3. Period of return: From 1 January 2012 to 30 June 2012

4. Number and class of share(s) (amount of stock/debt security) not issued under scheme 916,286

5. Number of shares issued/allotted under scheme during period: 0

6. Balance under
scheme not yet issued/
allotted at end of
period 916,286
7. Number and class of share(s) (amount 5,500,000 (ref 2882 1994)
of stock/debt securities) originally
listed and the date of admission; 18,405,871 (1999)

Please confirm total number of shares in issue at the end of the period in order for us to update our records

2,754,115,985 (including 248,472,277 treasury shares)

Contact for queries: Address: Diageo plc, Lakeside Drive,
Park Royal, London, NW10 7HQ

Name: Christine Norman Telephone: 020 8978 6000

Person making return Name: Claire Kynaston

Position: Assistant Company Secretary Signature: /s/ C Kynaston

SCHEDULE 5

BLOCK LISTING SIX MONTHLY RETURN

To: Listing Applications

UK Listing Authority

Financial Services Authority

25, The North Colonnade

Canary Wharf

London, E14 5HS

Please ensure the entries on this return are type

1. Name of company: Diageo plc

2. Name of scheme: Diageo (formerly Guinness) International Sharesave Scheme

3. Period of return: From 1 January 2012 to 30 June 2012

4. Number and class of share(s) (amount : 488,982
of stock/debt security) not issued
under scheme

5. Number of shares issued/allotted 0
under scheme during period:

6. Balance under
scheme not yet 488,982
issued/
allotted at end of
period

7. Number and class of share(s) (amount 4,250,000
of stock/debt securities) originally
listed and the date of admission;

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Please confirm total number of shares in issue at the end of the period in order for us to update our records

2,754,115,985 (including 248,472,277 treasury shares)

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Contact for queries: Address: Diageo plc, Lakeside Drive,
Park Royal, London, NW10 7HQ

Name: Christine Norman Telephone: 020 8978 6000

Person making return Name: Claire Kynaston

Position: Assistant Company Secretary Signature: /s/ C Kynaston

SCHEDULE 5

BLOCK LISTING SIX MONTHLY RETURN

To: Listing Applications

UK Listing Authority

Financial Services Authority

25, The North Colonnade

Canary Wharf

London, E14 5HS

Please ensure the entries on this return are type

Edgar Filing: DIAGEO PLC - Form 6-K

1. Name of company: Diageo plc

2. Name of scheme: Diageo Associated Companies Share Plan

3. Period of return: From 1 January 2012 to 30 June 2012

4. Number and class of share(s) (amount 143,817
of stock/debt security) not issued
under scheme

5. Number of shares issued/allotted 76,700
under scheme during period:

6. Balance under scheme not yet issued/ 67,117
allotted at end of period

7. Number and class of share(s) (amount 10.03.03 775,000
of stock/debt securities) originally
listed and the date of admission;

Please confirm total number of shares in issue at the end of the period in order for us to update our records

2,754,115,985 (including 248,472,277 treasury shares)

Contact for queries: Address: Diageo plc, Lakeside Drive,
Park Royal, London, NW10 7HQ

Name: Christine Norman Telephone: 020 8978 6000

Person making return Name: Claire Kynaston

Position: Assistant Company Secretary Signature: /s/ C Kynaston

SCHEDULE 5

BLOCK LISTING SIX MONTHLY RETURN

To: Listing Applications

UK Listing Authority

Financial Services Authority

25, The North Colonnade

Canary Wharf

London, E14 5HS

Please ensure the entries on this return are type

1. Name of company: Diageo plc

2. Name of scheme: Grand Metropolitan Public Limited Company Executive Stock Option Scheme

3. Period of return: From 1 January 2012 to 30 June 2012

4. Number and class of share(s) (amount 66,459
of stock/debt security) not issued
under scheme

5. Number of shares issued/allotted under scheme during period: 0
6. Balance under scheme not yet issued/ allotted at end of period 66,459
7. Number and class of share(s) (amount of stock/debt securities) originally listed and the date of admission; 10.6.92 15.1.02 1,288,978

Please confirm total number of shares in issue at the end of the period in order for us to update our records

2,754,115,985 (including 248,472,277 treasury shares)

Contact for queries: Address: Diageo plc, Lakeside Drive,
Park Royal, London, NW10 7HQ

Name: Christine Norman Telephone: 020 8978 6000

Person making return Name: Claire Kynaston

Position: Assistant Company Secretary Signature: /s/ C Kynaston

SCHEDULE 5

BLOCK LISTING SIX MONTHLY RETURN

To: Listing Applications

UK Listing Authority

Financial Services Authority

25, The North Colonnade

Canary Wharf

10

London, E14 5HS

Please ensure the entries on this return are type

1. Name of company: Diageo plc

2. Name of scheme: Grand Metropolitan Public Limited Company International Savings Related Share Option Scheme

3. Period of return: From 1 January 2012 to 30 June 2012

4. Number and class of share(s) (amount of stock/debt security) not issued under scheme 52,982

5. Number of shares issued/allotted under scheme during period: 0

6. Balance under scheme not yet issued/ allotted at end of period 52,982

7. Number and class of share(s) (amount of stock/debt securities) originally listed and the date of admission; 9.2.96

Please confirm total number of shares in issue at the end of the period in order for us to update our records

2,754,115,985 (including 248,472,277 treasury shares)

Contact for queries: Address: Diageo plc, Lakeside Drive,
Park Royal, London, NW10 7HQ

Name: Christine Norman Telephone: 020 8978 6000

Person making return Name: Claire Kynaston

Position: Assistant Company Secretary Signature: /s/ C Kynaston

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:02 16-Aug-2012
Number 21502-E7D6

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 9,028 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 247,996,894 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,506,119,091.

John Nicholls

Deputy Company Secretary

16 August 2012

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Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:19 17-Aug-2012
Number 21518-394B

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 1,688 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 247,995,206 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,506,120,779.

John Nicholls

Deputy Company Secretary

17 August 2012

Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:41 20-Aug-2012
Number 21541-8CBA

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 19,105 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 247,976,101 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,506,139,884.

John Nicholls

Deputy Company Secretary

20 August 2012

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Company Diageo PLC
TIDM DGE
Headline Transaction in Own Shares
Released 15:19 21-Aug-2012
Number 21518-73E2

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 6,172 ordinary shares of 28 101/108 pence each ("Ordinary Shares"), to satisfy grants made under employee share plans. The average price at which these Ordinary Shares were released from treasury was 1080.32 pence per share.

Following this release, the Company holds 247,969,929 Ordinary Shares as treasury shares and the total number of Ordinary Shares in issue (excluding shares held as treasury shares) is 2,506,146,056.

John Nicholls

Deputy Company Secretary

21 August 2012

Company Diageo PLC
TIDM DGE
Headline Preliminary Results
Released 07:00 23-Aug-2012
Number 6046K07

RNS Number : 6046K

Diageo PLC

23 August 2012

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Preliminary results, year ended 30 June 2012

Results which show Diageo is a strong business getting stronger

Results summary

Growth of: 6% net sales; 4 percentage points of positive price/mix; 9% operating profit and 60 basis points of margin expansion

Emerging markets which amount to almost 40% of Diageo's business, grew net sales 15% and operating profit 23%

Acquisitions in faster growing markets, primarily Mey İçki in Turkey, added £320 million of net sales and £82 million of operating profit after transaction and integration costs

Marketing investment up 8%, up 30 basis points to 15.8% of net sales, focused on strategic brands and the fastest growing markets

Free cash flow of £1.6 billion

During the year Diageo increased its ownership stake in Shuijingfang and Halico and announced an agreement to acquire the Ypióca brand in Brazil and the intention to invest a further £1 billion in scotch capacity

eps pre-exceptional items up 13% to 94.2 pence per share

Recommended 8% increase in final dividend

Paul S Walsh, Chief Executive, commenting on the year ended 30 June 2012

“Diageo is a strong business, getting stronger and the results we released this morning show that very clearly. We have increased our presence in the faster growing markets of the world, through both acquisitions and strong organic growth. We have enhanced our leading brand positions globally, through effective marketing and industry leading innovation and we have strengthened our routes to market. 6% organic top line growth, 9% operating profit growth and 60 basis points of margin expansion is a strong performance and demonstrates our commitment to delivering

efficient growth.

A year ago I set out our expectations for the medium term and these results put us firmly on track to meet those goals.

In F12, we have continued to invest to ensure this business is well positioned for the future. Our confidence in the achievement of our medium term guidance is underscored by the 8% recommended increase in our final dividend.”

Key financials:

		2012	2011	Organic growth %	Reported growth %
Volume	EUm	156.5	147.5	2	6
Net sales	£million	10,762	9,936	6	8
Marketing spend	£million	1,691	1,538	8	10
Operating profit before exceptional items	£million	3,198	2,884	9	11
Operating profit	£million	3,158	2,595		22
Profit attributable to parent company's equity shareholders	£million	1,942	1,900		2
Free cash flow	£million	1,647	1,812		
Basic eps	pence	77.8	76.2		2
eps pre-exceptionals	pence	94.2	83.6		13
Recommended full year dividend	pence	43.5	40.4		8

Operating profit before exceptional items includes directly attributable transaction and integration costs of £61 million (2011 – £21 million) in respect of business acquisitions, including £28 million in respect of business acquisitions not yet completed.

The tax rate before exceptional items for the year ended 30 June 2012 was 17.7% compared with 17.4% for the year ended 30 June 2011. The reported tax rate, which includes exceptional tax, was 33.3% in the year ended 30 June 2012 compared with 14.5% in the year ended 30 June 2011. During the year tax authority negotiations were concluded resulting in a favourable change to the taxation basis of certain overseas profits and intangible assets.

