Future plc
Annual Report and Accounts 2010

Future
MEDIA WITH PASSION

Forward
Focus

Introduction

Contents

At Future we base everything we do on enthusiasts who are passionate about their interests. From computer games to film, from cycling to music-making, from photography to fast cars, we produce multi-media products that inform, entertain and unite these communities. Our focus on, and commitment to, both function and form – editorial quality and design excellence coupled with accessibility and interactivity – have helped us to build market leadership positions in all of the specialist sectors in which we operate.

Group financial highlights

Year ended 30 September 2010

Revenue

£151.5m

(2009: £153.1m)

EBITA

£10.1m

(2009: £10.1m)

Adjusted earnings per share

2.4p

(2009: 1.8p)

Dividends

1.1p

(2009: 0.9p)

EBITA represents operating profit before amortisation of intangible assets, as shown on page 17 along with other key figures in the statutory results.

Adjusted earnings per share are based on statutory results and exclude amortisation of intangibles and related tax effects.

Chairman's statement
Roger Parry

I am pleased to report that trading patterns stabilised during 2010 and our financial position has significantly improved. Our US business returned to profit this year and in our UK business our portfolio spread helped us to achieve revenues just 1% below those for 2009. Overall, EBITA profit was flat. The pursuit of the same strategy since 2006 has particularly helped us to withstand the tough trading environment of the past two years.

Strategy
Future provides English-language content for communities of enthusiasts: clusters of like-minded individuals whose interests range from computer games to guitars, from cycling to film. We are multi-platform, producing magazines, websites, events and multimedia services for commercial partners and we export and license that content to more than 90 countries.

Financial performance
Our 2010 results show Group revenue of £151.5m (2009: £153.1m) and EBITA of £10.1m (2009: £10.1m). In the UK, 2009 profits benefited from £1.3m of foreign exchange gains. In the US, we returned to profitability. More detail is provided in the Chief Executive's review and the Financial review.

After reduced charges for amortisation of intangibles: £2.7m (2009: £3.9m) and net financing costs: £1.8m (2009: £2.5m), pre-tax profit was £5.6m (2009: £3.7m). Cash generation remains strong and we reduced net debt by 53% to £7.4m.

Basic earnings per share were 1.7p (2009: 0.9p). Adjusted earnings per share for the year were 2.4p (2009: 1.8p), helped by a significantly reduced tax charge.

Dividend
Despite tough trading conditions, the Board has been encouraged by operational improvements in the US and by half-yearly revenue trends. The Board is also encouraged by the increase in adjusted earnings per share and the reduction in net debt.

The Board therefore recommends increasing the final dividend to 0.6p (2009: 0.5p). Together with the interim dividend of 0.5p (2009: 0.4p), this brings total dividends for the year to 1.1p (2009: 0.9p) per share in line with our dividend policy. This restores the size of total dividends to the level declared for 2008.

If approved at the Annual General Meeting to be held on 9 February 2011, the final dividend of 0.6p per share will be paid on 1 April 2011 to all shareholders on the register on 18 February 2011. The ex-dividend date is 16 February 2011.

Current trading outlook
Consumer confidence is still fragile on both sides of the Atlantic, so our outlook for 2011 must remain cautious even though we've seen an encouraging improvement in second over first half performance.

In the US, Government stimulus measures included a change to tax rules resulting in a $2.5m tax receipt which we will use to invest in our business next year. In 2011 we expect that this increased US investment - inter alia to improve our digital production capabilities - will hold back results for the first half-year. Across the Group, we continue to invest appropriately in our brands, in new products and in our people: because this predominantly organic approach has served us well during the last four years.

Board
In August this year, Mark Wood resigned as a non-executive Director in order to become our UK Chief Executive. Mark has significant experience and an excellent record in content creation and building digital businesses and we welcome his taking up this full-time role.

In October, we were delighted to welcome Mark Whiteling as a non-executive Director. In addition to his varied financial and public company experience, he brings significant international perspective to the Board. We anticipate appointing him as chair of the audit committee in succession to Patrick Taylor next year.

Finally, I would like to thank all my Board colleagues for their commitment and our shareholders for their support of our strategy which I believe will continue to serve us well in the coming years.

Roger Parry
24 November 2010

Future at a glance

Business dynamics

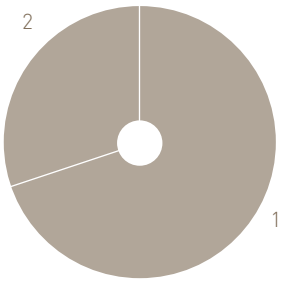
Global reach

Future employs 1,200 people in the UK, US and Australia delivering English-language content 24 hours a day, seven days a week.

