Future plc
Interim Report 2006

Future
MEDIA WITH PASSION

Contents

Definitions

Adjusted results are presented to provide a better indication of overall financial performance and to reflect how the business is run on a day-to-day basis. In running the business, Future management focuses on earnings before interest, tax, amortisation and impairment of intangible assets, and exceptional items. Profit on disposal of subsidiaries is also excluded. For convenience we refer to this as EBITAE.

Similarly, adjusted earnings per share are stated before these items, and after the tax charge for the period.

Roger Parry Chairman

> Our efforts are focused on maximising the potential from our existing portfolio and further strengthening our online presence.

The first six months of Future's financial year have produced EBITAE profits at half the level of the same period last year, despite growth in Group turnover.

This was caused by a number of factors but the main one is lower sales revenues from magazines in the games sector, compared with last year. In addition, anticipated profits from more recently acquired titles, including ex-Highbury titles, have been reduced by weakness in consumer spending and have underperformed against our expectations. These acquired profits have not been large enough to make up for the reduction in profit from existing titles. These factors were accompanied by a higher level of investment in new product development than in the first half last year.

Future's strength as the clear world leader in games magazines can also be a weakness as the business is exposed to the cycle of growth and decline in readership that is closely linked to both the development and sale of new, improved games console technology and games software.

For some years the strategy of Future has been to strengthen our profitable games business but, at the same time, to launch and acquire titles and internet properties in other areas of consumer interest, to diversify our portfolio.

Over the past two years the management of Future has been engaged in the pursuit of rapid expansion. This was attempted at a time when special-interest monthly consumer magazines have come under considerable pressure from reduced consumer spending, the growth of weekly titles in the UK, and delay in production of new games consoles.

The Board has conducted an extensive review of the Group's strategy and operations and has decided to scale back the ambitious policy of rapid expansion. Accordingly we are today announcing the revision of our previously stated target to double the size of the business by 2008. We continue to seek growth but the focus going forward will be on organic growth and operational effectiveness. New product development will be focused on existing areas of expertise and on further developing the Group's internet activities.

Chairman's statement
continued

We continue to manage our portfolio tightly. We have closed a number of unsuccessful titles, rationalised our office accommodation, reduced our production costs and cut headcount in certain areas. Our UK management has been streamlined to re-emphasise the role of the publisher and we have re-organised our advertising sales teams to focus on customers, rather than products.

Future has strong market positions in the games, technology, auto, music making and sports magazine sectors and these will be the Group's main focus in future.

We will continue to diversify away from our games magazine business, by launching new titles and by strategic and tactical acquisitions if they support the diversification strategy.

However, our primary plan is to invest in a number of organic development projects. This will reduce operating profits in the coming 18 months as the investment will be reflected in the income statement but we believe it is the best long-term value-creating strategy in the current market conditions.

Such investment is readily affordable as the Group is strongly cash generative and has adequate headroom within its bank borrowing facility.

The Board is actively considering the purchase of shares in the Company in order to permit fulfilment of senior employee incentives.

Board

Greg Ingham has stepped down as Chief Executive. We have appointed Stevie Spring, who has a long experience in running media and advertising companies and who will take up the post of Chief Executive on 3 July 2006.

Prospects

Because of timing issues, there will be a bias in EBITAE profits towards the second half of the financial year which the Board believes will be significantly higher than those in the first half of this year. However, EBITAE for the current financial year is considered likely to be approximately £2m below current market expectations.

Over the coming 18 months we plan to focus on organic investment in our existing business to strengthen our publishing offerings in specific sectors. Together with lower expectations for 2006, this organic investment will depress reported profits in 2007 to a level below existing expectations.

I would like to thank shareholders for their patience and hope that they will be rewarded by seeing the Company grow in value as a result of the new approach we have adopted.

Roger Parry
Chairman
6 June 2006

What we are doing

- **Fundamental review**
  The Board has conducted an extensive review of the Group's strategy and operations.

- **Revision of 'double by 2008' target**
  We have scaled back the ambitious policy of rapid expansion.

- **Operational focus**
  The focus going forward will be on operational effectiveness.

- **Target investment in key sectors**
  We will focus on: Screen-based Entertainment, Technology, Automotive, Music Making, Sports and Women's Interest.

- **Develop online presence**
  We will replicate our key sector strength online.

- **Appointed new Chief Executive**
  We have appointed Stevie Spring who takes up her role on 3 July 2006.

Financial results for half-year to 31 March 2006

Group turnover was £114.7m (2005: £104.3m). EBITAE profit was £6.3m (2005: £12.8m) before exceptional costs (£3.5m), amortisation (£2.6m) and impairment (£11.0m) of intangible assets. After these and net financing costs of £1.3m, the Group recorded a pre-tax loss of £12.1m for the first half-year (2005: £11.1m pre-tax profit). Adjusted earnings per share were 1.0p (2005: 3.1p).

Interim dividend

An interim dividend of 0.5p per share (2005: 0.5p) will be paid on 5 July 2006 to all shareholders on the register on 16 June 2006. The ex-dividend date is 14 June 2006.