Organic growth by region:

	Volume %	Net sales %	Marketing spend %	Operating profit %
North America	2	6	7	6
Europe	(1)	(1)	3	3
Africa	5	11	11	20
Latin America and Caribbean	10	19	17	22
Asia Pacific	2	8	11	18

Exchange rate movement

	£million
On net sales	(90)
On operating profit before exceptional items	(10)

Exchange adjustments for net sales and operating profit before exceptional items are the translation of prior year reported results at current year exchange rates.

Using current exchange rates (£1 = \$1.57 : £1 = €1.28) exchange rate movements for the year ending 30 June 2013 are not expected to materially affect operating profit or net finance charges. This guidance excludes the impact of IAS 21 and 39.

Definitions

Unless otherwise stated in this announcement:

- volume is in millions of equivalent units
- net sales are sales after deducting excise duties
- percentage movements are organic movements
- commentary refers to organic movements
- share refers to value share

See page 33 for additional information for shareholders and an explanation of non-GAAP measures.

BUSINESS REVIEW**For the year ended 30 June 2012**

North America

Larry Schwartz, President, Diageo North America, commenting on the year ended 30 June 2012, said:

“The North American business has delivered another strong set of results. We have continued to drive price/mix by staying focused on: disciplined promotional spend, growth of our strategic brands and the continued growth of our premium and super premium brands, most notably Johnnie Walker and Cîroc. We’ve achieved this through consistent investment in targeted campaigns that have improved brand equities. Innovation continues to be a competitive strength and we have both sustained past launches and delivered exciting new products. Previously identified enhancements to our distribution system were implemented in the year and will benefit our future growth. Strong pricing and mix shift to premium products, coupled with our continued focus on cost, drove margin improvement, however this was offset by higher marketing. These measures, taken together, have delivered efficient growth and strengthened our business.”

Key financials £m:

	2011	FX	Acquisitions and disposals	Organic movement	2012	Reported movement	
Net sales	3,366	18	(26)	198	3,556	6	%
Marketing spend	508	2	1	37	548	8	%
Operating profit before exceptional items	1,275	3	(3)	79	1,354	6	%
Exceptional items	(23)				(11)		
Operating profit	1,252				1,343	7	%

Key markets and categories: The strategic brands**:

	Organic	Reported		Organic	Reported
	net	net		net	net
Volume*	sales	sales	Volume*	sales	sales

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	%	%	%		%	%	%
North America	2	6	6	Johnnie Walker	9	18	18
United States	1	6	6	Crown Royal	(4)	(3)	(2)
Canada	2	5	5	Buchanan's	9	11	11
				Smirnoff	3	4	5
Spirits	2	7	7	Ketel One	8	8	8
Beer	1	4	5	Cîroc	58	61	62
Wine	(5)	(7)	(17)	Captain Morgan	5	7	7
Ready to drink	-	3	3	Baileys	3	5	5
				Jose Cuervo	(6)	(7)	(7)
				Tanqueray	(2)	(1)	(1)
				Guinness	9	9	10

* Organic equals reported movement for volume except for: total North America volume 1% and wine (13)% due to disposals

** Spirits brands excluding ready to drink

Strong delivery of the strategic brands in the **United States** resulted in spirits net sales growth of 7% and drove performance in North America. Incremental net sales were driven by Cîroc, up 61%, as the strong performance of existing variants was amplified by the launch of Cîroc Peach, Diageo's most successful North American product launch to date.

The performance of beer improved overall as Guinness more than offset softness in other beer brands. The launch of Guinness Black Lager, the performance of Guinness and selective price increases across the brand drove price/mix improvements in beer, and Guinness gained share in the imported beer segment.

Ready to drink net sales returned to growth, as the strong performance of innovation launches such as Parrot Bay and Smirnoff pouches, and cocktails, including Jose Cuervo Light Margarita, Zero Calorie Margarita Mix and Light Margarita Flavours offset declines on Smirnoff ready to drink.

The wine restructuring is complete, improving the economics of the business. Wine continues to play a valuable role in the route to market, but it remains a challenging category and pricing pressure is intense.

Marketing investment was up 7%, an increase of 20 basis points as a percentage of net sales, primarily behind strategic brands. Captain Morgan and Smirnoff regained momentum on the back of compelling new advertising campaigns ‘To Life, Love and Loot’ and a new version of ‘I choose’ which included the launch of Smirnoff Whipped Cream and Fluffed Marshmallow. The strong performance of Johnnie Walker was the result of a scotch marketing spend increase of 24%, as the launch of Johnnie Walker Double Black in October, the ‘Say it without saying it’ campaign and Blue Label engraving, drove a significant shift into higher priced variants and net sales increased 18%. Net sales growth of 5% in **Canada** was driven by category leaders Smirnoff and Captain Morgan which delivered increases of 5% and 8% respectively. Guinness net sales grew 8% supported by a national television campaign in English and French, the first of its kind in three years.

Europe

Andrew Morgan, President, Diageo Europe, commenting on the year ended 30 June 2012, said:

“The economy remains very uneven in Europe. We continue to deliver substantial sales and profit growth in Europe’s emerging countries of Russia, Eastern Europe and Turkey, as well as a good performance across Northern Europe. Clearly though, Southern Europe remains challenging. From a category point of view, scotch remained very strong in the emerging markets offsetting decline in Southern Europe. Smirnoff continued to grow in Great Britain and Captain Morgan continued to perform strongly with 18% net sales growth. Weaker Baileys performance was driven by the change in promotional strategy in Great Britain and the challenges in Southern Europe. Overall marketing campaign activity has been maintained and the reinvestment rate increased as we spent more behind scotch and emerging markets while improving effectiveness in Western Europe. In Turkey, the integration of Mey İçki has been completed successfully and the enhanced route to market will be a key growth driver as we bring our international brands to the expanding middle class consumer base there. Finally, the new operating model has delivered further efficiencies and improved operating margin.”

Key financials £m:

	2011	FX	Acquisitions and disposals	Organic movement	2012	Reported movement	
Net sales	2,703	(25)	288	(17)	2,949	9	%
Marketing spend	403	(4)	30	10	439	9	%
Operating profit before exceptional items	796	(4)	107	26	925	16	%
Exceptional items	(157)				41		
Operating profit	639				966	51	%

Key markets and categories: The strategic brands**:

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	Volume*	Organic	Reported		Volume*	Organic	Reported
	%	net	net		%	net	net
		sales	sales			sales	sales
		%	%			%	%
Europe	(1)	(1)	9	Johnnie Walker	5	4	3
				J B	(4)	(7)	(8)
Western Europe	(3)	(3)	(4)	Smirnoff	1	5	4
Russia and				Captain Morgan	20	18	18
Eastern Europe	14	16	13	Baileys	(9)	(7)	(8)
Turkey	7	28	983	Guinness	(4)	(2)	(3)
Spirits	-	1	17				
Beer	(3)	-	(1)				
Wine	(5)	(10)	(5)				
Ready to drink	(8)	(7)	(7)				

* Organic equals reported movement for volume except for: total Europe volume 12%, spirits 16%, wine (2)% and Turkey 1,081% reflecting the acquisition of Mey İçki this year and sale of Gilbeys in the previous year

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Spirits brands excluding ready to drink

In increasingly challenging economic conditions in Southern Europe, Diageo Europe's underlying performance remained relatively consistent throughout the year. Organic net sales growth in Turkey was (12)% in the second half against 114% in the first half as it lapped the customs dispute that was resolved in April 2011. The second half was also impacted by the decision to increase H1 shipments into Eastern European markets to avoid custom administration delays which had occurred in H2 in prior years.

Formerly material markets for Diageo, Iberia, Greece and Italy in total represent 5% of net sales globally after a number of years of tough trading. These Southern European markets declined 6% in volume and 9% in net sales as deeper austerity measures put additional pressure on consumption and sales mix. J B and Baileys were the brands impacted most, both declining 8% in net sales in these markets. However, growth of Tanqueray, Captain Morgan and Bushmills partially offset these declines.

In Ireland, Guinness Draught and Smithwick's grew share in the on trade and Harp in the off trade, but the beer market remains in decline and net sales fell 5%.

In Great Britain, reduced promotional activities across the portfolio drove 2% decline in net sales with 4 percentage points of positive price/mix. Smirnoff delivered 6% net sales growth, driven by Smirnoff Red gaining share despite the promotional reductions. Beer net sales grew 6% with price increases on Guinness and a successful year for Red Stripe as the brand's sales, distribution and marketing were brought in house.

The rest of **Western Europe** delivered 6% growth in spirits, fuelled by double digit top line growth of Smirnoff and Captain Morgan. Germany maintained strong momentum on the back of increased customer marketing focus and benefited from the premiumisation trend for international spirits. Captain Morgan saw almost 60% net sales growth with 4 percentage points of share gain. Net sales in France were flat as the second half saw the reversal of the pre excise tax increase buy in coupled with difficult market conditions. The Singleton more than doubled in net sales as the brand gained share in France supported by improved distribution.

In **Russia and Eastern Europe**, double digit net sales growth was driven by scotch, with Johnnie Walker up 11%, Bell's up 57% and White Horse up 17%. Marketing spend was focused behind Johnnie Walker and also on launching the first ever local campaign for White Horse, the biggest whisky brand in Russia. Black & White, targeting consumers seeking a more affordable entry into the scotch category, performed well following its launch last August. As a result of broadening from scotch into other categories in these fast growing markets, Captain Morgan and Bushmills also contributed to top line growth with net sales growth over 30% for both and share gains within the growing rum and Irish whiskey categories.