Global revenues

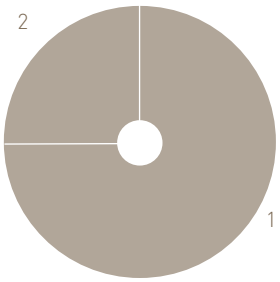
Revenue split by source

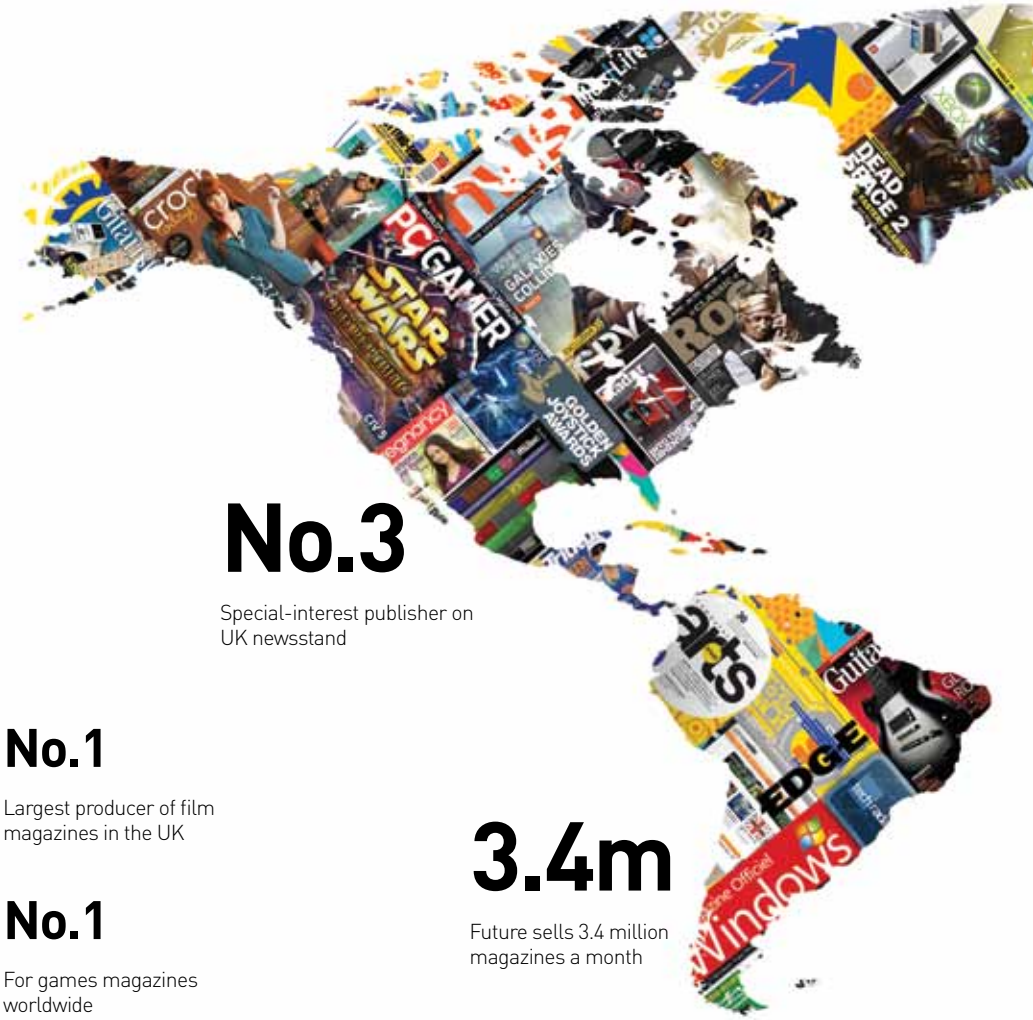
1. UK 70%
2. US 30%



Advertising revenue split

1. Magazine 75%
2. Online 25%





No.3

Special-interest publisher on UK newsstand

No.1

Largest producer of film magazines in the UK

No.1

For games magazines worldwide

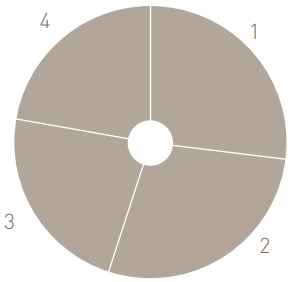
3.4m

Future sells 3.4 million magazines a month

A balanced portfolio

Our magazines, digital properties and events are managed across four portfolio sectors:

1. Technology 27%
2. Games 28%
3. Music & Movies 23%
4. Active 22%



Technology [1]

Consumer electronics, computing, photography, digital creative
Future's technology portfolio is constantly innovating, reflecting the excitement of the fast-moving markets in which it operates. We are reaching and engaging with more technology enthusiasts than ever before through print, digital and events. Our portfolio includes:

In print: *T3*, *MacLife*, *MacFormat*, *Maximum PC*, *Linux Format*, *Digital Camera*, *PhotoPlus*, *.net*, *Computer Arts*, *Windows: The Official Magazine*

In digital: *techradar.com*, *T3.com*, *photoradar.com*, *maximumpc.com*, *maclife.com*, *T3* edition for iPad, *MacLife* Tablet edition

Face-to-face: T3 Gadget Awards, Digital Camera Photographer of the Year Awards, .net Awards, What Laptop Awards

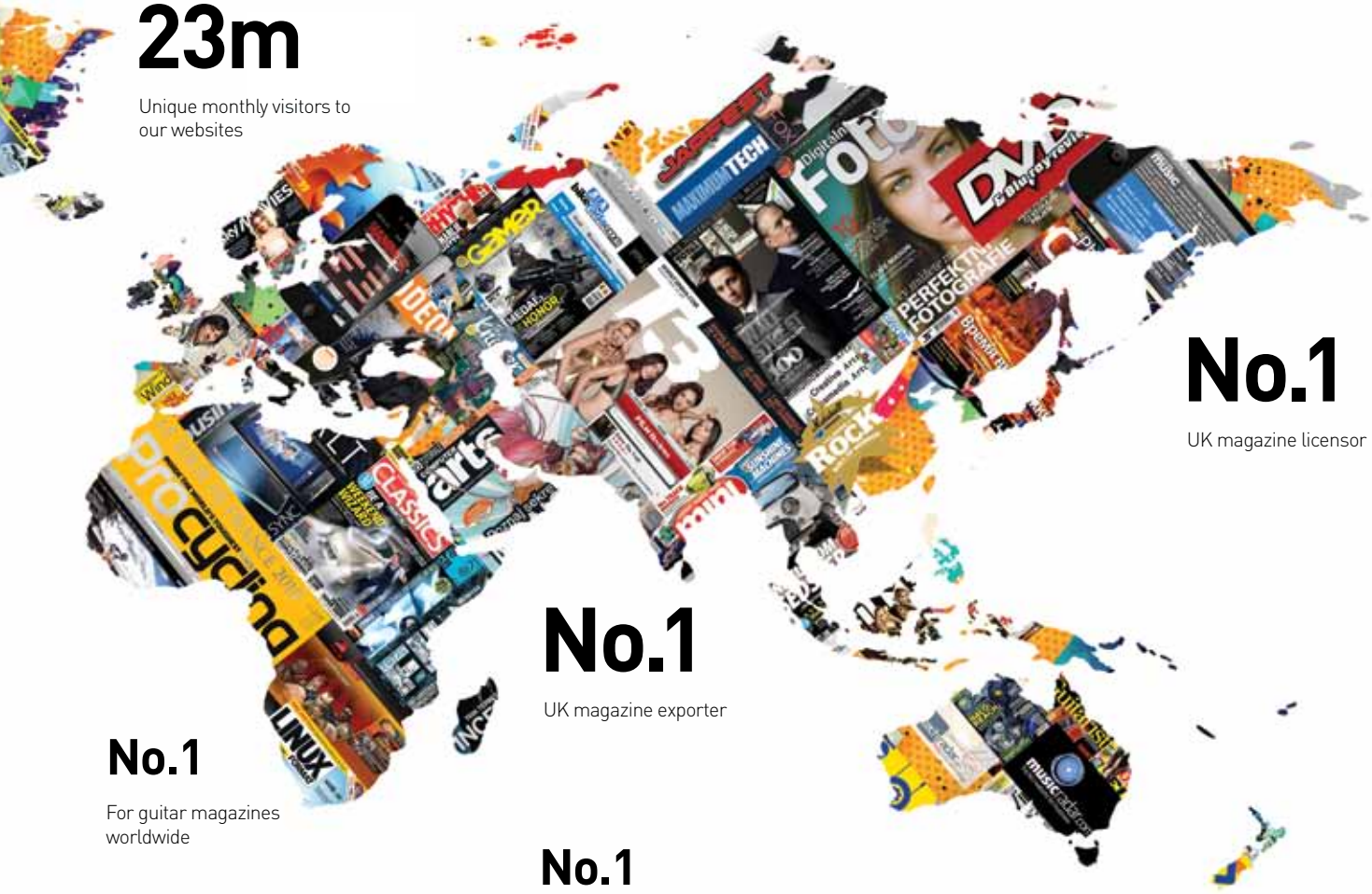
Games [2]

Console and PC Gaming
Future holds a unique position in the global games media market, combining official partnerships with all three global console manufacturers and a unique cross-media approach. We are the only games media owner with reach across print, online, covermounted discs, on-console editions and events. Our portfolio includes:

In print: *Xbox 360: The Official Magazine*, *Official PlayStation Magazine*, *Nintendo Power*, *PC Gamer*, *Edge*, *GamesMaster*, *Nitro*

In digital: *gamesradar.com*, *CVG.co.uk*, *pcgamer.com*, *Qore*, *FirstPlay*

Face-to-face: Golden Joystick Awards



23m

Unique monthly visitors to our websites

No.1

UK magazine licensor

No.1

UK magazine exporter

No.1

For guitar magazines worldwide

No.1

Cycling publisher worldwide

Music & Movies [3]