Turnover

Turnover rose by 10% (8% in constant currencies) to £114.7m. Of this, £20.9m was generated from acquisitions made during the previous financial year. Excluding these, turnover fell by 8%. This reduction is largely due to reduced sales of, and advertising in, our games magazines. The Group's top 10 titles in the half-year accounted for 27% of Group turnover (2005: 34%).

Analysis of turnover for half-year to 31 March

	% of Group	2006 £m	2005 £m	Change %
UK	56%	**64.2**	55.8	+15%
US	26%	**29.9**	27.1	+10%
Mainland Europe	18%	**21.3**	22.0	-3%
Intra-group		**(0.7)**	(0.6)	
Group turnover	**100%**	**114.7**	**104.3**	**+10%**

Performance of recent acquisitions

During the year to 30 September 2005 Future spent £48.2m on eight acquisitions. In the half-year to 31 March 2006 these acquired titles generated turnover of £20.9m and EBITAE profit of £1.2m, including £0.8m from former Highbury titles.

The integration of the acquired titles has progressed well, but overall they have under-performed against our expectations, with weakness particularly in the market for performance cars magazines and Future's women's interest titles.

New product development (NPD)

Net spend on NPD in the first half-year was £2.8m (2005: £1.6m), the largest elements being on the launch of *www.gamesradar.com* and developing other websites and the continuing development of action sports magazines in the US.

Analysis of profits for half-year to 31 March

	2006 £m	2005 £m	Change £m
UK	**6.4**	9.9	(3.5)
US	**(0.3)**	2.7	(3.0)
Mainland Europe	**1.7**	1.8	(0.1)
Central costs	**(1.5)**	(1.6)	0.1
EBITAE profits	**6.3**	**12.8**	**(6.5)**
Exceptional items	**(3.5)**	(1.5)	(2.0)
Amortisation of intangible assets	**(2.6)**	(0.3)	(2.3)
Impairment of intangible assets	**(11.0)**	–	(11.0)
Net financing (costs)/income	**(1.3)**	0.1	(1.4)
Pre-tax (loss)/profit	**(12.1)**	**11.1**	**(23.2)**

Explanation of reduction in profit

EBITAE profits were less than half those of the previous year at £6.3m (2005: £12.8m). The Group's existing business experienced a decline in profits, partly due to phasing, and this decline was only partly offset by the profits from titles acquired during the financial year 2005.

Against last year's interim results, the major profit shortfall was in games titles. Against our budget expectations, the major profit shortfalls were in performance cars, women's interest and games titles.

By territory, the decline in profitability has come from our UK and US businesses with Mainland Europe maintaining the level of last year. The reasons for the decline in UK and US profits are set out opposite.

UK performance in half-year

	2006 £m	2005 £m	Change %
Circulation revenue	**41.6**	39.0	+ 7%
Advertising revenue	**20.2**	14.7	+37%
Other revenue	**2.4**	2.1	+14%
Turnover	**64.2**	55.8	+15%
EBITAE profit	**6.4**	9.9	-35%
EBITAE profit margin	***10%***	*18%*	

UK turnover for the half-year rose by £8.4m or 15% driven by the full half-year impact of titles acquired during the prior financial year. This full half-year impact amounted to £12.4m but was partly offset by a fall in turnover of the existing portfolio of titles which amounted to £4.0m, predominantly in the computer games sector.

At the EBITAE profit level, titles acquired in the prior financial year contributed an additional £0.5m year on year but this has been more than offset by a £4.0m fall in profits from the existing portfolio of titles. We have sold our *Spanish Homes Magazine* title for nominal consideration.

The reduction in EBITAE for the half-year reflects the increase in the overhead base resulting from taking on new rented premises in Bath and London in a rationalisation of our property portfolio.

US performance in half-year

	2006 \$m	2005 \$m	Change %
Circulation revenue	**23.3**	27.6	-16%
Advertising revenue	**28.3**	22.3	+27%
Other revenue	**0.7**	0.9	-22%
Turnover	**52.3**	50.8	+3%
EBITAE (loss)/profit	**(0.6)**	5.1	–
EBITAE profit margin	**–**	*10%*	

US turnover for the half-year rose by \$1.5m or 3% driven by the full half-year impact of titles acquired during the prior financial year. This full half-year impact amounted to \$7.8m but was partly offset by a fall in turnover from existing games titles which amounted to \$5.5m, partly due to phasing.

At the EBITAE level titles acquired in the prior financial year contributed an additional \$0.9m. However, this has been more than offset by the impact of NPD investment in magazine launches in action sports, scrapbooking, music and in a website launch in games (Games Radar), together with a reduction in profits from the existing games portfolio.

Mainland Europe performance in half-year

	2006 €m	2005 €m	Change %
Circulation revenue	**23.9**	24.8	-4%
Advertising revenue	**7.2**	6.8	+6%
Other revenue	**0.1**	0.1	–
Turnover	**31.2**	31.7	-2%
EBITAE profit	**2.5**	2.6	-4%
EBITAE profit margin	***8%***	*8%*	

Mainland Europe turnover was slightly below that for last year. Despite this, EBITAE profit held steady, reflecting the tight management control of these businesses. Both face tough newsstand trading. EBITAE profit for Mainland Europe is stated after intra-group licence fees of €0.7m (2005: €0.6m).