In **Turkey** the integration of Mey İçki has been completed successfully. Net sales growth of 28% reflected the resolution in 2011 of the customs dispute which had impacted imports and also the share gains made as a result of marketing investment behind Johnnie Walker, J B and Smirnoff. The inorganic part of the Turkish business delivered £291 million of net sales as Yeni Raki continued to be the market leader and while the recent duty increase impacted sales in the category, Mey İçki gained 3 percentage points of share on the back of very effective on trade marketing activities and increased penetration into beer led outlets.

Africa

Nick Blazquez, President, Diageo Africa, commenting on the year ended 30 June 2012, said:

“Diageo Africa’s strong routes to market and leading brands have harnessed the growth opportunities presented by the region. This has delivered another year of double digit net sales growth with particularly strong growth in East Africa, Ghana and Cameroon. While it was a further year of strong net sales growth in beer, spirits are

now making a meaningful contribution, driving over 40% of total growth and representing 25% of net sales in the region. This increased breadth together with price increases was reflected in operating margin improvement. Fiscal 2012 was another year of investment for growth. We invested in marketing our brands, primarily Guinness, Tusker and Johnnie Walker, and behind innovations such as the launch of Harp Lime in Nigeria. We invested in capital expenditure to expand capacity in Nigeria and East Africa and we broadened our presence across Africa, with the acquisition of the Meta Abo Brewery in Ethiopia. I am particularly proud of our investment in the communities in which we operate, through our flagship Water of Life programme and also through our sustainable business model, supporting the development of local enterprise.”

Key financials £m:

	2011	FX	Acquisitions and disposals	Organic movement	2012	Reported movement	
Net sales	1,357	(77)	29	138	1,447	7	%
Marketing spend	140	(8)	4	14	150	7	%
Operating profit before exceptional items	333	(22)	4	65	380	14	%
Exceptional items	(7)				(5)		
Operating profit	326				375	15	%

Key markets and categories: The strategic brands**:

	Volume* %	Organic net sales %	Reported net sales %		Volume* %	Organic net sales %	Reported net sales %
Africa	5	11	7	Johnnie Walker	35	39	31
				J B	18	12	4
Nigeria	(1)	4	1	Smirnoff	25	20	10
East Africa	8	19	16	Captain Morgan	1	-	(9)
Africa Regional Markets	7	15	13	Baileys	22	26	21
South Africa	8	7	(3)	Guinness	3	7	3
Spirits	9	20	11				
Beer	4	9	6				
Ready to drink	(11)	-	(6)				

* Organic equals reported movement for volume except for: Africa 8%, East Africa 11%, Africa Regional Markets 14%, beer 8% and Smirnoff 26% reflecting the acquisition of Serengeti and Meta Abo Breweries

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Spirits brands excluding ready to drink

Net sales in **Nigeria** grew 4%. Harp delivered another year of double digit net sales growth, however, net sales of Guinness declined slightly as price increases were implemented to maintain its premium position in a difficult economic environment. Strong spirits net sales growth resulted from more volume of premium plus brands and price increases across the portfolio, delivering positive price/mix. Marketing spend increased 3% driven by the successful launch of Harp Lime.

East Africa delivered a strong performance driven by Senator, Tusker, Guinness and the strong growth of spirits. Investment behind marketing, innovation such as Tusker Lite and improved distribution drove the strong beer performance. Increased sales focus on international spirits and Kenya Cane in new glass bottles drove very strong double digit growth across spirits.

Cameroon and Ghana represent three quarters of Diageo's **Africa Regional Markets** and delivered approximately 90% of incremental net sales. This was driven by Guinness in Cameroon, and Malta, Guinness and Star in Ghana. Marketing spend increased 5% across Africa Regional Markets, principally focused on Johnnie Walker, with a campaign that included outdoor advertising, trade visibility and mentoring programmes. During the year Diageo completed the acquisition of the Meta Abo Brewery in Ethiopia and continued to build the spirits business in Angola, expanding the distribution footprint in the region.

Increased headcount and outlet coverage delivered improvements in the route to market in **South Africa**. This drove strong double digit net sales growth of Smirnoff and Johnnie Walker, which offset a decline in ready to drink. Price increases followed a 20% increase in excise duty and net sales grew 7%. Marketing spend was focused behind Johnnie Walker with the 'Step Up' campaign, contributing to brandhouse's 70 basis points of volume share gain in the off trade scotch category. Overall brandhouse grew share of total beverage alcohol by 90 basis points.

Latin America and Caribbean

Randy Millian, President, Diageo Latin America and Caribbean, commenting on the year ended 30 June 2012, said:

“Our performance in Latin America and Caribbean during the year demonstrated the strength and sustainability of our business. In order to capture the consumer opportunity in the emerging middle class, we increased marketing spend to enhance our brand equities in scotch, increase the resonance of vodka and support innovation. We enhanced our routes to market with more dedicated distributors in Brazil, a new distributor agreement in Costa Rica and a new supply distribution centre in Panama. Additionally we have helped more than 12,000 people acquire vocational skills through our Learning for Life programme. We finished the year with the exciting acquisition of Ypióca, which will dramatically expand our presence in Brazil. This sustained investment is building a strong and successful business.”

Key financials £m:

	2011	FX	Acquisitions and disposals	Organic movement	2012	Reported movement	
Net sales	1,063	(22)	-	198	1,239	17	%
Marketing spend	184	(6)	1	31	210	14	%
Operating profit before exceptional items	318	(2)	(2)	69	383	20	%
Exceptional items	(6)				(2)		
Operating profit	312				381	22	%

Key markets and categories: The strategic brands**:

	Volume* %	Organic net sales %	Reported net sales %		Volume* %	Organic net sales %	Reported net sales %
Latin America and Caribbean	10	19	17	Johnnie Walker	5	14	12
				Buchanan's	13	28	25
				Smirnoff	18	19	13
PUB	11	20	15	Baileys	3	9	6
Andean	18	42	44				
Mexico	15	16	9				
West LAC	9	16	16				
Spirits	11	20	18				
Beer	(2)	8	7				
Wine	15	21	16				
Ready to drink	2	15	10				

* Organic equals reported movement for volume

** Spirits brands excluding ready to drink

Price increases and accelerated reserve brand performance drove 9 percentage points of positive price/mix in **Paraguay, Uruguay and Brazil (PUB)**. Over 60% of net sales growth was driven by scotch, primarily Johnnie Walker and Old Parr. Investment continued behind the route to market, with more distributors on an exclusive basis and behind brands with a 14% increase in marketing spend, over half of which was focused behind Johnnie Walker and the 'Keep Walking Brazil' campaign, driving 17% net sales growth for the brand. The balance of spend focused on vodka, which accounted for over 20% of incremental net sales, driven by both the impressive growth of Smirnoff and Ciroc.

Venezuela and Colombia make up the **Andean** market. Here growth was driven by a recovery of Venezuelan imports in line with currency availability and a 32% increase in net sales in Colombia. Scotch delivered over two thirds of the market growth while double digit net sales growth in rum and liqueurs also made significant contributions. Diageo

gained share in both deluxe and super deluxe scotch, with two thirds of the increase in marketing spend directed towards the scotch category, principally Buchanan's in Venezuela, Old Parr in Colombia and Johnnie Walker and the launch of Haig Supreme across the market.

Strong growth of scotch drove 16% net sales growth in **Mexico**. Solid growth of Captain Morgan and Zacapa coupled with the launch of Nuvo drove double digit growth in rum and liqueurs. This increased Diageo's category breadth and increased its share of total spirits. Marketing spend increased 12% and focused on both scotch and rum.

A very good performance in **West Latin America and Caribbean** was delivered by strong growth in Argentina, Chile, Peru, the free trade zones, Costa Rica and Jamaica. Price increases and double digit net sales growth of scotch and reserve brands delivered 7 percentage points of positive price/mix. Marketing spend focused on Johnnie Walker and Smirnoff which grew net sales 9%.

Asia Pacific

Gilbert Ghostine, President, Diageo Asia Pacific, commenting on the year ended 30 June 2012, said:

“We had another successful year in Asia Pacific maintaining our leadership position in international spirits and gaining share in all key markets and categories. The emerging markets of Asia grew double digit with South East Asia up 15%, Greater China 13% and India 24%. Uncertainty around the global economy led to further contraction of the whisky market in Korea and weaker consumer confidence in Australia which led to roughly flat net sales in developed Asia Pacific. The price increases we implemented in South East Asia, China and Global Travel Asia drove more than half of our incremental top line, and this together with the premiumisation of our portfolio delivered 6 percentage points of positive price/mix. Scotch remained the growth engine of the region delivering more than 80% of net sales growth and almost half of this growth came from our super deluxe brands. Other reserve brands also performed well, with very strong net sales growth from Zacapa, Ketel One vodka and Cîroc. I am also proud of the performance of Guinness, delivering 12% net sales growth through share gains and strong pricing. We continued to invest in infrastructure, sales execution, innovation and acquisitions, including our increased stake in Shuijingfang in China and Halico in Vietnam, creating a stronger platform for future growth. Despite these investments and as a result of our successful premiumisation strategy and focus on pricing, operating margin improved in the year.”

Key financials £m:

	2011	FX	Acquisitions and disposals	Organic movement	2012	Reported movement	
Net sales	1,377	17	-	107	1,501	9	%
Marketing spend	303	6	-	35	344	14	%
Operating profit before exceptional items	299	-	(11)	54	342	14	%
Exceptional items	(50)				(10)		
Operating profit	249				332	33	%

Key markets and categories: The strategic brands**:

	Volume* %	Organic net sales %	Reported net sales %		Volume* %	Organic net sales %	Reported net sales %
Asia Pacific	2	8	9	Johnnie Walker	4	17	18
				Windsor	(4)	(1)	-

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South East Asia	3	15	14	Smirnoff	1	3	2
Greater China	8	13	16	Guinness	10	12	12
India	17	24	13				
Global Travel Asia & Middle East	(5)	11	11				
Australia	-	(1)	3				
North Asia	(1)	1	3				
Spirits	3	10	12				
Beer	1	11	11				
Ready to drink	(6)	(6)	(2)				

* Organic equals reported movement for volume

** Spirits brands excluding ready to drink

Underlying consumption trends continued to be strong in emerging Asia as reflected in the 14% increase in full year net sales. In the fourth quarter route to market changes were implemented in South East Asia which reduced shipments in the period and adversely impacted the market's second half performance. The global slowdown affected consumer sentiment in Australia and the second half was weaker. Diageo Korea net sales also slowed from the first half but Diageo gained share in scotch and vodka.