Film, music
Future is the biggest guitar publisher in the world and the biggest music-making publisher in both the US and the UK. In film, Future is the UK's leading publisher, with the broadest portfolio in print, digital and events. Our portfolio includes:

In print: *Guitar World*, *Guitar Aficionado*, *Classic Rock*, *Metal Hammer*, *Guitarist*, *Total Guitar*, *Rhythm*, *Computer Music*, *Total Film*, *SFX*, *DVD & Blu-ray Review*

In digital: *musicradar.com*, *guitarworld.com*, *totalfilm.com*, *Guitar World* Lick of the Day app

Face-to-face: Classic Rock Roll of Honour, Golden Gods Awards, Metal Hammer Live Tours, High Voltage Festival, Revolver: Metal Masters

Active [4]

Sports, automotive, hobbies & crafts
Active comprises a broad range of active and crafting properties. Future's depth and reach of content in print and in digital makes us the world's no.1 cycling publisher. In automotive, we are leaders in performance tuning and sports bikes with over 80,000 fans attending our events. We hold no.1 positions in all hobbies & crafts segments in which we publish: cross stitching, papercraft, knitting and genealogy. Our portfolio includes:

In print: *Procycling*, *Cycling Plus*, *Mountain Biking UK*, *Triathlon Plus*, *Fast Bikes*, *Fast Car*, *Redline*, *Total Vauxhall*, *Simply Knitting*, *CrossStitcher*, *Your Family Tree*

In digital: *bikeradar.com*, *cyclingnews.com*, *triradar.com*, *theknitter.co.uk*

Face-to-face: Stitch and Craft Show, TRAX, Total Vauxhall Live, Ford Fair

Licensing & exports

We produce only English-language content, so our international business has two routes to market: licensing and export copy sales. Our diverse, multi-platform portfolio gives us great opportunities to exploit our original product all around the globe.

Future's approach is based on the cornerstones of strong partnerships, innovation and passion. It's a formula that works: we are the UK's no.1 magazine licensor and exporter, licensing or exporting our products to 90 countries throughout the world.

Chief Executive's review
Stevie Spring

Overview:
Despite continued investment in developing both new products and improving existing ones for the new content landscape, and despite not having the significant positive foreign exchange advantage we enjoyed last year, we saw a return to profit for our US business and Group EBITA for the full year was therefore held at £10.1m (2009: £10.1m).

For the full year, copy sales and advertising were both down only low single digits as quarter on quarter trends improved. We also enjoyed some market-busting performances across the Group: our customer publishing sales were up 43%; digital revenues were up 14% and we saw some of our more established web properties delivering margins in excess of 30%.

We continue to be strongly cash generative. This has allowed us to pay down our bank debt significantly, and still pay an appropriate dividend to shareholders whilst we experiment with new types of content and content delivery.

And we now have 'A' list digital country leadership in post in both the US and the UK to help us better exploit the new technologies that are retraining the way consumers access (and pay for) content.

Fifty years ago, JFK said: 'time and the world do not stand still. Change is the law of life.' Never has this held more true than during the last two years for the global economy and, closer to home, the media industry.

After an exceptionally tough 2009, our focus during the past year has been on changing our business to fit that changed environment. We've made good progress. And can now move forward.

Group strategy – update

Portfolio
Future is a federation of micro businesses. One of Future's strengths is that we're not reliant on any single host sector or revenue stream. We can adapt our investment focus and our product mix according to the fortunes of our host sectors. In 2010, our games business continued to be dampened by a sluggish release schedule. However, we've seen strong performances in other parts of our portfolio, most notably in technology, music and sports.

Prosumers
Future, at its heart, is a company focused on creating or curating content for communities of enthusiasts who are passionate about their interests. So deeply engaged are our consumers that we call them 'prosumers' - because they're closer to being 'professional' consumers. This consumer-centric approach gives us two advantages: it enables us to focus our expertise on areas in which we truly excel, whether that's photography, film or fast cars; and it enables us to build very powerful relationships with our consumers that we can extend across different platforms, in print, digital, face-to-face.

Partnerships
Future's goal is to be the partner of choice for companies looking to do business with our communities of enthusiasts. We've continued our focus on developing and strengthening our commercial partnerships during the year. FuturePlus, our customer publishing agency, has grown its revenue on both sides of the Atlantic and attracted some exciting new partnerships. For the second time in three years, our sales team won the Association of Online Publishers' Digital Sales Team of the Year Award, beating a shortlist that included the *FT*, *Telegraph Media Group*, *Channel 4* and *ITV*.

43%

Increase in customer publishing revenue

UK business update:
Our UK business, which comprises 70% of Group revenue, delivered EBITA of £12.9m (2009: £15.9m) on revenue of £105.9m (2009: £106.5m) (£12.8m EBITA on revenue of £105.2m at constant currency). Second half performance was stronger than first half and Q1 2011 advertising is already pacing ahead of 2010. We saw increases in both revenue and contribution in 16 of our largest print titles from all parts of the portfolio except games, where we did see revenue growth in our digital products both online and on-console with the launch of *FirstPlay*.

Videogaming still accounts for 21% of our UK revenues and remains one of the world's most popular leisure pursuits. Step-change improvements in storytelling, production values and consoles (for motion and 3D) should help increase our reach as increasing numbers of casual gamers evolve into our core target: over 1.5 million votes in our annual Golden Joystick Awards this year: a 25% increase over last year's all-time high.

Subscriptions were up again in revenue, volume, yield and retention. So our most loyal and valuable consumers continue to prove their loyalty and value as 'prosumers' despite the economic backdrop. And, importantly, 25% are from overseas. During the year, we moved supplier for direct-to-customer marketing to enable us to better serve international and overseas subscriptions and ecommerce customers.

We continue to innovate and push new products – *FirstPlay* on-console for Sony and *Guitar Aficionado* both moved into profitability. *Comic Heroes* has been contribution positive in year one. We're launching *Tap!* for all things Apple in Q1 2011 and we launched several apps in the year, with many more in the pipeline.

Every single product is part of our 'do and learn' approach and with each development we refine and improve our commercial thinking.

In the summer we were delighted to welcome a new UK Chief Executive, Mark Wood, who is one of the UK's most experienced and talented leaders of content-focused companies, and a digital-business pioneer. His primary task over the coming year is to maximise our revenue opportunities from digital formats.

US business update:
Our US business experienced a truly 'annus horribilis' in 2009 and we made it a priority for 2010 to fix the issues within our control, and return it to profit.

With a new management team in place, we've succeeded in turning the £3.3m reported loss in 2009 to a £0.2m contribution in 2010, helped in part by normalising newsstand, and an improved ratio of copies sold to copies distributed.

On an underlying basis, our trading has improved following a root and branch review of every product and operational division in the business. Like-for-like newsstand sales for our regular magazines were up against a market down 6%. Advertising declines have also now slowed, and we have reduced the number of volatile special issues by 36% which has had a positive effect on contribution. Again, our second half results saw an improvement over last year with revenues up 8%.

Our customer publishing division enjoyed substantial revenue growth – up 55% - following important launches for Coats, Blizzard and Best Buy but it was an investment year for those products so contribution declined. We expect that investment to pay off during our 2011 fiscal.

We also continue to invest in developing our online properties. We learnt much about audience patterns, search, content discovery and social sharing from our standalone aggregation Blips sites which we closed earlier this year because, in common with most aggregators, it was proving unaffordable to deliver a valuable and valued user experience. We have used that learning in expanding our 'narrow and deep' Radar properties, and in launching new digital products for tablets.