Exceptional items

These amounted to £3.5m (2005: £1.5m). During the period, we completed the relocation of our employees in London to a single office in Marylebone, NW1. A charge of £2.8m relating mainly to the remaining lease commitments on previous offices has been made in the period. The Group also incurred £0.6m of redundancy costs and £0.1m of other restructuring, as part of the integration of acquired titles and the continued tight management of the business.

Taxation

The tax credit for the half-year was £0.3m (2005: tax charge of £2.2m) which has been calculated using an estimated tax rate of 31% (2005: 19%) applied to taxable profits. Taxable profits exclude the Group charge for impairment of intangible assets. This is the rate estimated to apply to taxable profits for the full financial year.

Cash flow and net debt
Net debt at 30 September 2005 was £39.5m. Net cash inflow from operating activities for the half-year was £12.7m (2005: £11.4m) representing a very healthy conversion ratio of profits to cash supported by tight management of working capital. Major cash outflows were for capital expenditure (£3.3m), the acquisition of *Revolver* magazine in the US (£2.4m) and payment of last year's final dividend (£4.2m). Net debt at 31 March 2006 was £38.3m.

International Financial Reporting Standards (IFRS)
The interim results and comparative figures reflect the application of IFRS. As previously communicated the most significant impacts arising from IFRS relate to accounting for intangible assets, and share-based payments. On 6 April 2006 the Group published a restatement of its audited results for the year ended 30 September 2005 from UK GAAP to IFRS. A copy of that restatement is available on the Company's website *www.futureplc.com/future/investors.*

Intangible assets
We have taken an impairment charge of £11.0m against the carrying value of the intangible assets relating to Future Italy, to reflect more accurately the trading levels of this business. This is a non-cash charge.

Current trading and prospects
Because of timing issues there will be a bias in EBITAE profits towards the second half of the financial year which the Board believes will be higher than those in the first half of this year. However, EBITAE for the current financial year is considered likely to be approximately £2m below current market expectations.
The second half bias will be driven by:

- Full period impact of titles acquired during the prior financial year.
- Phasing of NPD spend, in particular in the US.
- Timing of the publication of issues, in particular in the UK.

Over the coming 18 months we plan to focus on organic investment in our existing business to strengthen our publishing offerings in specific sectors. Together with lower expectations for 2006, this organic investment will depress reported profits in 2007 to a level below existing expectations.

The continued tight management of our business is our number one priority, and this, together with our strong cash generation and level of bank debt, provides the reassurance that we can withstand the current external pressures facing the business. Our efforts are focused on maximising the potential from our existing portfolio and further strengthening our online presence.

Roger Parry, Chairman
John Bowman, Group Finance Director
Michael Penington, senior independent non-executive Director
Patrick Taylor, independent non-executive Director
John Mellon, independent non-executive Director

6 June 2006

Consolidated income statement

for the six months ended 31 March 2006

	Note	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Turnover	1	**114.7**	104.3	212.3
Operating profit before exceptional items and amortisation of intangible assets		**6.3**	12.8	20.4
Exceptional items	3	**(3.5)**	(1.5)	(5.1)
Exceptional impairment of intangible assets	2, 9	**(11.0)**	–	–
Amortisation of intangible assets	2, 9	**(2.6)**	(0.3)	(1.8)
Operating (loss)/profit	2	**(10.8)**	11.0	13.5
Financial income	5	**0.2**	0.3	0.5
Financial costs	5	**(1.5)**	(0.2)	(1.5)
Net financing (costs)/income	5	**(1.3)**	0.1	(1.0)
(Loss)/profit on ordinary activities before tax	1	**(12.1)**	11.1	12.5
Tax on (loss)/profit on ordinary activities	6	**0.3**	(2.2)	(2.2)
(Loss)/profit for the financial period		**(11.8)**	8.9	10.3

Earnings per 1p Ordinary share

	Note	6 months to 31 March 2006 pence	6 months to 31 March 2005 pence	12 months to 30 September 2005 pence
Basic (loss)/earnings per share	8	**(3.6)**	2.7	3.2
Diluted (loss)/earnings per share	8	**(3.6)**	2.7	3.2

Consolidated statement of changes in equity

for the six months ended 31 March 2006

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2005		3.3	24.4	109.0	(19.2)	117.5
Loss for the period		–	–	–	(11.8)	(11.8)
Currency translation differences		–	–	–	0.2	0.2
Dividend relating to 2005	7	–	–	–	(4.2)	(4.2)
Total recognised loss for the period		**–**	**–**	**–**	**(15.8)**	**(15.8)**
Share option schemes						
– value of employees' services		–	–	–	0.3	0.3
New share capital subscribed		–	0.1	–	–	0.1
Balance at 31 March 2006		**3.3**	**24.5**	**109.0**	**(34.7)**	**102.1**