South East Asia delivered 3% volume growth with 12 percentage points of price/mix as a result of price increases and premiumisation and the market was the biggest contributor to pricing, deluxe and above scotch growth and margin improvement in the region. Deluxe and super deluxe launches, such as Platinum, XR21 and Double Black helped the Johnnie Walker portfolio to gain further share which together with price increases resulted in 23% net sales growth. Guinness had another strong year, breaking the £100 million barrier, with 13% net sales growth through strong pricing and continued share gains in Indonesia on the back of St Patrick's and Arthur's Day and World Series of Pool activations.

Net sales growth of 13% in **Greater China**, and 16% in China, with 5 and 6 percentage points of positive price/mix, respectively, was due to the successful premiumisation strategy and price increases across the portfolio. Reserve brands net sales increased over 60% in China with continued strong performance from Johnnie Walker super deluxe variants and The Singleton. Baileys posted 37% net sales growth with 18 percentage points of positive price/mix, supported by increased marketing spend, in particular the Baileys 'Perfect Place' participation platform. The launch of Guinness Original in January in Shanghai together with the strategy of super premium pricing drove 17% net sales increase for Guinness. Marketing spend increased ahead of net sales at 20%, with most of the incremental investment going behind Johnnie Walker Deluxe and Super Deluxe in China. Strong premiumisation momentum continued in the second half of the year as reflected in the 7 percentage points of price/mix achieved and underlying consumption trends remained robust. Lower top line growth in the second half was driven by lapping an unusually strong third quarter last year together with shipment phasing in Taiwan.

Strong momentum across the scotch portfolio, with share gains in every segment, was the main driver of 24% net sales growth in **India**. VAT69 delivered 39% top line growth with 10 percentage points of price/mix, supported by increased marketing spend and the launch of VAT69 Black. Johnnie Walker Black Label net sales increased over 40%, driven by the Formula 1 sponsorship programme, along with the 'Step Inside the Circuit' campaign. Rowson's Reserve, launched in the prestige Indian Made Foreign Liquor segment in October, gained distribution and share. Diageo's **Global Travel Asia and Middle East** remained strong. Volume in the Middle East was impacted by price increases and despite 9% positive price/mix, net sales declined 2% as a result. In Global Travel Asia, reserve brands net sales increased 37% supported by the successful launch of Johnnie Walker Platinum, Gold Label Reserve, XR21 and the Blue Label Casks Edition. The increased focus on reserve brands together with price increases and product differentiation strategy for duty free consumers resulted in 31% net sales growth for Global Travel Asia.

In a weaker market Diageo **Australia** net sales declined slightly, however the business delivered share gains in spirits and ready to drink. The market is expected to return to growth on the basis of strong fundamentals. Increased focus and marketing spend delivered over 80% net sales growth of reserve brands, with Johnnie Walker's ultra premium brands the main contributors. Innovation extended Bundaberg into new segments with the launch of Bundaberg Five into white rum and the limited edition Bundy Masters Distillers Collection into premium to drive 5% growth. Smirnoff also grew 5% on the back of a successful advertising campaign. Baileys gained share but declined in a tough category.

In **North Asia** strong share gains in a declining scotch category and in the growing beer category in Korea, together with share gains in vodka, resulted in 1% net sales growth. Windsor gained further market share in Korea, however the brand's net sales remained in decline as the contraction of the whisky market accelerated. Guinness grew 18% in Korea and Smirnoff more than doubled with increased marketing spend behind vodka and beer as part of the strategy to build Diageo's footprint outside of the whisky category. Japan delivered 3% net sales growth, lapping the launch of I.W. Harper ready to drink, with strategic brands growing double digit, with Guinness up 17% and Smirnoff up 33%, as the brand increased market share on the back of improved distribution and successful brand activations.

Cost of sales

Diageo cost of sales excluding exceptional items was £4,228 million in the year ended 30 June 2012 compared with £3,983 million in the year ended 30 June 2011. Acquisitions and disposals added £91 million, with Mey İçki being the principal contributor, and favourable exchange movements reduced cost of sales by £38 million. The 2% volume increase together with some mix benefits added £110 million to cost of sales. Cost increases on materials, utilities and logistics amounted to 5% of cost of sales, and half of this increase was offset by cost reductions through asset rationalisation, procurement benefits and operational efficiencies.

Corporate revenue and costs

Net sales were £70 million in the year ended 30 June 2012, flat relative to the comparable prior period. Net operating charges were £186 million in the year ended 30 June 2012 having been £137 million in the year ended 30 June 2011. The movement was made up of:

a charge of £12 million versus a benefit of £21 million in the year ended 30 June 2011, arising from currency transaction hedging which is controlled centrally

- £19 million in respect of transaction costs incurred on acquisitions
- a £3 million reduction in underlying corporate costs

CATEGORY REVIEW**For the year ended 30 June 2012**

Key Financials Category performance:

	Volume*	Organic	Reported		Volume*	Organic	Reported
	%	net sales	net sales		%	net sales	net sales
		%	%			%	%
Spirits**	3	8	12	Rum:	6	8	8
Beer	2	5	4	Captain Morgan	9	9	9
Wine	(3)	(7)	(9)	Liqueurs:	(2)	1	-
Ready to drink	(3)	-	-	Baileys	(4)	(1)	(1)
Total	2	6	8				
Strategic brand performance**				Tequila:	(2)	-	-
				Jose Cuervo	(4)	(5)	(5)
Whisk(e)y:	4	10	9	Gin:	1	3	3
Johnnie Walker	7	15	14	Tanqueray	1	2	2
Crown Royal	(4)	(3)	(3)	Beer:	2	5	4
J B	(1)	(3)	(5)	Guinness	1	4	3
Buchanan's	12	24	23				
Windsor	(4)	(1)	-				
Bushmills	18	20	19				
Vodka:	5	13	15				
Smirnoff	5	6	5				
Ketel One	9	9	10				
Cîroc	60	62	63				

* Organic equals reported movement for volume, except for: total volume 6%, spirits 7%, beer 4%, wine (4)%, vodka 8% reflecting the Mey İçki, Meta Abo and Serengeti Breweries acquisitions and disposals last year

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Spirits brands excluding ready to drink

Spirits was 66% of Diageo net sales and delivered over 80% of the group's growth. Developed markets grew net sales 4% on flat volume and emerging markets grew 18% with 9 percentage points of positive price/mix through strong pricing and favourable mix as consumers move up the price ladder.

Total **Whisk(e)y** was 35% of Diageo portfolio by net sales. Scotch delivered strong growth with net sales up 12%. Premium and super premium drove this growth and price/mix was up 7 percentage points as a result. In the developed markets, weakness in Southern Europe led to declines in value and standard scotch brands. These segments grew double digit in the emerging markets as Diageo continued to drive recruitment through the more affordable brands. Premium and super premium brands grew in all regions on the back of successful innovations and strong marketing. The Singleton more than doubled net sales in Germany and France behind the 'Best tasting Single Malt – You decide' campaign and Old Parr grew 23% with 10 percentage points of positive price/mix through exceptional growth in PUB and Colombia. In the growing North America whiskey segment Bulleit delivered over 60% growth in net sales on the back of the success of Bulleit Rye.

Johnnie Walker had another exceptional year, posting 15% net sales growth, with the fastest growth coming from super deluxe variants. The growth of Red Label was driven by the emerging middle class recruitment programmes with the 'Step Up' activation delivering almost 60% net sales growth in South Africa and the 'Keep Walking Brazil' campaign driving 16% net sales growth in PUB. The continued success of Johnnie Walker Double Black, priced at a 20% premium to Black Label, together with price increases drove 15% net sales growth for the Black Label variant. Super deluxe grew 28% in the year as the brand experienced a significant shift to higher marks in North America, driven by the new Blue Label packaging and the successful engraving advertising campaign, and as Gold Label net sales more than doubled in Asia Pacific. Johnnie Walker XR21 was also very successful within its core geographical target region of Asia Pacific, reaching near 20% share in its segment since launch. Total marketing spend increased 11% with over 80% of the incremental investment directed towards emerging markets, especially Asia Pacific and Latin America, and behind proven global growth drivers, including the 'Walk with Giants' and 'Step Inside the Circuit' campaigns and ongoing grand prix sponsorships.

While the economic challenges in Europe have resulted in a 3% reduction in **J B** net sales globally, this represented a significant slowing in the rate of decline versus last year as the **J B** business is rebalancing between developed and emerging markets. Slowdown in the second half reflected the reversal of the pre excise duty increase buy-in in France, while underlying consumption trends did not change materially. Turkey posted 21% net sales growth and Africa and Latin America also saw double digit top line growth on the back of the 'City Remix' programme significantly increasing consumer engagement with the brand.

Buchanan's delivered strong double digit net sales growth for the third consecutive year, supported by the launch of the 'Share Yourself' campaign and the solid growth of Buchanan's Special Reserve, especially in Venezuela and Colombia. The 12 percentage points of positive price/mix was a result of price increases and premiumisation across the Americas, helped by the successful roll-out of Buchanan's Master, trading consumers up beyond deluxe at an 18% price premium. The brand posted 11% net sales growth in North America.