Finally, some good news from the post-Lehman fall-out: as part of the US Government fiscal stimulus policy, we enjoyed a tax refund of $2.5m which we intend, inter alia, to invest in developing Future Studios in San Francisco to enable us to exploit new technologies and the opportunities for digital customer publishing as they expand over the next three years.

Digital transformation:
In a year when the market has seen an explosion in interest in mobile platforms and e-readers – accelerated by the launch of Apple's iPad – and when the debate on paid-for versus free content has raged, I'm very excited about the progress Future is making in digital.

Digital is integral to the way we do business: whether that's the way we develop content through our multimedia teams; the way we deliver it through websites, consoles or mobile devices; the way we optimise it through search and social networking; the way we package and sell commercial opportunities to our partners; or the way we protect and enforce our intellectual property. Digital revenue increased 14% year-on-year, up 30% in the second half after a flat first half.

Encouragingly, we're seeing our new digital revenue streams begin to gain traction. Take *TechRadar*, for example. We launched this website from scratch three years ago and it is now the UK's biggest consumer technology news and reviews website with over 3.5m unique visitors every month. It has grown revenues by 58% year-on-year, which has pushed gross margin above 30%, and is heading for a record-breaking next quarter. *TechRadar* best illustrates how we're creating content informed by data on consumer need: searchable and shareable by the communities it serves; and attractive to clients who wish to trade with those communities.

Increasingly, content is being consumed on the move. And, again, we've made real progress in developing content for mobile platforms. This is an area of huge potential: sales of digital versions of our magazines have increased tenfold in the six months to July 2010. We launched bespoke interactive iPad editions for *MacLife* and *T3*. Within days, *MacLife*'s iPad edition topped the Apple charts on both sides of the Atlantic and went on to exceed 400,000 downloads. *T3* was number one in the UK at launch. We now have nine phone apps bringing us closer to our readers. And we're upgrading our websites to make them more mobile friendly.

Chief Executive's review – continued

14%

Increase in digital revenue

Strategic update:
Throughout the business we've moved forward on all of our strategic priorities.

Portfolio: Content
Future is a federation of micro businesses. One of Future's strengths is that we're not reliant on any single host sector or revenue stream. We can adapt our investment focus and our product mix according to the fortunes of our host sectors. In 2010 our games business continued to be dampened by a sluggish release schedule. However, we've seen strong performances in other parts of the portfolio, most notably in technology, music and sports.

We've been perfectly placed to tap into a renewed consumer interest in cycling in the last 12 months. *Cycling Plus* achieved its tenth year of growth in the last round of ABCs and won 'Specialist Consumer Magazine of the Year' at the PPA Awards beating *Radio Times* and *Lonely Planet*. Our cycling websites, *cyclingnews.com* and *bikeradar.com*, together broke four million unique monthly visitors during the year. And most importantly we've translated this success into top and bottom line growth: revenues up 28% to make cycling our second biggest web revenue and contribution generator.

Prosumers: Community
Future, at its heart, is a company focused on creating or curating content for communities of enthusiasts who are passionate about their interests. So deeply engaged are our consumers that we call them 'prosumers' – because they're closer to being 'professional' consumers.

This consumer-centric approach gives us two advantages: it enables us to focus our expertise on areas in which we truly excel, whether that's photography, film or fast cars; and it enables us to build very powerful relationships with our consumers that we can extend across different platforms, in print, in digital, face-to-face.

We understand that our customers want different content in different formats. In print, it's increasingly about collectable artefacts. So we constantly strive to improve the quality and collectability of our print content - which passionate consumers will commit their money and time to. Our special '*Classic Rock presents Slash*' fanpack sold out at a cover price of £14.99. Online, *musicradar.com*'s visitors spend on average about eight minutes on the site; twice *MTV.com*'s average dwell time. And at our live music events – The Golden Gods in both UK and US were seen by two million fans.

Partnerships: Commerce
We've continued our focus on developing and strengthening our commercial partnerships during the year.

For the second time in three years our sales team won the Association of Online Publishers' Digital Sales Team of the Year Award, beating a shortlist that included the *FT*, *Telegraph Media Group*, *Channel 4* and *ITV*. The team were recognised for their outstanding business development and integrated sales approach across different platforms (print and digital) and different niches: something all of our media industry peers are striving to achieve.

FuturePlus, our customer publishing agency, has grown its revenue on both sides of the Atlantic and attracted some exciting new partnerships. Partnership publishing overall now represents 17% of UK revenues and 39% of those in US.

In foreign-language markets, after another year inevitably impacted by global recession, our international licensing business has been aggressively developing new product, adding 21 new licences including *T3.com* into the Middle East, Portugal and Scandinavia; *T3* into Iran and *Total Film* into Indonesia.

Managing the business:
Despite all the positive examples of strategic progress around the business, I said at the end of 2009 that I expected the economic and structural pressures on our business to continue into 2010 and, in aggregate, that has proved to be the case.

Consumer confidence is still fragile on both sides of the Atlantic, so our outlook for 2011 must remain cautious even though we've seen an encouraging improvement in second over first half performance.

In 2011 we will be aggressively pursuing opportunities for growth and, on behalf of the Board and our shareholders, I'd like to thank everyone at Future for their continued creativity and commitment to building a business that takes full advantage of the new technology landscape.

Stevie Spring
Chief Executive, Future plc
24 November 2010

Our areas of focus

Portfolio Prosumers Partnerships

Balanced portfolio

100

Mini profit centres

60:40

Consumer:Client revenue split

Future manages its business as a portfolio of over 100 mini profit centres. This enables us to adjust our product mix to the fortunes of our host sectors and tightly manage costs. We're not reliant on any one of our host sectors, nor on any single magazine or website, nor on any single source of revenue. We continue to invest appropriately across our portfolio, which we believe will serve us well for the future.

Engaging prosumers

£5.04

Average UK cover price for Future magazines

8 mins

Average dwell time on Future websites

We base everything we do on enthusiasts who are passionate about their interests. We call these enthusiasts 'prosumers' because their passion for their hobby makes them more like professional consumers: more engaged, more loyal, more committed and more prepared to pay premium prices for premium products than consumers of general media. Our aim is to reach and engage them: in print, face-to-face and online.

Strengthening commercial partnerships

43%

Increase in customer publishing revenue

24%

Partnership publishing now 24% of total revenue

Our goal is to be the partner of choice for companies looking to do business with our communities of enthusiasts. The depth and breadth of our commercial partnerships are a key competitive differentiator for Future. Increasingly, companies also want to use our creative and editorial talent for their own marketing communications - in print and digital format - and our FuturePlus division is the access point for customer publishing.

Content focus

Active

Cyclingnews.com and *bikeradar.com* together broke the four million unique visitors barrier during the year

World's **No.1**

We are the world's leading cycling publisher

Music & Movies

Classic Rock Prog now runs as a bi-monthly title with a cover price of £7.99

Technology

Following the success of *techradar.com*, we've launched branded print guides to phones and TVs

Across its four core portfolio areas – Technology, Games, Music & Movies, Active – Future publishes more than 80 regular newsstand magazines, holds 27 annual live events and attracts 23 million unique users to its websites every month. Within these sectors, we adapt our investment focus and our product mix according to the fortunes of our host markets.