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2004		3.2	23.7	109.0	(23.6)	112.3
Profit for the period		–	–	–	8.9	8.9
Dividend relating to 2004	7	–	–	–	(4.9)	(4.9)
Total recognised income for the period		**–**	**–**	**–**	**4.0**	**4.0**
Share option schemes						
– value of employees' services		–	–	–	0.1	0.1
New share capital subscribed		0.1	0.5	–	–	0.6
Balance at 31 March 2005		**3.3**	**24.2**	**109.0**	**(19.5)**	**117.0**

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2004		3.2	23.7	109.0	(23.6)	112.3
Profit for the year		–	–	–	10.3	10.3
Currency translation differences		–	–	–	0.2	0.2
Dividend relating to 2004	7	–	–	–	(4.9)	(4.9)
Dividend relating to 2005	7	–	–	–	(1.6)	(1.6)
Total recognised income for the year		**–**	**–**	**–**	**4.0**	**4.0**
Share option schemes						
– value of employees' services		–	–	–	0.4	0.4
New share capital subscribed		0.1	0.7	–	–	0.8
Balance at 30 September 2005		**3.3**	**24.4**	**109.0**	**(19.2)**	**117.5**

Consolidated balance sheet

as at 31 March 2006

	Note	31 March 2006 £m	31 March 2005 £m	30 September 2005 £m
Assets				
Non-current assets				
Property, plant and equipment		**6.4**	3.4	3.7
Intangible assets – goodwill	9	**138.5**	116.8	147.3
Intangible assets – other	9	**10.8**	2.1	12.9
Deferred tax		**2.2**	2.3	1.9
Total non-current assets		**157.9**	124.6	165.8
Current assets				
Inventories		**7.1**	5.6	6.2
Corporation tax recoverable		**2.9**	0.6	2.3
Trade and other receivables		**42.2**	38.0	46.2
Cash and cash equivalents		**19.4**	10.4	10.7
Total current assets		**71.6**	54.6	65.4
Total assets		**229.5**	179.2	231.2
Equity and liabilities				
Equity				
Issued share capital		**3.3**	3.3	3.3
Share premium account		**24.5**	24.2	24.4
Merger reserve		**109.0**	109.0	109.0
Retained earnings		**(34.7)**	(19.5)	(19.2)
Total equity		**102.1**	117.0	117.5
Non-current liabilities				
Interest-bearing loans and borrowings		**27.8**	–	29.8
Deferred tax		**2.3**	0.8	2.3
Provisions		**3.7**	1.1	2.2
Other		**2.2**	–	2.2
Total non-current liabilities		**36.0**	1.9	36.5
Current liabilities				
Interest-bearing loans and borrowings		**29.9**	3.7	20.4
Trade and other payables		**61.3**	55.5	56.5
Corporation tax payable		**0.2**	1.1	0.3
Total current liabilities		**91.4**	60.3	77.2
Total liabilities		**127.4**	62.2	113.7
Total equity and liabilities		**229.5**	179.2	231.2

Consolidated cash flow statement

for the six months ended 31 March 2006

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Cash flows from operating activities			
Cash generated from operations	**12.7**	11.4	9.8
Interest received	**0.2**	0.3	0.5
Tax received	**0.2**	1.4	1.4
Interest paid	**(1.1)**	(0.2)	(0.8)
Tax paid	**(0.8)**	(3.6)	(5.5)
Net cash generated from operating activities	**11.2**	9.3	5.4
Cash flows from investing activities			
Purchase of property, plant and equipment	**(3.3)**	(0.6)	(1.8)
Purchase of magazine titles	**(2.4)**	(1.1)	(15.3)
Purchase of subsidiary undertakings	**–**	(8.6)	(33.6)
Net cash acquired with subsidiary undertakings	**–**	0.8	0.8
Disposal of subsidiary undertakings	**–**	1.6	2.1
Payment of deferred consideration	**–**	(0.1)	(0.1)
Net cash used in investing activities	**(5.7)**	(8.0)	(47.9)
Cash flows from financing activities			
Proceeds from issue of Ordinary share capital	**0.1**	0.6	0.8
Draw down of bank loans	**7.4**	4.0	53.6
Issue costs of new bank loan	**–**	–	(0.4)
Repayment of bank loans	**–**	(4.8)	(8.7)
Equity dividends paid	**(4.2)**	(4.9)	(6.5)
Net cash generated from/(used in) financing activities	**3.3**	(5.1)	38.8
Net increase/(decrease) in cash and cash equivalents	**8.8**	(3.8)	(3.7)
Cash and cash equivalents at beginning of period	**10.7**	14.5	14.5
Exchange adjustments	**(0.1)**	(0.3)	(0.1)
Cash and cash equivalents at end of period	**19.4**	10.4	10.7

Notes to the consolidated cash flow statement

for the six months ended 31 March 2006

A. Cash flows from operating activities

The reconciliation of operating (loss)/profit to cash flows from operating activities is as follows:

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Operating (loss)/profit for the period	**(10.8)**	11.0	13.5
Adjustments for:			
Depreciation charge	**0.9**	0.5	1.2
Profit on disposal of subsidiaries	**–**	(1.6)	(2.1)
Amortisation of intangible assets	**2.6**	0.3	1.8
Impairment of intangible assets	**11.0**	–	–
Share option schemes			
– value of employees' services	**0.3**	0.1	0.4
Operating profit before changes in working capital and provisions	**4.0**	10.3	14.8
Movement in provisions	**1.5**	(0.4)	1.0
Increase in inventories	**(0.9)**	(0.5)	(1.0)
Decrease/(increase) in trade and other receivables	**4.0**	(1.3)	(7.9)
Increase in trade and other payables	**4.1**	3.3	2.9
Cash generated from operations	**12.7**	11.4	9.8

B. Analysis of net debt

	At 1 October 2005 £m	Cash flows £m	Non-cash changes £m	Exchange movements £m	At 31 March 2006 £m
Cash and cash equivalents	10.7	8.8	–	(0.1)	**19.4**
Debt due within one year	(20.4)	(7.4)	(2.0)	(0.1)	**(29.9)**
Debt due after more than one year	(29.8)	–	2.0	–	**(27.8)**
Net debt	**(39.5)**	**1.4**	**–**	**(0.2)**	**(38.3)**

C. Reconciliation of movement in net (debt)/cash

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Net (debt)/cash at start of period	**(39.5)**	9.8	9.8
Increase/(decrease) in cash and cash equivalents	**8.8**	(3.8)	(3.7)
Overdraft acquired with subsidiaries	**–**	(0.3)	(0.4)
Movement in overdraft	**–**	0.3	–
Movement in borrowings	**(7.4)**	0.8	(44.9)
Exchange movements	**(0.2)**	(0.1)	(0.3)
Net (debt)/cash at end of period	**(38.3)**	6.7	(39.5)

Accounting policies

Basis of accounting

The Interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and has not been audited. The auditors have carried out a review of the Interim report and their report is set out on page 18.

These interim financial statements are the first interim financial statements following the adoption of International Financial Reporting Standards (IFRS) and are prepared in accordance with the Listing Rules of the Financial Services Authority.

In accordance with EU legislation the Group's first annual financial statements to be prepared in accordance with IFRS will be for the year ending 30 September 2006.

The financial information contained in this Interim report in respect of the year ended 30 September 2005 has been produced using extracts from the audited statutory accounts as prepared under UK GAAP, amended by adjustments required under IFRS. The audited statutory accounts for the year ended 30 September 2005, upon which an unqualified audit opinion was given, have been delivered to the Registrar of Companies.

In anticipation of changes required under IFRS the Group has published a document – Restatement from UK GAAP to International Financial Reporting Standards for the year ended 30 September 2005 (the Restatement document). The Restatement document sets out the effect of adopting IFRS for the Group, the basis of preparation and details of significant adjustments in respect of the opening balance sheet at 1 October 2004, the results for the year ended 30 September 2005 and the balance sheet at 30 September 2005. The most significant impacts arising as a result of adopting IFRS relate to accounting for intangible assets (note 9), share-based payments (note 4) and dividends (note 7). The Restatement document was published on 6 April 2006 and is available on our website (*www.futureplc.com/future/investors),* along with full details of the Group's accounting policies.

IFRS are subject to ongoing amendment and additional interpretations and therefore the accounting policies for the year ending 30 September 2006 will be finally determined only when the financial statements for that year are prepared.

The financial information contained in this Interim report in respect of the 6 month periods ended 31 March 2006 and 31 March 2005 has been prepared on a basis consistent with that used in the Restatement document and in accordance with all IFRS and IFRIC interpretations that had been published by 31 March 2006. The standards used are those endorsed by the EU together with those standards that have been issued by the IASB but which had not been endorsed by 31 March 2006.

Notes to the financial statements

1. Segmental reporting

The Group is organised and managed primarily on a geographical basis. An analysis of turnover and results by primary reporting segment is set out below:

a) Turnover by origin

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
United Kingdom	**64.2**	55.8	118.4
United States	**29.9**	27.1	55.5
Mainland Europe	**21.3**	22.0	39.7
Turnover between segments	**(0.7)**	(0.6)	(1.3)
Total	**114.7**	104.3	212.3

b) (Loss)/profit before tax by origin

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
United Kingdom	**0.9**	8.9	10.8
United States	**(0.6)**	3.0	3.6
Mainland Europe	**(9.4)**	1.8	2.1
Central costs	**(3.0)**	(2.6)	(4.0)
Total	**(12.1)**	11.1	12.5

Additional analysis of the Group's turnover by type and destination is set out below:

i) Turnover by type

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Circulation	**71.3**	70.9	139.0
Advertising	**41.2**	31.3	68.1
Other	**2.2**	2.1	5.2
Total	**114.7**	104.3	212.3

ii) Turnover by destination

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
United Kingdom	**53.5**	47.5	99.4
United States	**31.5**	27.3	57.0
Mainland Europe	**26.1**	24.8	47.1
Rest of the world	**4.3**	5.3	10.1
Turnover between segments	**(0.7)**	(0.6)	(1.3)
Total	**114.7**	104.3	212.3