Windsor grew share and remained the leading scotch brand in Korea, net sales however declined 1% as the whisky market contracted further in the country. Share gain has been achieved through the 'Share the Vision' campaign in the first half, followed by point of sale promotions in the second half. Windsor 12 and 17 variants enjoyed 4 and 2 percentage points of positive price/mix, respectively on the back of price increases put through last year.

While **Crown Royal** held share in the highly competitive non flavoured North America whiskey segment, the brand's performance was impacted by the lapping of the successful launch of Crown Royal Black last year and also by its segment losing share to flavoured whiskey. Marketing spend was focused behind the launch of the 'Crown Life' programme appealing to the African-American and Hispanic consumers in the United States.

Bushmills delivered double digit increases in both volume and net sales. Its performance was particularly strong in Eastern Europe, where it made some important share gains. Bushmills Honey was launched successfully in the United States and delivered a third of the brand's growth globally.

Vodka, 12% of Diageo net sales, saw 13% growth with positive price/mix as value vodka brands declined and super premium brands grew strongly with volume up almost 30%. The category drove a quarter of the group net sales growth with the super premium segment delivering 74% of that increase through the continued strong performance of **Cîroc**.

Smirnoff returned to strong growth, driven by a marked acceleration in developed markets and double digit growth in Africa and Latin America. Marketing spend increased 10% focusing on proven growth drivers. Fifty countries participated in the Smirnoff 'Nightlife Exchange Project', which in its second year was expanded by the collaboration with Live Nation and Madonna. In the United States, Smirnoff grew volume share with the highly successful innovation launches of Smirnoff Whipped Cream and Fluffed Marshmallow and also as a result of the Smirnoff 21 'I Choose' campaign. Great Britain, Germany and the Benelux led Smirnoff's growth in Europe through the execution of 'Madonna Limited Edition' campaigns.

Ketel One vodka delivered 8% net sales growth in North America with continued share gains fuelled by the highly successful 'Gentlemen, this is Vodka' campaign. Ketel One vodka is now sold in 63 markets. Latin America and Asia Pacific posted net sales growth over 50%, with PUB, Australia and South East Asia being the key drivers of growth in these regions on the back of leveraging the brand's association with cocktail culture through the media.

Cîroc had another outstanding year with 62% global top line growth supported by 52% increase in marketing spend, mainly behind the 'Cîroc the New Year' campaign and in the digital space. The highly successful launch of Cîroc Peach together with the continued double digit growth of Red Berry and Coconut depletions helped the brand to gain further share and it is the fastest growing ultra premium vodka in the United States. Outside North America, the brand more than doubled its net sales.

Rum, which was 6% of Diageo net sales, posted 8% growth with 2 percentage points of positive price/mix helped by 32% growth in Latin America and a 7% increase in North America.

The leading brand of the portfolio, **Captain Morgan** posted 9% net sales growth. In North America, the new 'Life, Love and Loot' campaign supplemented with the launch of Captain Morgan Black Spiced and marketing innovations, such as the 'Captain's Conquest', resulted in share gains and 7% net sales growth. Elsewhere the brand continued to benefit from the long running 'Got a Little Captain in You?' and the 'Captain's Island' campaigns, which drove the 15% increase in marketing spend globally and resulted in strong double digit top line growth in Germany, Ireland, Russia and Eastern Europe, and the brand almost tripled in the Benelux.

The wider rum category saw very strong double digit growth in Zacapa due to Latin America, Europe and North America. The successful extension of Bundaberg into the white rum segment and the launch of the limited edition premium Bundy Masters Distillers Collection drove growth of Bundaberg in Australia.

Liqueurs were 5% of Diageo net sales. The challenging commercial environment in Western Europe together with the reduction in the depth and frequency of promotions in Great Britain continued to impact **Baileys'** performance. However, Baileys posted 6% growth outside Europe with net sales up 42% in China on the back of a new marketing campaign aimed at female consumers.

Tequila represented 3% of Diageo net sales. Don Julio continued its strong performance with 26% growth, outperforming the fast growing super premium tequila segment with the continued acceleration of 1942, Reposado, Anejo and the successful launch of Tequila Don Julio 70, the world's first Anejo Claro.

Jose Cuervo Especial declined 5%, driven by the impact of distributor destocking on Jose Cuervo Especial Gold in the first half and also by consumers shifting away from dark tequilas. This was partially offset by an increase in Jose Cuervo Especial Silver net sales, helped by consumer trends and the recruitment from the ProBeach Volleyball Series.

Gin represented 3% of Diageo net sales and grew 3%. Emerging market consumer demand drove double digit net sales growth of value gin brands in Africa, while super premium gin grew over 20% in Asia Pacific and Latin America as the category saw a resurgence as the 'white spirit of choice' with bartenders.

Tanqueray grew net sales 2% globally, despite a slight decline in its biggest market, North America, as the brand grew over 10% in its new markets across Western Europe, with Iberia up 24%, and grew 17% in the emerging markets, with both Africa and Latin America posting double digit growth. The new brand strategy and the supporting 'Tonight We Tanqueray' communications campaign drove 11% increase in marketing spend.

Premium local spirits: During the year Diageo completed the acquisition and integration of Mey İçki, the leading spirits company in Turkey. Mey İçki posted £291 million net sales in the year with 5.1 million equivalent units of volume. Raki is the main spirits category in the Turkish market and Mey İçki is a clear market leader in the category with Yeni Raki being the most recognised brand. Mey İçki gained share during the year as marketing spend was focused on modern and traditional raki occasions, building strong brand equities and maintaining executional excellence in store. Diageo also increased its shareholding in Quanxing by 4% and from 29 June has control of Shuijingfang, fiscal 2013 will be the first full year Diageo consolidates the company's results. Chinese white spirits delivered 36% net sales growth outside China, driven by price increases and expanded distribution footprint with Shui Jing Fang now available in the duty free channel at forty airports and on two airlines worldwide and also in seven domestic markets. During the year Diageo also acquired an additional 20.6% stake in Hanoi Liquor Joint Stock Company in Vietnam and agreed to acquire Ypióca, the leading premium cachaça brand in Brazil.

Beer brands represented 21% of Diageo net sales and grew 5% with the developed markets up 1% despite declining volumes and emerging markets growing 9% with 6 percentage points of positive price/mix.

Guinness made up 52% of Diageo's beer business by net sales. The brand delivered 2% net sales growth in the developed markets as the successful launch of Guinness Black Lager together with price increases on Guinness Kegs drove 9% net sales growth for Guinness in North America. In the emerging markets, net sales were up 8% with strong growth across Africa and continued share gains and price increases in Indonesia. Nigeria is now the biggest market for Guinness by net sales and the brand further extended its footprint this year with double digit growth across the other Africa markets. Marketing spend behind the 'Guinness The Match' and 'Guinness Football Challenge' campaigns tapped into African consumers' fervent love of football, and the launch of a landmark new TV campaign 'The Ticket', and 'Guinness VIP', a mobile phone relationship marketing programme with the participation of 2.4 million consumers, drove 7% increase in spend globally.

Local African beers continued to perform strongly, with Tusker and Harp posting strong double digit top line growth supported by innovations, such as the launch of Harp Lime in Nigeria and Tusker Lite in Kenya. Senator delivered

more than a quarter of the beer net sales growth, driven by price increases and footprint expansion in Kenya.

Wine was 4% of Diageo net sales. It remained a challenging category with volume declining in North America and Europe and with a shift to the lower end of the portfolio.

Ready to drink, 7% of Diageo net sales, was flat. Emerging markets posted a 7% increase, offset by a 2% reduction in developed markets, driven by a decline in Australia despite share gains. The transfer of production and sales of Smirnoff ready to drink in South Africa to Diageo's associate had a full point impact on growth rates. Excluding this the category grew 1% globally. Smirnoff Ice posted strong growth across the emerging middle class consumers of Africa and Latin America and the launch of Parrot Bay and Smirnoff Frozen Pouches proved to be a huge success in the United States. The launch of Smirnoff Ice Green Apple and Raspberry Splash revived the Smirnoff Ice portfolio in Asia driving accessibility and recruiting female consumers to the category.

FINANCIAL REVIEW**Summary consolidated income statement**

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Sales	14,594	13,232
Excise duties	(3,832)	(3,296)
Net sales	10,762	9,936
Operating costs before exceptional items	(7,564)	(7,052)
Operating profit before exceptional items	3,198	2,884
Exceptional operating items	(40)	(289)
Operating profit	3,158	2,595
Sale of businesses	147	(14)
Net finance charges	(397)	(397)
Share of associates' profits after tax	213	176
Profit before taxation	3,121	2,360
Taxation	(1,038)	(343)
Profit from continuing operations	2,083	2,017
Discontinued operations	(11)	-
Profit for the year	2,072	2,017
Attributable to:		
Equity shareholders of the parent company	1,942	1,900
Non-controlling interests	130	117
	2,072	2,017

Sales and net sales

On a reported basis, sales increased by £1,362 million from £13,232 million in the year ended 30 June 2011 to £14,594 million in the year ended 30 June 2012 and net sales increased by £826 million from £9,936 million in the year ended 30 June 2011 to £10,762 million in the year ended 30 June 2012. Exchange rate movements decreased reported sales by £123 million and reported net sales by £90 million. Acquisitions increased reported sales by £741 million and reported net sales by £320 million. Disposals decreased reported sales by £31 million and reported net sales by £29 million.

Operating costs before exceptional items

On a reported basis, operating costs before exceptional items increased by £512 million from £7,052 million in the year ended 30 June 2011 to £7,564 million in the year ended 30 June 2012 due to an increase in cost of sales of £245 million from £3,983 million to £4,228 million, an increase in marketing spend of £153 million from £1,538 million to £1,691 million, and an increase in other operating expenses before exceptional costs of £114 million, from £1,531 million to £1,645 million. Exchange rate movements benefited total operating costs before exceptional items by £80 million.