During the year, we've seen some strong performance throughout the portfolio, notably within technology, sports and music.

In technology, *techradar.com* has gone from a standing start just three years ago to powering into the UK no.1 technology website slot and now attracts 3.5 million unique visitors per month. It has increased its revenue by 58% during the year. We've built on this success in digital by launching a number of '*TechRadar*' bookazines in print. And we've announced the launch of two new technology products simultaneously in print and digital in the US and UK respectively: *Maximum Tech*, an in-depth technology guide, and *Tap!*, for users of iPhones and iPads.

As the world's no.1 cycling publisher, we've been perfectly placed to tap into a renewed consumer interest in cycling in the last 12 months. *Cycling Plus* achieved its tenth consecutive year of growth in the last round of ABCs and won 'Specialist Consumer Magazine of the Year' at the PPA Awards, beating *Radio Times* and *Lonely Planet*. In digital, our cycling websites broke the four million unique monthly visitors barrier. Furthermore, we've translated this success into revenue and contribution growth: revenues up 28% to make cycling our second biggest web revenue and contribution generator.

In our music portfolio, *Classic Rock* recorded its ninth consecutive circulation increase in the last full-year ABCs and following a successful trial is now running its spin-off title *Classic Rock Prog* as a bi-monthly with a £7.99 cover price. During the year, *Classic Rock* also launched a series of successful print 'specials' and partnered with MAMA group to run the first ever High Voltage Festival.

"We've been perfectly placed to tap into a renewed consumer interest in cycling in the last 12 months

Stevie Spring
Chief Executive, Future plc

Games

New website, *pcgamer.com*, is attracting over 1.5 million unique users per month within 12 months of launch

Community focus

Guitar World's online store sells instructional DVDs retailing at an average of $15

150,000

Future's music-listening brands together have nearly 150,000 Facebook fans

Future creates or curates content for communities of enthusiasts who are passionate about their interests. We call these enthusiasts 'prosumers', because they're more like professional consumers. At Future, everything we do is focused on these communities of prosumers.

The advantage of Future's consumer-centric approach is that it enables us to build strength-in-depth in sectors where we truly excel: whether that's photography, film or fast cars. And it enables us to build very powerful relationships with our communities of enthusiasts across different platforms: in print, digital or face-to-face.

Take our music-listening portfolio, for example. We understand that fans of our print titles like *Guitar World*, *Classic Rock* and *Metal Hammer* also want an opportunity to engage with us, the experts, and with each other, online and face-to-face, as well as in print.

In the last year, we successfully launched a series of high quality, collectable specials for *Classic Rock* magazine including a collectable *Classic Rock presents Slash* fanpack that sold out, even with a cover price of £14.99.

Guitar World, the world's biggest guitar magazine, is deepening its relationship with fans by strengthening its digital and print offer. It has announced the launch of a new, fully interactive, instructional app for guitar enthusiasts – the *Guitar World Lick of the Day* app. Online, *Guitar World* is building a library of exclusive video content for fans while its instructional DVDs are available to buy online, at retail and at the newsstand.

Metal Hammer is a prime example of one of Future's most successfully social-networked properties, with a following of over 80,000 fans on Facebook and nearly 30,000 on Twitter. Its programme of live events with sister title *Revolver* are also proving hugely popular: thousands of heavy metal fans attended Golden Gods events on both sides of the Atlantic and millions more followed them on TV as they were broadcast on *VH1*, massively extending the reach of our heavy metal monthly print sales.

Future's Golden Gods events were broadcast to millions of viewers on *VH1*

The high quality, collectable *Classic Rock presents Slash* fanpack sold out at £14.99

Commercial focus

FuturePlus
O2 and Best Buy (@Gamer)

We launched @Gamer, a new print magazine for Best Buy, and have expanded our relationship with O2

43%

Increase in customer publishing revenue

Deeper partnerships
Acer & Packard Bell

We ran a ten-month campaign across our major websites for Acer and Packard Bell

The depth and breadth of our commercial partnerships are a key competitive differentiator for Future, and we've continued to strengthen these during the year.

FuturePlus, our customer publishing agency, has grown its revenue on both sides of the Atlantic, attracting some exciting new clients and expanding relationships with existing ones.

We've grown business with existing clients including O2, Sky and Coats & Clark as well as attracting new clients like Best Buy and Tesco as a result of our strong customer focus and demonstrable return on investment.

The development of our relationship with Sky is a good example. Future has published Sky Movies magazine for a number of years and this year we expanded our relationship with them by producing two new digital products: a Sky News election special and Sky Magazine Live. This won three awards at the UK Digital Magazine Awards in 2010, including for magazine of the year.

Our commercial focus extends beyond customer publishing and touches every part of our business. For the second time in three years, Future's sales team won the Association of Online Publishers' Digital Sales Team of the Year Award, beating a shortlist that included the *FT*, *Telegraph Media Group*, *Channel 4* and *ITV*. The team were recognised for their outstanding business development and integrated sales approach across different platforms – print and digital.

And we've delivered more creative, targeted, commercial projects across the business. From our biggest ever UK digital commercial deal for Packard Bell and Acer to deliver a ten-month campaign running across our major websites like *TechRadar*, *T3* and *TotalFilm*; through to creative solutions on *musicradar.com* that have helped this website to grow its revenues by 53% in the year.

Unique solutions
Sky News election special and Sky Magazine Live

We expanded our relationship with Sky by producing a Sky News election special

Financial review
John Bowman

Our most important assets are our nearly 1,200 people, whose skills, enthusiasm and creative abilities underpin our business. Most of our employees are based in the UK and US. Our most significant financial asset is our healthy cashflow.

Future's business
Future plc is an international special-interest media group, listed on the London Stock Exchange (symbol FUTR). Founded in 1985 with one magazine, today we have operations in the UK, US and Australia creating over 180 special-interest publications, websites and events. We hold market-leading positions in games, film, music, technology, cycling, automotive and crafts. Our biggest-selling magazines include *T3*, *Total Film*, *Classic Rock*, *Guitar World* and *Official Xbox Magazine*. Our websites include *gamesradar.com*, *bikeradar.com*, and *techradar.com*.

Future sells more than three million magazines each month; we attract more than 23 million unique visitors to our websites; and we host 27 annual live events. In addition, Future exports or syndicates publications to 90 countries, making us the UK's number one exporter and licensor of monthly magazines.

The majority of our products appeal to the young male demographic. While over three-quarters of the Group's business is built on our own brands, we also operate a number of highly successful publishing partnerships with some of the world's most respected companies.

Market context
General: the economic backdrop in 2010 was slightly better than in 2009. GDP statistics show that the recession officially ended in June 2009 in the US and in September 2009 in the UK. However, recovery has been fragile and unemployment rates remain stubbornly high; consumer confidence remains low and advertising has been under pressure.

UK statistics: GDP for 2009 fell 5.0% and is forecast to grow by 1.6% in 2010 and 1.9% in 2011. The rate of unemployment is 7.7% and consumer price inflation is 3.2%. Interest rates have been held at 0.5% since March 2009.

US statistics: GDP for 2009 fell 3.2% and is forecast to grow by 2.6% in 2010 and 2.4% in 2011. The rate of unemployment is 9.8% and consumer price inflation is 1.2%. Interest rates have been held at 0.25% since early 2009.

Expectations: most commentators expect interest rates, GDP growth and general inflation to remain very low during 2011.