Notes to the financial statements

continued

2. Operating (loss)/profit

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Turnover	**114.7**	104.3	212.3
Cost of sales	**(83.7)**	(69.3)	(144.7)
Gross profit	**31.0**	35.0	67.6
Distribution expenses	**(7.5)**	(6.9)	(14.4)
Administration expenses (including exceptional items)	**(20.7)**	(16.8)	(37.9)
Exceptional impairment of intangible assets	**(11.0)**	–	–
Amortisation of intangible assets	**(2.6)**	(0.3)	(1.8)
Operating (loss)/profit	**(10.8)**	11.0	13.5

3. Exceptional items

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Property costs	**2.8**	0.2	2.4
Restructuring costs	**0.7**	0.7	2.6
Aborted bid costs	**–**	2.2	2.2
Profit on disposal of subsidiaries	**–**	(1.6)	(2.1)
Total	**3.5**	1.5	5.1

The property costs consist mainly of a vacant property provision made against office space in Baker Street, London which was vacated in January 2006.

The restructuring costs relate to the costs incurred as a result of integrating businesses and titles acquired during the year ended 30 September 2005.

The aborted bid costs relate to the external professional fees and other costs of the aborted bid for the entire issued share capital of Highbury House Communications plc during the first half of 2005.

4. Employees

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Wages and salaries	**24.8**	19.6	42.5
Social security costs	**4.0**	3.3	6.9
Other pension costs	**0.6**	0.3	0.8
Share option schemes – value of employees' services	**0.3**	0.1	0.4
Total	**29.7**	23.3	50.6

IFRS 2 (Share-based payments) requires an expense for equity instruments granted to be recognised over the appropriate vesting period, measured at their fair value at the date of grant.

The Group has used the Black Scholes model to value instruments with non market-based performance criteria such as earnings per share. For instruments with market-based performance criteria, notably total shareholder return, the Group has used a Monte Carlo model to determine the fair value.

The expense for the 6 months ended 31 March 2006 of £0.3m has been credited to reserves.

5. Financial income and costs

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
Interest receivable	**0.2**	0.3	0.5
Total financial income	**0.2**	0.3	0.5
Interest payable on interest-bearing loans and borrowings	**(1.4)**	(0.1)	(1.1)
Net foreign exchange losses	**(0.1)**	(0.1)	–
Write-off of debt issue costs	**–**	–	(0.4)
Total financial costs	**(1.5)**	(0.2)	(1.5)
Net financial (costs)/income	**(1.3)**	0.1	(1.0)

6. Tax on (loss)/profit on ordinary activities

The tax credit for the six months ended 31 March 2006 is based on the estimated effective rate of tax for the full year to 30 September 2006. The effective rate is applied to the profit before tax and impairment but after exceptional items.

7. Dividends

Equity dividends	6 months to 31 March 2006	6 months to 31 March 2005	12 months to 30 September 2005
Number of shares in issue at end of period (million)	**326.5**	325.8	326.3
Dividends paid in period (pence per share)	**1.3**	1.5	2.0
Dividends paid in period (£m)	**4.2**	4.9	6.5

In accordance with IFRS dividends declared are recognised in the period in which they are approved and paid.

The dividend of £4.2m paid during the period ended 31 March 2006 relates to the final dividend of 1.3 pence per share declared for the year ended 30 September 2005.

The dividend of £4.9m paid during the six month period ended 31 March 2005 relates to the final dividend of 1.5 pence per share declared for the nine months ended 30 September 2004.

The dividends totalling £6.5m paid during the year ended 30 September 2005 relate to the interim dividend for the six month period to 31 March 2005 of 0.5 pence per share (£1.6m) and the final dividend declared for the nine months ended 30 September 2004 of 1.5 pence per share (£4.9m).

8. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares outstanding during the period. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of options held under employee share schemes.

The adjusted earnings per share removes the effect of the amortisation and impairment of intangible assets, exceptional items (including profit on disposal of subsidiaries) and any related tax effects from the calculation as follows:

Adjustments to (loss)/profit on ordinary activities after tax

	6 months to 31 March 2006 £m	6 months to 31 March 2005 £m	12 months to 30 September 2005 £m
(Loss)/profit on ordinary activities after tax	**(11.8)**	8.9	10.3
Add: amortisation of intangible assets	**2.6**	0.3	1.8
Add: impairment of intangible assets	**11.0**	–	–
Add: exceptional items	**3.5**	1.5	5.1
Tax effect of the above adjustments	**(2.0)**	(0.5)	(2.8)
Adjusted profit on ordinary activities after tax	**3.3**	10.2	14.4

	6 months to 31 March 2006	6 months to 31 March 2005	12 months to 30 September 2005
Weighted average number of shares outstanding during the period:			
– basic	**326,404,239**	324,850,523	325,468,072
– dilutive effect of share options	**181,529**	1,125,610	937,654
– diluted	**326,585,768**	325,976,133	326,405,726
Basic (loss)/earnings per share (in pence)	**(3.6)**	2.7	3.2
Adjusted basic earnings per share (in pence)	**1.0**	3.1	4.4
Diluted (loss)/earnings per share (in pence)	**(3.6)**	2.7	3.2
Adjusted diluted earnings per share (in pence)	**1.0**	3.1	4.4

The share options do not have a dilutive effect where there is a loss.