Exceptional operating items

Exceptional operating charges of £40 million for the year ended 30 June 2012 comprised:

- a gain of £115 million (2011 – £nil) in respect of changes in the calculation of future pension increases for Diageo's principal UK and Irish pension schemes,
- a brand impairment charge of £59 million (2011 – £39 million),
- a charge of £69 million (2011 – £77 million) for the operating model review announced in May 2011 and £27 million (2011 – £34 million) for the restructuring of the group's Global Supply operations in Scotland, Ireland and in the United States.

In the year ended 30 June 2011 exceptional operating items also included a charge of £139 million in respect of duty settlements with the Turkish and the Thai customs authorities and settlements with the Securities and Exchange Commission (SEC) in respect of various regulatory and control matters.

In the year ended 30 June 2012 total restructuring cash expenditure was £158 million (2011 – £118 million). In the year ended 30 June 2011 cash payments of £141 million were also made for the duty and the SEC settlements. An exceptional charge of approximately £50 million is expected to be incurred in the year ending 30 June 2013 in respect of the restructuring of Global Supply operations principally in Ireland, while cash expenditure is expected to be approximately £80 million.

Post employment plans

The deficit in respect of post employment plans before taxation increased by £247 million from £838 million at 30 June 2011 to £1,085 million at 30 June 2012 primarily as a result of a decrease in the discount rate assumptions used to calculate the liabilities of the plans partly offset by a decrease in the inflation assumptions and changes in the calculation of future pension increases. Cash contributions to the group's UK and Irish pension plans in the year ended 30 June 2012 were £133 million (2011 – £151 million) and are expected to be approximately £140 million for the year ending 30 June 2013.

Operating profit

Reported operating profit for the year ended 30 June 2012 increased by £563 million to £3,158 million from £2,595 million in the prior year. Before exceptional operating items, operating profit for the year ended 30 June 2012 increased by £314 million to £3,198 million from £2,884 million in the prior year. Exchange rate movements decreased both operating profit and operating profit before exceptional items for the year ended 30 June 2012 by £10 million. Acquisitions increased reported operating profit by £79 million and disposals decreased reported operating profit by £3 million.

Exceptional non-operating items

In the year ended 30 June 2012 gain on sale of businesses of £147 million included a step up gain of £124 million on the revaluation of the group's equity holdings in Quanxing and Shuijingfang to fair value as the associates became subsidiaries during the year. In addition, exceptional non-operating items include a gain of £23 million on the sale of the group's investment in Tanzania Breweries. In the year ended 30 June 2011 a net loss before taxation of £14 million on sale of businesses arose on the disposal of a number of small wine businesses in Europe and in the United States and on the termination of a joint venture in India.

Net finance charges

Net finance charges amounted £397 million in the year ended 30 June 2012 (2011 – £397 million).

Net interest charge increased by £13 million from £369 million in the prior year to £382 million in the year ended 30 June 2012. The effective interest rate was 4.7% (2011 – 4.9%) in the year ended 30 June 2012 and average net borrowings increased by £1.1 billion compared to the prior year. For the calculation of effective interest rate, the net interest charge excludes fair value adjustments to derivative financial instruments and borrowings and average monthly net borrowings include the impact of interest rate swaps that are no longer in a hedge relationship but exclude the market value adjustment for cross currency interest rate swaps. The income statement interest cover was 8.9 times and cash interest cover was 9.4 times (2011 – 8.3 times and 10.6 times, respectively).

Net other finance charges for the year ended 30 June 2012 were £15 million (2011 – £28 million). There was a change of £10 million in finance charges in respect of post employment plans from a charge of £3 million in the year ended 30 June 2011 to an income of £7 million in the year ended 30 June 2012. Other finance charges also included £17 million (2011 – £16 million) on unwinding of discounts on liabilities, a hyperinflation adjustment of £3 million (2011 – £9 million) in respect of the group's Venezuela operations and £2 million (2011 – £nil) in respect of net exchange movements on certain financial instruments. In the year ending 30 June 2013 the finance charge in respect of post employment plans is expected to be £12 million.

Associates

The group's share of associates' profits after interest and tax was £213 million for the year ended 30 June 2012 compared to £176 million in the prior year. Diageo's 34% equity interest in Moët Hennessy contributed £205 million (2011 – £179 million) to share of associates' profits after interest and tax.

Profit before taxation

Profit before taxation increased by £761 million from £2,360 million in the prior year to £3,121 million in the year ended 30 June 2012.

Taxation

The reported tax rate increased from 14.5% in the year ended 30 June 2011 to 33.3% in the year ended 30 June 2012. During the year tax authority negotiations were concluded resulting in a favourable change to the taxation basis of certain overseas profit and intangible assets which has reduced the ongoing tax rate but which resulted in the loss of future tax amortisation deductions giving rise to an exceptional write off of the related deferred tax assets of £524 million. The tax rate before exceptional items for the year ended 30 June 2012 was 17.7% compared with 17.4% in the year ended 30 June 2011. In the future it is expected that the tax rate before exceptional items will remain at approximately 18%.

Discontinued operations

Discontinued operations in the year ended 30 June 2012 represent a charge after taxation of £11 million in respect of anticipated future payments to additional thalidomide claimants.

Exchange rate and other movements

Exchange rate movements are calculated by retranslating the prior year results as if they had been generated at the current year exchange rates. The difference is excluded from organic growth. The estimated effect of exchange rate and other movements on profit before exceptional items and taxation for the year ended 30 June 2012 was as follows:

	Gains/(losses) £ million	
Operating profit before exceptional items		
Translation impact	(18)
Transaction impact	14	
Impact of IAS 21 on operating profit	(6)
Total exchange effect on operating profit before exceptional items	(10)
Interest and other finance charges		
Net finance charges – translation impact	3	
Mark to market impact of IAS 39 on interest expense	16	
Associates – translation impact	(2)
Total effect on profit before exceptional items and taxation	7	

Year ended Year ended

	30 June 2012	30 June 2011
Exchange rates		
Translation £1 = \$	1.58	\$ 1.59
Transaction £1 = \$	1.57	\$ 1.56
Translation £1 = €	1.18	€ 1.16
Transaction £1 = €	1.19	€ 1.11

For the year ending 30 June 2013 foreign exchange movements are not expected to materially affect operating profit or net finance charge based on applying current exchange rates (£1 = \$1.57 : £1 = €1.28). This guidance excludes the impact of IAS 21 and IAS 39.

Dividend

The directors recommend a final dividend of 26.9 pence per share, an increase of 8% from the year ended 30 June 2011. The full dividend will therefore be 43.5 pence per share, an increase of 8% from the year ended 30 June 2011. Subject to approval by shareholders, the final dividend will be paid on 22 October 2012 to shareholders on the register on 7 September 2012. Payment to US ADR holders will be made on 26 October 2012. A dividend reinvestment plan is available in respect of the final dividend and the plan notice date is 1 October 2012.

Cash flow

	Year ended 30 June 2012	Year ended 30 June 2011 (restated)
	£ million	£ million
Cash generated from operations before exceptional costs	3,163	3,118
Exceptional operating costs paid	(158)	(259)
Cash generated from operations	3,005	2,859
Interest paid (net)	(391)	(311)
Taxation paid	(521)	(365)
Net capital expenditure	(445)	(372)
Movements in loans and other investments	(1)	1
Free cash flow	1,647	1,812

Free cash flow decreased by £165 million to £1,647 million in the year ended 30 June 2012. Cash generated from operations increased from £2,859 million to £3,005 million principally as a result of increased operating profit, higher dividends received from Moët Hennessy partially offset by an increase in working capital due to business growth, higher finished goods levels to smooth the impact of upcoming supply chain changes and higher debtors as a result of excise duty increases. Higher interest payments were driven by the impact of the renegotiation of the terms of certain interest rate swaps in the prior year while higher tax payments are a result of increased profits and tax settlements. The increase in net capital expenditure was impacted by lapping the proceeds received last year from the North America wines restructuring and also represents the continued investments made to increase capacity in Africa, to enhance operations in Scotland and to increase efficiencies in operations in North America. See page 38 for the definition of free cash flow. The year ended 30 June 2011 has been restated following a change in the disclosure of dividends paid to non-controlling interests and transaction costs incurred in respect of business acquisitions. For an explanation of the effect of the restatement see note 1.

Balance sheet

At 30 June 2012 total equity was £6,811 million compared with £5,985 million at 30 June 2011. The increase was mainly due to the profit for the year of £2,072 million, partly offset by the dividend paid out of shareholders' equity of £1,036 million and actuarial losses before taxation arising on post employment plans of £495 million.

Total assets were £22,350 million at 30 June 2012, an increase of £2,573 million from £19,777 million at 30 June 2011. Business acquisitions increased total assets by £2,925 million.

Net borrowings were £7,570 million at 30 June 2012, an increase of £1,120 million from £6,450 million at 30 June 2011. The principal components of this increase were £1,420 million (2011 – £97 million) paid for acquisition of businesses primarily in respect of Mey İçki, Zacapa and Meta, £1,036 million (2011 – £973 million) equity dividends paid, adverse non-cash movements of £248 million (2011 – £113 million) predominantly comprising new finance leases and fair value movements less favourable exchange rate movements of £152 million (2011 – £17 million adverse) partially offset by free cash flow of £1,647 million (2011 – £1,812 million).

Diageo manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels in order to enhance long-term shareholder value. To achieve this, Diageo targets a range of ratios which are currently broadly consistent with an A band credit rating. Diageo would consider modifying these ratios in order to effect strategic initiatives within its stated goals, which could have an impact on its rating.