Our response: we have maintained our focus on active portfolio management, mitigating revenue disappointment through tight cost control, protecting profits, and maintaining cashflow to reduce net debt further. We have also continued to invest appropriately in our portfolio of products in order to benefit from market recovery in the mid-term.

Future revenue growth is dependent on better exploiting existing sources of revenue: newsstand, subscriptions, advertising, licensing and events; and continuing to develop new sources: digital commercial solutions, publishing partnerships, print and online products.

Results for 2010

- Revenue: £151.5m (down 1%)
- EBITA: £10.1m (flat)
- UK EBITA held back by the absence of 2009 foreign exchange gains
- US returned to profit
- Pre-tax profit: £5.6m (up 51%)
- Strong cash conversion: more than 100% of EBITA converted to cash

Finances

- Net bank debt of £7.4m, down 53%
- Key bank covenant (net debt: EBITDA): 0.7 times (less than 2.5 times)
- Net interest covered 8.6 times (more than 4 times)
- Cashflow cover of 2.0 times (more than 1.0 times)
- No other financial debt, no defined-benefit pension schemes, no liabilities in respect of unoccupied property, no material contingent liabilities

Operations

- Organic development
- Targeted investment
- Focus on cost management
- Group business: mainly UK/US, small office in Australia, significant export and licensing to over 90 countries
- Different business models in UK and US

EBITA

2010	£10.1m
2009	£10.1m

EBITA margin

2010	6.7%
2009	6.6%

Competition
Future's key competitors are those producing special-interest magazines and websites in the same sectors. Our UK competitors include Bauer, IPC (part of Time Warner), BBC Worldwide, Dennis Publishing and Haymarket. In the US, competitors include IDG, Primedia and CMP Media. Online, our competitors include IGN (part of News International), Gamespot and CNET.

Management
Future's Group Chief Executive is Stevie Spring, with our management team in the UK led by Mark Wood and in the US by John Marcom.

Competitive advantages
We hold leadership positions in all of the sectors in which we operate: games, music & movies, technology, sports, automotive and crafts. In the UK, the scale of our business gives rise to a number of economies compared with the large number of smaller publishers; whereas in the US we operate a smaller business.

Future's magazines appeal to enthusiast sectors, and typically do not require the much larger promotional budgets favoured by some competitors of general-interest magazines.

The internet is the ultimate medium for enthusiasts so our special-interest focus gives us a natural advantage in engaging with communities of interest online.

The strength of the relationships we have with our enthusiasts also enables us to build very strong commercial partnerships with some of the world's leading technology, video games and broadcast companies.

Financial review – continued

Key Performance Indicators

The table below shows the Key Performance Indicators for 2009 and 2010. These were selected by the Board after considering the implications of the Companies Act 2006 and other regulations and guidance in this area. Some of them are statistical indicators while others require more commentary as explained below.

Key Performance Indicators for the year ended 30 September	2010	2009
Annual growth in revenue (at constant currency)	**-1%**	-13%
EBITA operating margin (as a %)	**6.7%**	6.6%
Absolute EBITA (in Sterling)	**£10.1m**	£10.1m
Change in adjusted earnings per share (as a %)	**+33%**	-36%
Number of magazines sold per month	**3.4m**	3.6m
Proportion of magazines sold from total number printed	**See notes 1–3**	See notes 1–3
Proportion of Group's business derived from our brands compared with partnership publishing	**76:24 (note 4)**	76:24 (note 4)
Number of unique users logging on to our websites per month	**23m (note 5)**	27m (note 5)
Growth in total advertising revenue (as a % at constant currency)	**-5%**	-15%
Proportion of advertising revenue that is online (as a %)	**25%**	23%
Human Capital	**See note 6**	See note 6
Net bank debt	**£7.4m**	£15.6m

Notes

1. The majority of magazines printed by the Group are sold, and those unsold are mainly recycled and used for newspaper production. The precise proportion sold at newsstand is a detailed KPI each month for every title. However, the Group believes that it is commercially sensitive to disclose these percentages, since competitors typically do not release this information. Magazines printed for subscription have no wastage.
2. In the UK 74% of magazines (by volume) are sold at newsstand. Our overall UK average newsstand efficiency has been maintained at the same level achieved in 2009. Future has increased the proportion of magazine volume sales derived from subscription rather than newsstand, from 23% to 26%. The majority of UK revenues for magazines are derived from cover price.
3. In the US 31% of magazines (by volume) are sold at newsstand. The majority are sold by subscription at heavily discounted prices. Newsstand efficiency improved during the year.
4. Partnership publishing represents 24% of 2010 Group revenue. This category includes business from our Official magazines and programmes published for Microsoft (Xbox 360 and Windows), Sony (PlayStation and Qore), Nintendo, plus customer publishing activities. The majority of the Group's revenue is generated from our own brands.
5. For each of our websites we know the number of page impressions and the number of unique visitors to that website. We do not know how many unique visitors visit more than one of our websites. The number presented here is the simple total of each website's average monthly number of unique visitors. 2009 figures included seven million unique users relating to our aggregation websites (since closed).
6. Human Capital is the Group's most important resource, with 1,199 employees (at 30 September 2010). In the running of our business, we focus on retention of key employees and on refreshment of the team with new people and new ideas.

Results for 2010

This financial review is based primarily on a comparison of our IFRS results for the year ended 30 September 2010 with those for the year ended 30 September 2009. Unless otherwise stated, change percentages relate to a comparison of these two years. There has been no significant change to the scope of the Group's activities.

In running the business, Future management focuses on earnings before interest, tax and amortisation. For convenience we refer to this as EBITA.

Statutory results for year ended 30 September
Revenue was £151.5m (2009: £153.1m) and the business generated EBITA of £10.1m (2009: £10.1m) representing an EBITA margin of 6.7% (2009: 6.6%).

The income statement includes reduced charges for amortisation of intangible assets: £2.7m (2009: £3.9m) and net financing costs: £1.8m (2009: £2.5m). Pre-tax profit was £5.6m (2009: £3.7m) for the year.

Year ended 30 September	2010 £m	2009 £m
Revenue	**151.5**	153.1
EBITA	**10.1**	10.1
EBITA margin	**6.7%**	6.6%
Amortisation of intangible assets	**(2.7)**	(3.9)
Operating profit	**7.4**	6.2
Net finance costs	**(1.8)**	(2.5)
Pre-tax profit	**5.6**	3.7
Earnings per share (p)	**1.7p**	0.9p
Adjusted earnings per share (p)	**2.4p**	1.8p
Dividends relating to the year (p)	**1.1p**	0.9p

Half-yearly performance
The table below analyses the business results during the last two years into first-half and second-half performance.

	First half-year to March £m	Second half-year to September £m	Total £m
Revenue			
Year to 30 September 2009	76.6	76.5	153.1
Year to 30 September 2010	**71.4**	**80.1**	**151.5**
EBITA			
Year to 30 September 2009	4.6	5.5	10.1
Year to 30 September 2010	**4.4**	**5.7**	**10.1**

Dividend
Despite tough trading conditions, the Board has been encouraged by operational improvements in the US and by half-yearly revenue trends. The Board is also encouraged by the increase in adjusted earnings per share and the reduction in net debt.