The adjustments have the following effect:

	6 months to 31 March 2006 pence	6 months to 31 March 2005 pence	12 months to 30 September 2005 pence
Basic (loss)/earnings per share	**(3.6)**	2.7	3.2
Amortisation of intangible assets	**0.8**	0.1	0.5
Impairment of intangible assets	**3.4**	–	–
Exceptional items	**1.1**	0.5	1.6
Tax effect of the above adjustments	**(0.7)**	(0.2)	(0.9)
Adjusted basic earnings per share	**1.0**	3.1	4.4
Diluted (loss)/earnings per share	**(3.6)**	2.7	3.2
Amortisation of intangible assets	**0.8**	0.1	0.5
Impairment of intangible assets	**3.4**	–	–
Exceptional items	**1.1**	0.5	1.6
Tax effect of the above adjustments	**(0.7)**	(0.2)	(0.9)
Adjusted diluted earnings per share	**1.0**	3.1	4.4

9. Intangible assets

	Goodwill £m	Magazine related £m	Other £m	Total £m
Cost				
At 1 October 2005	363.7	14.2	1.8	379.7
Additions	1.4	1.0	–	2.4
Adjustments to fair value on prior year acquisitions	0.1	–	–	0.1
Exchange adjustments	0.6	–	–	0.6
At 31 March 2006	**365.8**	**15.2**	**1.8**	**382.8**
Amortisation				
At 1 October 2005	(216.4)	(1.5)	(1.6)	(219.5)
Charge for the period	–	(2.5)	(0.1)	(2.6)
Impairment charges	(10.5)	(0.5)	–	(11.0)
Exchange adjustments	(0.4)	–	–	(0.4)
At 31 March 2006	**(227.3)**	**(4.5)**	**(1.7)**	**(233.5)**
Net book amount at 31 March 2006	**138.5**	**10.7**	**0.1**	**149.3**
Net book amount at 30 September 2005	147.3	12.7	0.2	160.2

The Group elected to apply IFRS 3 (Business Combinations) from the transition date of 1 October 2004. Acquisitions undertaken subsequent to that date have been restated in accordance with this standard.

Magazine related assets have been recognised and relate mainly to trademarks, advertising relationships and customer lists. These assets are amortised over their estimated economic lives, typically ranging between one and five years.

Any residual amount arising as a result of the purchase consideration being in excess of the value of identified magazine related assets is recorded as goodwill. Goodwill is not amortised under IFRS, but is subject to impairment testing either annually or on the occurrence of some triggering event. Goodwill is recorded and tested for impairment on a territory by territory basis.

Impairment testing has been undertaken as at 31 March 2006. As a result an impairment charge of £11.0m has been made in respect of intangible assets relating to the Italian business.

Other intangibles relate to capitalised software costs.

Independent review report to Future plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 March 2006 which comprises the consolidated interim balance sheet as at 31 March 2006 and the related consolidated interim statements of income, cash flows and changes in shareholders' equity for the six months then ended and related notes. We have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The Interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in the notes to the Interim report, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union. This Interim report has been prepared in accordance with the basis of preparation set out in the notes to the Interim report.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements. As explained in the notes to the Interim report, there is, however, a possibility that the directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with International Financial Reporting Standards as adopted by the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted by the European Union at 30 September 2006 are not known with certainty at the time of preparing this interim financial information.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2006.

PricewaterhouseCoopers LLP
Chartered Accountants, Bristol
6 June 2006

Notes:

(a) The maintenance and integrity of the Future plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Interim report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

2006 Timetable

2006 timetable

Half-year end	31 March 2006
Half-year results announced	6 June 2006
Half-year results mailed to shareholders	16 June 2006
Financial year end	30 September 2006
September results announced	November 2006
Results mailed to shareholders	December 2006

Directors
Roger Parry, non-executive Chairman
John Bowman, Group Finance Director
Michael Penington, senior independent non-executive Director
Patrick Taylor, independent non-executive Director
John Mellon, independent non-executive Director

Company Secretary
Mark Millar

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www.futureplc.com

Company registration number 3757874

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London EC2M 2PP

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London E14 5HP

Registrars
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Worthing
West Sussex BN99 6DA

Solicitors
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Relations with shareholders and Company website
The Company's website, www.futureplc.com, contains up-to-date information on the Group's activities and the investor relations section includes a full copy of the interim and annual results, presentations provided to analysts, and an audio recording of the most recent such presentation on 6 June 2006. Copies of these presentations are also available from the Company's registered office.