Economic profit

Economic profit increased by £151 million from £1,259 million in the year ended 30 June 2011 to £1,410 million in the year ended 30 June 2012. See page 39 for the calculation and definition of economic profit.

DIAGEO CONDENSED CONSOLIDATED INCOME STATEMENT

		Year ended 30 June 2012		Year ended 30 June 2011	
	Notes	£ million		£ million	
Sales	2	14,594		13,232	
Excise duties		(3,832)	)	(3,296))
Net sales	2	10,762		9,936	
Cost of sales		(4,259)	)	(4,010))
Gross profit		6,503		5,926	
Marketing		(1,691)	)	(1,538))
Other operating expenses		(1,654)	)	(1,793))
Operating profit	2	3,158		2,595	
Sale of businesses	3	147		(14))
Net interest payable	4	(382)	)	(369))
Net other finance charges	4	(15)	)	(28))
Share of associates' profits after tax		213		176	
Profit before taxation		3,121		2,360	
Taxation	5	(1,038)	)	(343))
Profit from continuing operations		2,083		2,017	
Discontinued operations	6	(11))	-	
Profit for the year		2,072		2,017	
Attributable to:					
Equity shareholders of the parent company		1,942		1,900	
Non-controlling interests		130		117	
		2,072		2,017	
Basic earnings per share					
Continuing operations		78.2	p	76.2	p
Discontinued operations		(0.4)	)p	-	
		77.8	p	76.2	p
Diluted earnings per share					
Continuing operations		77.8	p	76.0	p
Discontinued operations		(0.4)	)p	-	
		77.4	p	76.0	p
Average shares (in million)		2,495		2,493	

DIAGEO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2012 £ million	Year ended 30 June 2011 £ million
Other comprehensive income		
Exchange differences on translation of foreign operations excluding borrowings		
- group	(74	) (133
- associates and non-controlling interests*	(222	) 93
Exchange differences on borrowings and derivative net investment hedges	210	(51
Effective portion of changes in fair value of cash flow hedges		
- gains taken to other comprehensive income	29	25
- transferred to income statement	(15	) 56
Hyperinflation adjustment	3	6
Net actuarial (loss)/gain on post employment plans	(495	) 272
Tax on other comprehensive income	103	(65
Other comprehensive (loss)/income, net of tax, for the year	(461	) 203
Profit for the year	2,072	2,017
Total comprehensive income for the year	1,611	2,220
Attributable to:		
Equity shareholders of the parent company	1,463	2,167
Non-controlling interests	148	53
	1,611	2,220

* Includes £30 million exchange gain recycled to the consolidated income statement on the acquisition of a majority equity stake in Quanxing and obtaining control of Shuijingfang in the year ended 30 June 2012.

DIAGEO CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2012		30 June 2011	
	Notes	£ million	£ million	£ million	£ million
Non-current assets					
Intangible assets		8,821		6,545	
Property, plant and equipment		2,972		2,552	
Biological assets		34		33	
Investments in associates		2,198		2,385	
Other investments		97		102	
Other receivables		119		118	
Other financial assets		505		305	
Deferred tax assets		329		516	
Post employment benefit assets		22		60	
			15,097		12,616
Current assets					
Inventories	7	3,955		3,473	
Trade and other receivables		2,103		1,977	
Assets held for sale	8	77		38	
Other financial assets		42		89	
Cash and cash equivalents	9	1,076		1,584	
			7,253		7,161
Total assets			22,350		19,777
Current liabilities					
Borrowings and bank overdrafts	9	(1,230)		(1,447)	
Other financial liabilities		(113)		(90)	
Trade and other payables		(2,997)		(2,838)	
Liabilities held for sale		-		(10)	
Corporate tax payable		(317)		(381)	
Provisions		(127)		(149)	
			(4,784)		(4,915)
Non-current liabilities					
Borrowings	9	(7,399)		(6,748)	
Other financial liabilities		(466)		(147)	
Other payables		(85)		(41)	
Provisions		(274)		(266)	
Deferred tax liabilities		(1,424)		(777)	
Post employment benefit liabilities		(1,107)		(898)	
			(10,755)		(8,877)
Total liabilities			(15,539)		(13,792)
Net assets			6,811		5,985
Equity					
Called up share capital		797		797	
Share premium		1,344		1,344	

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Other reserves	3,213	3,300
Retained earnings/(deficit)	234	(195)
Equity attributable to equity shareholders of the parent company	5,588	5,245
Non-controlling interests	1,223	740
Total equity	6,811	5,985

DIAGEO CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings/(deficit)			Equity attributable to parent company share-holders	Non-controlling interests	Total equity
				Own shares	Other retained earnings	Total			
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	
At 30 June 2010	797	1,342	3,245	(2,253)	876	(1,377)	4,007	779	4,786
Total comprehensive income	-	-	55	-	2,112	2,112	2,167	53	2,220
Employee share schemes	-	-	-	(4)	(5)	(9)	(9)	-	(9)
Share-based incentive plans	-	-	-	-	37	37	37	-	37
Tax on share-based incentive plans	-	-	-	-	15	15	15	-	15
Shares issued	-	1	-	-	-	-	1	-	1
Acquisitions	-	-	-	-	-	-	-	20	20
Dividends paid	-	-	-	-	(973)	(973)	(973)	(112)	(1,085)
At 30 June 2011	797	1,343	3,300	(2,257)	2,062	(195)	5,245	740	5,985
Total comprehensive income	-	-	(87)	-	1,550	1,550	1,463	148	1,611
Share-based incentive plans	-	-	-	-	37	37	37	-	37
Tax on share-based incentive plans	-	-	-	-	29	29	29	-	29
Shares issued	-	1	-	-	-	-	1	-	1
Acquisitions	-	-	-	-	-	-	-	452	452
Proceeds from non-controlling interests	-	-	-	-	-	-	-	11	11
Change in fair value of put option	-	-	-	-	(6)	(6)	(6)	-	(6)
Purchase of non-controlling interests	-	-	-	-	(145)	(145)	(145)	(10)	(155)
Dividends paid	-	-	-	-	(1,036)	(1,036)	(1,036)	(118)	(1,154)
At 30 June 2012	797	1,344	3,213	(2,257)	2,491	234	5,588	1,223	6,811

DIAGEO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2012		Year ended 30 June 2011 (restated)	
	£ million	£ million	£ million	£ million
Cash flows from operating activities				
Cash generated from operations (see note 12)	3,005		2,859	
Interest received	158		213	
Interest paid	(549)		(524)	
Taxation paid	(521)		(365)	
Net cash from operating activities		2,093		2,183
Cash flows from investing activities				
Disposal of property, plant and equipment and computer software	39		47	
Purchase of property, plant and equipment and computer software	(484)		(419)	
Movements in loans and other investments	(1)		1	
Sale of businesses	51		34	
Acquisition of businesses	(1,420)		(97)	
Net cash outflow from investing activities		(1,815)		(434)
Cash flows from financing activities				
Proceeds from issue of share capital	1		1	
Net purchase of own shares for share schemes	-		(9)	
Dividends paid to equity non-controlling interests	(118)		(112)	
Proceeds from non-controlling interests	11		-	
Purchase of shares of non-controlling interests	(155)		-	
Net increase/(decrease) in loans	512		(414)	
Equity dividends paid	(1,036)		(973)	
Net cash outflow from financing activities		(785)		(1,507)
Net (decrease)/increase in net cash and cash equivalents		(507)		242
Exchange differences		(27)		(68)
Net cash and cash equivalents at beginning of the year		1,572		1,398
Net cash and cash equivalents at end of the year		1,038		1,572
Net cash and cash equivalents consist of:				
Cash and cash equivalents		1,076		1,584
Bank overdrafts		(38)		(12)
		1,038		1,572

Comparatives have been restated following a change in the disclosure of dividends paid to non-controlling interests and transaction costs incurred in respect of business acquisitions. For an explanation of the effect of the restatement see note 1.

NOTES

1. Basis of preparation

The financial information included within this report has been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed and adopted for use in the European Union, and in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority. This condensed consolidated financial information has been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the year ended 30 June 2012. IFRS is subject to ongoing review and endorsement by the EU or possible amendment by interpretative guidance and the issuance of new standards by the IASB.

(a) Adopted by the group The following accounting standards and amendments, issued by the International Accounting Standards Board (IASB) or 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 impact on its consolidated results or financial position:

Amendment to IAS 1 – Presentation of financial statements

IAS 24 (Revised) – Related party disclosures

Amendment to IAS 34 – Interim financial reporting

Amendment to IFRS 7 – Disclosure of the financial effect of the extent to which collateral and other credit enhancements mitigate credit risk

Amendment to IFRS 7 – Transfers of financial assets

Amendment to IFRIC 13 – Customer loyalty programmes

Amendment to IFRIC 14 – IAS 19: The limit on defined benefit assets, minimum funding requirements and their interaction

(b) Not adopted by the group The following standards and amendments, issued by the IASB but not yet endorsed by the EU unless stated otherwise, have not yet been adopted by the group. The standards or interpretations will have to be adopted by the group in the year ending 30 June 2014 unless stated otherwise, though the group may determine to adopt them earlier. The group does not currently believe the adoption of these standards or interpretations will have a

material impact on its consolidated results or financial position, unless stated otherwise.

IFRS 9 – Financial instruments (effective in the year ending 30 June 2016) removes the multiple classification and measurement models for financial assets required by *IAS 39* and introduces a model that has only two classification categories: amortised cost and fair value. Classification is determined by the business model used to manage the financial assets and the contractual cash flow characteristics of the financial assets. The accounting and presentation of financial liabilities and for derecognising financial instruments has been transferred from *IAS 39* without any significant changes. The amendment to *IFRS 7 – Financial instruments: Disclosures* requires additional disclosures on transition from *IAS 39* to *IFRS 9*. The group is currently assessing the impact this standard would have on its consolidated results and financial position.