The Board recommends increasing the final dividend to 0.6p (2009: 0.5p). Together with the interim dividend of 0.5p (2009: 0.4p), this brings total dividends for the year to 1.1p (2009: 0.9p) per share in line with our dividend policy. This restores the size of total dividends to the level declared for 2008.

If approved at the Annual General Meeting to be held on 9 February 2011, the final dividend of 0.6p per share will be paid on 1 April 2011 to all shareholders on the register on 18 February 2011. The ex-dividend date is 16 February 2011.

Financial review – continued

Review of operations
Group revenue decreased by 1% to £151.5m and Group EBITA was £10.1m, the same figure as for 2009.

Currency effect of US Dollar
The most significant foreign currency affecting the Group is the US Dollar. The average exchange rate for the year was $1.56 = £1, compared with $1.55 for the previous year.

The Group results are best understood by reviewing UK and US results separately on pages 20 and 21 of this Report.

Analysis of EBITA for year ended 30 September

	2010 £m	2009 £m	Change %
UK	**12.9**	15.9	**-19%**
US	**0.2**	(3.3)	**Profit from loss**
Central costs	**(3.0)**	(2.5)	**+20%**
Total EBITA	**10.1**	10.1	**Flat**

Central costs in 2009 benefited from £0.3m of provision releases and a lower IFRS2 charge.

Analysis of revenue for year ended 30 September
The tables below analyse Group revenues in Sterling.

By country	% of Group	2010 £m	2009 £m	Change %
UK	**70%**	**105.9**	106.5	**-1%**
US	**30%**	**46.2**	47.0	**-2%**
Intra-group	**–**	**(0.6)**	(0.4)	**–**
Group revenue	**100%**	**151.5**	153.1	**-1%**

By type	% of Group	2010 £m	2009 £m	Change %
Circulation	**58%**	**88.7**	90.7	**-2%**
Advertising	**30%**	**45.4**	47.8	**-5%**
Customer publishing	**8%**	**11.6**	8.1	**+43%**
Licensing, events & other	**4%**	**5.8**	6.5	**-11%**
Group revenue	**100%**	**151.5**	153.1	**-1%**

Advertising revenue	% of Group	2010 £m	2009 £m	Change %
Magazines	**75%**	**33.9**	37.2	**-9%**
Online	**25%**	**11.5**	10.6	**+8%**
Advertising revenue	**100%**	**45.4**	47.8	**-5%**

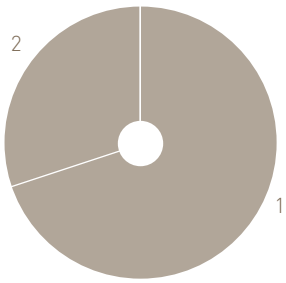
Proportion of Group	UK	US	Group
Games	14%	14%	**28%**
Music & Movies	16%	7%	**23%**
Technology	20%	7%	**27%**
Active	20%	2%	**22%**
Total	**70%**	**30%**	**100%**

Group performance for year ended 30 September

Group	2010 Revenue £m	2010 Contribution £m	2010 Margin %	2010 % of revenue	2009 Revenue £m	2009 Contribution £m	2009 Margin %
Games	**43.0**	**9.1**	**21%**	**28%**	47.2	10.7	23%
Music & Movies	**34.9**	**8.0**	**23%**	**23%**	33.8	7.0	21%
Technology	**41.5**	**11.0**	**27%**	**27%**	41.3	11.4	28%
Active	**32.7**	**7.2**	**22%**	**22%**	31.2	7.5	24%
	152.1	**35.3**	**23%**	**100%**	153.5	36.6	24%
Less: intra-group	**(0.6)**	**–**			(0.4)	–	
	151.5	**35.3**			153.1	36.6	
Overheads		**(25.2)**				(26.5)	
EBITA		**10.1**	**6.7%**			10.1	6.6%
Amortisation		**(2.7)**				(3.9)	
Operating profit		**7.4**				6.2	

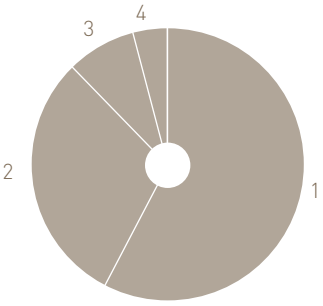
Split of revenue by geography

1: UK 70%
2: US 30%



Group revenue by type

1: Circulation 58%
2: Advertising 30%
3: Customer publishing 8%
4: Licensing, events and other 4%



Financial review – continued

UK performance for year ended 30 September

	2010 £m	2009 £m	Change %
Circulation revenue	**66.5**	69.3	-4%
Advertising revenue	**27.9**	26.8	+4%
Customer publishing	**6.7**	4.9	+37%
Licensing, events & other	**4.8**	5.5	-13%
Total revenue	**105.9**	106.5	-1%
EBITA	**12.9**	15.9	-19%
EBITA margin	**12.2%**	14.9%	

Future's UK business (comprising 70% of Group revenue) remained resilient. Following a decline in first-half revenues of 3%, revenues in the second-half grew so that revenue for the year was down 1% compared with 2009.

EBITA for the year was £12.9m representing a margin of 12.2% of revenue.

This performance is encouraging in a media sector that continues to experience very significant advertising and newsstand challenges and reflects the underlying strength of our special-interest business, our continuing focus on operating performance in each sector and our ability to mitigate revenue disappointments swiftly.

Circulation revenue fell by 4% and within this subscription revenue grew by 3%, domestic newsstand revenue declined 11% and export revenue grew by 3%.

Advertising revenue grew by 4% for the year. First-half advertising revenue was flat while second-half advertising revenue grew by 9%.

The movements in other sources of revenue are shown in the table at the top of this page.

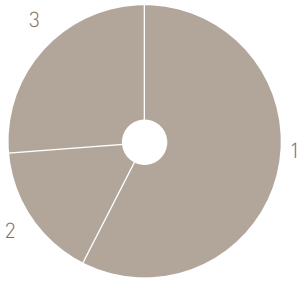
The table below shows performance by sector.

	2010 Revenue £m	2010 Contribution £m	2010 Margin %	2010 % of revenue	2009 Revenue £m	2009 Contribution £m	2009 Margin %
Games	**21.5**	**6.0**	**28%**	**21%**	23.9	8.2	34%
Music & Movies	**24.5**	**6.4**	**26%**	**23%**	23.4	6.8	29%
Technology	**31.0**	**9.1**	**29%**	**29%**	31.2	10.0	32%
Active	**28.9**	**7.4**	**26%**	**27%**	28.0	7.6	27%
	105.9	**28.9**	**27%**	**100%**	106.5	32.6	31%
Overheads*		**(16.0)**				(16.7)	
EBITA		**12.9**	**12.2%**			15.9	14.9%
Amortisation		**(1.3)**				(1.7)	
Operating profit		**11.6**				14.2	

*2010 EBITA includes foreign exchange gains of £0.1m (2009: £1.3m) which are included in overheads.