Future portfolio

Future UK

www.futurenet.com
www.myfavouritemagazines.co.uk

Entertainment
DJ
Classic Rock
Disney's Big Time
Disney Girl
DVD Review
Edge
GamesMaster
Jetix Magazine
Metal Hammer
NGC
Nintendo Official Magazine
Official PlayStation 2 Magazine
Official Xbox Magazine
PC Gamer
PC Zone
PSM2
PSW
SFX
Total Film
Xbox World 360
Xbox 360: The Official Magazine

Entertainment business
Home Entertainment Week
Time Code

Entertainment events
Classic Rock Awards
Golden Joysticks
HEW Awards of Excellence
Metal Hammer Golden Gods
The DJ Top 100 Party

Music making
Computer Music
Future Music
Guitarist
Guitar Techniques
Rhythm
Total Guitar

Cycling
Cycling Plus
Mountain Biking UK
Pro Cycling
What Mountain Bike

Auto
Classic Ford
Classics Monthly
Fast Bikes
Fast Car
Fast Ford
J-Tuner
Mini Magazine
Redline
Retro Cars
Total BMW
Total Vauxhall
Trucking
Truckstop News

Auto events
Classic Ford Show
Classics and Retro Show
Ford Fair
Japfest
Mini in the Park
Performance Vauxhall Show
Trax

Computing and creative
3D World
Computer Arts
Computer Arts Projects
Digital Camera
Digital Camera Shopper
Imagine FX
Linux Format
MacFormat
Microsoft Windows XP:
The Official Magazine
.net
Online Gambler
PC Answers
PC Format
PC Plus
Photoshop Focus Guides
Practical Web Design
What Laptop
Windows Vista:
The Official Magazine
World Poker Tour:
The Official Magazine

Puzzles
Arrows
Codewords
Jumbo Cross
Jumbo Cross Collection
Logical Challenge
Puzzle Monthly
Puzzle Monthly Collection
Sudoku Pro
Tea Break Quickies
Total Konzai
Total Sudoku

Pastimes and home interest
Cross Stitch Collection
Cross Stitcher
Good Woodworking
Papercraft Inspirations
Quick and Easy Cross Stitch
Scrapbook Inspirations
Simply Knitting
Your Family Tree

Women's interest
Health and Fitness
Junior
Junior Pregnancy and Baby
Pregnancy, Baby and You
Wedding Day

Consumer electronics
Digital Video
Hi-Fi Choice
Home Cinema Choice
T3
Total Mobile
What Home Cinema
What Plasma and LCD TV
What Satellite and Digital TV
What Video and High
Definition TV

Future US

www.futureus-inc.com

Games
Official Xbox Magazine
PC Gamer
PSM: Independent
PlayStation Magazine

Action sports
Future Snowboarding
Snowboard Trade News
Skateboard Trade News
The Snowboard Journal

Living
Decorating Spaces
House DIY
Men's Edge
Pregnancy
Scrapbook Answers
Women's Health and Fitness

Music
Future Music
Guitar One
Guitar World
Guitar World Acoustic
Guitar World Bass Guitar
Guitar World Legends
Revolver

Technology
MacAddict
Maximum PC

Technology events
Dream Machine Tour

Future France

www.futurefrance.fr
www.mesmagazinesfavoris.fr

Games

Consoles Plus
GBA, Le Magazine Officiel
Jeux Video Magazine
Joypad
Joystick
Kid Paddle
Nintendo, Le Magazine Officiel
PC Jeux
PlayStation 2: Le Magazine Officiel
PSM2
Xbox, Le Magazine Officiel
Xbox 360, Le Magazine Officiel

Technology

Computer Arts
Internet Pratique
Micro Actuel
Microsoft Windows XP: Le Magazine Officiel
PC Achat
Windows News

Future Italy

www.futuremediaitaly.it

Games

Giochi per il Mio Computer
Nintendo – La Rivista Ufficiale
PSM
The Games Machine
Videogiochi
Xbox Magazine Ufficiale

Digital

Computer Arts
Computer Magazine
Digital Camera Magazine
Il Mio Computer
Linux Pro
Portatile & Wireless
Smartphone e Palmari
T3

Online Portfolio

Entertainment / Youth

cheatplanet.com
computerandvideogames.com
consolesplus.fr
edge-online.co.uk
gamesradar.com
gamesradar.it
heweek.co.uk
next-gen.biz
officialnintendomagazine.co.uk
oxm.co.uk
pczone.co.uk
psmonline.com
sfx.co.uk
tgmonline.it
timecode.co.uk
totalfilm.com
ufficialexbox.it
xboxmag.fr

Music

djmag.com
computermusic.co.uk
futuremusicmag.com
guitaronemag.com
guitarworld.com
metalhammer.co.uk
revolvermag.com

Cycling

cyclingplus.co.uk
mbuk.com
procycling.com
whatmtb.com

Auto

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classicfordshow.co.uk
classicsandretro.co.uk
fastbikesmag.com
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totalbmwmag.com
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truckstopnews.co.uk

Women's interest

healthandfitnessonline.co.uk
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juniorfashion.co.uk
pregnancymagazine.com
scrapbookanswers.com
whfhhc.com

Computing and creative

computerarts.co.uk
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macaddict.com
maxpc.co.uk
microactuel.com
netmag.co.uk
pcanswers.co.uk
pcformat.co.uk
pcplus.co.uk
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Consumer electronics

digitalhomemag.com
gadgetcandy.com
t3.co.uk

Home interest

decoratingspaces.com

Magazine subscription shops

www.myfavouritemagazines.co.uk
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Information correct at 6 June 2006

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