IFRS 10 – Consolidated financial statements replaces the guidance of control and consolidation in *IAS 27* and *SIC-12 – Consolidation – special purpose entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they were a single entity remains unchanged, as do the mechanics of consolidation.

IFRS 11 – Joint arrangements requires joint arrangements to be accounted for as a joint operation or as a joint venture depending on the rights and obligations of each party to the arrangement. Proportionate consolidation for joint ventures will be eliminated and equity accounting will be mandatory. It is anticipated that the application of the standard will result in an immaterial decrease in net sales, total assets and total liabilities of the group but have no impact on the group's net profit or net assets.

IFRS 12 – Disclosure of interests in other entities requires enhanced disclosures of the nature, risks and financial effects associated with the group's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

IFRS 13 – Fair value measurement explains how to measure fair value and aims to enhance fair value disclosures. The standard does not materially change the measurement of fair value but codifies it in one place.

Amendments to IAS 19 – Employee benefits (endorsed by the EU in June 2012) changes a number of disclosure requirements for post employment arrangements and restricts the options currently available on how to account for defined benefit pension plans. The most significant change that will impact the group is that the amendment requires the expected returns on pension plan assets, currently calculated based on management's estimate of expected returns, to be replaced by a credit on the pension plan assets calculated at the liability discount rate. The group estimates the adoption of the revised *IAS 19* would result in an additional charge to the income statement in the year ended 30 June 2012 of approximately £65 million. The change does not impact the group's net assets.

Amendment to IAS 1 – Presentation of items of other comprehensive income (effective in the year ending 30 June 2013, endorsed by the EU in June 2012)

Amendment to IAS 1 – Clarification of the requirements for comparative information

Limited scope amendment to IAS 12 – Income taxes (effective in the year ending 30 June 2013)

Amendment to IAS 16 – Classification of servicing equipment

IAS 27 (Revised) – Separate financial statements

IAS 28 (Revised) – Investments in associates and joint ventures

Amendment to IAS 32 – Offsetting financial assets and financial liabilities (effective in the year ending 30 June 2015)

Amendment to IAS 32 – Tax effect of distribution to holders of equity instruments

Amendment to IAS 34 – Interim financial reporting

Amendment to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The financial information set out in this preliminary announcement does not constitute the company's statutory accounts for the year ended 30 June 2012 or 2011. Statutory accounts for the year ended 30 June 2011 have been delivered to the registrar of companies, and those for the year ended 30 June 2012 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Restatement of the prior year cash flow statement

The group has revised the disclosure of certain prior year amounts in the consolidated statement of cash flows. In the year ended 30 June 2012 directly attributable acquisition transaction costs of £47 million (2011 – £20 million) have been included in cash flow from operating activities rather than cash flow from investing activities and dividends paid to non-controlling interests of £118 million (2011 – £112 million) are now disclosed as part of cash flows from financing activities rather than cash flow from operating activities. This revised presentation is considered to be more consistent with the treatment of these items in the consolidated income statement and the consolidated statement of changes in equity. The revision had no impact on prior period increase or decrease in cash and cash equivalents, net assets or net profit.

2. Segmental information

On 25 May 2011 Diageo announced changes to its regional structure. From 1 July 2011 two autonomous regions, Africa and Latin America and Caribbean, replaced the International region. The Global Travel and duty free operations are now reported within the five geographical regions in which the external sales take place. The Middle East business has become part of Asia Pacific.

As a result of this change Diageo now reports the following operating segments externally: North America, Europe, Africa, Latin America and Caribbean, Asia Pacific and Corporate. In addition, for management reporting for the year ended 30 June 2012, changes have been made to the allocation of specific corporate items reflecting the geographic segments for which they are in respect of. Restated segmental information for the year ended 30 June 2011 has been disclosed in the tables below with a reconciliation to the figures previously reported on page 37.

Diageo presents segmental information for the manufacture, distribution and selling of premium drinks in operating segments based on the geographical location of third party customers. The information presented is consistent with management reporting provided to the chief operating decision maker, which has been identified as the executive committee.

The executive committee considers the business principally from a geographical perspective and the business analysis is presented under the operating segments of North America, Europe, Africa, Latin America and Caribbean and Asia Pacific. In addition to these geographical selling segments, a further segment reviewed by the executive committee is Global Supply which manufactures and distributes premium drinks within the group. Continuing operations also include the Corporate function. In view of the focus on the geographical segments in explaining the group's performance in the Business review, the results of the Global Supply segment have been allocated to the geographical segments. Corporate revenues and costs are in respect of central costs, including finance, human resources and legal, as well as certain information systems, facilities and employee costs that do not relate to the geographical segments or to Global Supply and hence are not allocated. They also include rents receivable in respect of properties not used by the group in the manufacture, sale or distribution of premium drinks and the results of Gleneagles Hotel.

The segmental information for net sales and operating profit before exceptional items is reported at budgeted exchange rates in line with management reporting. For management reporting purposes the group measures the current year at, and restates the prior year net sales and operating profit to, the current year's budgeted exchange rates. These exchange rates are set prior to the financial year as part of the financial planning process and provide a consistent exchange rate to measure the performance of the business throughout the year. The adjustments required to retranslate the segmental information to actual exchange rates and to reconcile it to the group's reported results are shown in the tables below. The comparative segmental information, prior to retranslation, has not been restated at the current year's budgeted exchange rates but is presented at the budgeted rates for the year ended 30 June 2011.

In addition, for management reporting purposes Diageo excludes the impact of acquisitions and disposals completed in the current and prior year from the results of the geographical segments in order to provide comparable results. The impact of acquisitions and disposals on net sales and operating profit is allocated to the appropriate geographical segments in the tables below. These acquisitions and disposals are the same as those disclosed in the organic growth reconciliations in the Business review but for management reporting purposes they are disclosed here at budgeted exchange rates.

Year ended 30 June 2012	North America £ million	Europe £ million	Africa £ million	Latin America and Caribbean £ million	Asia Pacific £ million	Global Supply £ million	Eliminate inter- segment sales £ million	Total operating segments £ million	Corporate and other £ million	Total £ million
Sales	4,094	4,966	1,869	1,491	2,104	2,652	(2,652)	14,524	70	14,594
Net sales										
At budgeted exchange rates*	3,544	2,648	1,444	1,242	1,451	2,792	(2,665)	10,456	70	10,526
Acquisitions and disposals	1	337	32	-	-	-	-	370	-	370
Global Supply allocation	56	47	3	11	10	(127)	-	-	-	-
Retranslation to actual exchange rates	(45)	(83)	(32)	(14)	40	(13)	13	(134)	-	(134)
Net sales	3,556	2,949	1,447	1,239	1,501	2,652	(2,652)	10,692	70	10,762
Operating profit/(loss)										
At budgeted exchange rates*	1,311	756	390	386	351	158	-	3,352	(154)	3,198
Acquisitions and disposals	-	119	(3)	(8)	(19)	-	-	89	(19)	70
Global Supply allocation	60	80	3	9	6	(158)	-	-	-	-
	(17)	(30)	(10)	(4)	4	-	-	(57)	(13)	(70)

Retranslation to actual exchange rates										
Operating profit/(loss) before exceptional items	1,354	925	380	383	342	-	-	3,384	(186)	3,198
Exceptional items	(11)	41	(5)	(2)	(10)	(40)	-	(27)	(13)	(40)
Operating profit/(loss)	1,343	966	375	381	332	(40)	-	3,357	(199)	3,158
Sale of businesses										147
Net finance charges										(397)
Share of associates' profits after tax										
– Moët Hennessy										205
– Other associates										8
Profit before taxation										3,121

* These items represent the IFRS 8 performance measures for the geographical and Global Supply segments.

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Year ended 30 June 2011 (restated)	North America £ million	Europe £ million	Africa £ million	Latin America and Caribbean £ million	Asia Pacific £ million	Global Supply £ million	Eliminate inter- segment sales £ million	Total operating segments £ million	Corporate and other £ million	Total £ million
Sales	3,895	4,279	1,764	1,293	1,931	2,678	(2,678)	13,162	70	13,232
Net sales										
At budgeted exchange rates*	3,330	2,649	1,313	1,119	1,270	2,785	(2,682)	9,784	70	9,854
Acquisitions and disposals	27	3	35	-	1	-	-	66	-	66
Global Supply allocation	31	46	3	12	11	(103)	-	-	-	-
Retranslation to actual exchange rates	(22)	5	6	(68)	95	(4)	4	16	-	16
Net sales	3,366	2,703	1,357	1,063	1,377	2,678	(2,678)	9,866	70	9,936
Operating profit/(loss)										
At budgeted exchange rates*	1,218	741	349	352	291	146	-	3,097	(157)	2,940
Acquisitions and disposals	4	(8)	(7)	(3)	(8)	-	-	(22)	-	(22)
Global Supply allocation	65	65	4	8	4	(146)	-	-	-	-
Retranslation to actual exchange rates	(12)	(2)	(13)	(39)	12	-	-	(54)	20	(34)
Operating profit/(loss) before exceptional items	1,275	796	333	318	299	-	-	3,021	(137)	2,884
Exceptional items	(23)	(157)	(7)	(6)	(50)	(35)	-	(278)	(11)	(289)
Operating profit/(loss)	1,252	639	326	312	249	(35)	-	2,743	(148)	2,595
Sale of businesses										(14)
Net finance charges										(397)
Share of associates' profits after tax										
- Moët Hennessy										179
- Other associates										(3)
Profit before taxation										