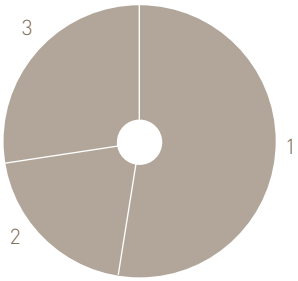
UK circulation volume by type

1: UK newsstand 58%
2: Export newsstand 16%
3: Subscriptions 26%



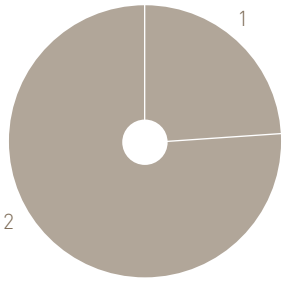
UK circulation revenue by type

1: UK newsstand 53%
2: Export newsstand 20%
3: Subscriptions 27%



UK advertising revenue

1: Online 24%
2: Magazines 76%



US performance for year ended 30 September

	2010 $m	2009 $m	Change %
Circulation revenue	**34.6**	33.2	+4%
Advertising revenue	**27.3**	32.6	-16%
Customer publishing	**7.6**	4.9	+55%
Licensing, events & other	**2.5**	2.3	+9%
Total revenue	**72.0**	73.0	-1%
EBITA	**0.3**	(5.1)	–
EBITA margin	**0.4%**	(7.0%)	

After a very challenging year in 2009, we ended 2010 with revenue down 1% and a return to EBITA profit.

Reductions in revenue for the year reflect a planned reduction in the number of products published during the year and a 16% reduction in advertising revenue.

Reported circulation revenue grew by 4% as a result of a return to more normalised trading following last year's industry-wide newsstand disruption.

Advertising revenue fell by 16% for the year. First-half advertising revenue was down 23% while second-half advertising revenue was down by 8%. Advertising is a significantly greater portion of our US business than is the case in the UK.

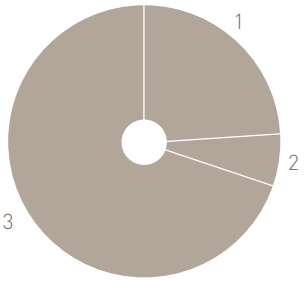
Total US revenue fell 10% in the first-half but grew 8% in the second-half.

The table below shows performance by sector. We have maintained our focus on operating and other costs.

	2010 Revenue $m	2010 Contribution $m	2010 Margin %	2010 % of revenue	2009 Revenue $m	2009 Contribution $m	2009 Margin %
Games	**33.5**	**4.9**	**15%**	**47%**	36.2	3.8	10%
Music & Movies	**16.2**	**2.5**	**15%**	**22%**	16.2	0.3	2%
Technology	**16.3**	**3.0**	**18%**	**23%**	15.6	2.2	14%
Active	**6.0**	**(0.3)**	**(5%)**	**8%**	5.0	(0.1)	(2%)
	72.0	**10.1**	**14%**	**100%**	73.0	6.2	8%
Overheads		**(9.8)**				(11.3)	
EBITA		**0.3**	**0.4%**			(5.1)	(7.0%)
Amortisation		**(2.1)**				(3.4)	
Operating (loss)		**(1.8)**				(8.5)	

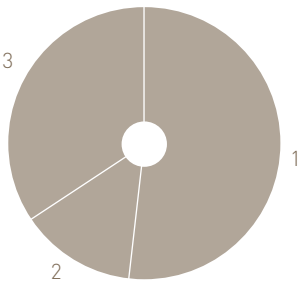
US circulation volume by type

1: US newsstand 24%
2: Export newsstand 6%
3: Subscriptions 70%



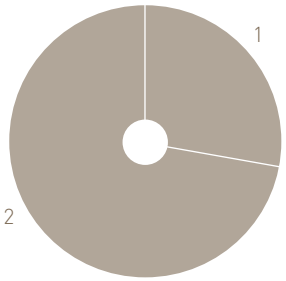
US circulation revenue by type

1: US newsstand 52%
2: Export newsstand 14%
3: Subscriptions 34%



US advertising revenue

1: Online 28%
2: Magazines 72%



Financial review – continued

Digital
The UK and US segmental figures above include digital revenue and operating costs. Digital development continues as a key focus for the business and Group digital revenue increased by 14% from £11.9m to £13.6m.

Leasehold property and related balance sheet provisions
All of the Group's property is either occupied or assigned, sub-let or the lease surrendered. Property provisions carried at 30 September 2010 totalled £0.1m (2009: £0.2m).

Intangible assets
The annual charge for amortisation of intangible assets was £2.7m (2009: £3.9m), the decrease reflecting lower additions in the previous year. No impairment charge against intangible assets has been required since 2006.

Taxation
The Group's tax strategy is to minimise its liabilities to taxation, having regard to commercial circumstances, tax history, the risk of changing legislation, and delays in agreeing matters in certain territories.

The tax charge for the year amounted to £0.1m (2009: £0.9m), representing an abnormally low effective tax rate of 2% as applied to profit before tax. The standard rates of corporation tax are 28% (UK) and 40% (US). US Government stimulus measures included a change to tax rules which permitted some tax losses to be set against tax payments in earlier years. This resulted in a $2.5m tax refund (of which $2.0m was received in September 2010 and the balance in October), thus lowering the effective group tax rate from 30% to 2%.

The Group benefits from the structuring of certain acquisitions and other planning steps.

Earnings per share
Basic earnings per share for the Group were 1.7p (2009: 0.9p). Adjusted earnings per share were 2.4p (2009: 1.8p) and these are based on the audited results which are then adjusted to exclude amortisation of intangibles and related tax effects. Adjusted profit after tax amounted to £7.9m (2009: £5.8m). The weighted average number of shares in issue was 327.3m (2009: 326.3m). Full details are set out in note 9.

Trading updates during the year
During the financial year the Group issued trading updates or made interim management statements (IMSs) on 24 November (with annual results), 10 February (IMS), 30 March (pre-close trading update), 20 May (with interim results), 3 August (IMS) and 28 September (pre-close trading update). Each update superseded the previous one. The trading update on 28 September 2010 stated that the Board expected the Group's results for the year to 30 September 2010 to be in line with market expectations. This update implied EBITA profits of around £9.5m for the year. The actual EBITA result for the year was £10.1m.

Balance sheet
As is common in media companies, Future has a low capital base and its value is better measured from its strong cash flows rather than by returns on capital employed. The Group's net assets at 30 September 2010 amounted to £86.2m (2009: £81.5m) of which £112.1m (2009: £113.6m) related to intangible fixed assets. While the Group's net assets increased as shown above, the Group reduced its net debt by 53% from £15.6m to £7.4m. The Group's balance sheet is therefore stronger than a year ago.

The Company's accumulated distributable profits at 30 September 2010 were £50.3m.

Capital structure and treasury policy
Since Future became a public company in June 1999, it has only once raised capital on the London Stock Exchange, via a £33m rights issue in September 2001.

Future funds its operations through a mixture of operating cash flow generated by the business and bank debt. At 30 September 2010 the position at the year-end is well within the bank covenants as set out opposite.

Since September 2006 the Group has reduced its net bank debt by more than 75% and has complied at all times with all covenants under the previous and the current banking facility.

Cash flow and net debt
Net debt at 30 September 2010 was £7.4m. Future continues to be cash-generative and the largest cash inflow during the year was cash generated from operations of £12.0m.

During the year the Group paid out £1.6m in dividends, £1.8m in respect of capital expenditure and £1.4m in net interest payments; net tax receipts were £1.2m.

Net finance costs
These were as follows:

	2010 £m	2009 £m
Net interest payable	**1.8**	1.8
Fair value adjustment on interest rate swaps	**0.1**	0.5
Exchange (gains)/losses	**(0.1)**	0.2
Net finance costs	**1.8**	2.5

Credit facility
Future funds its operations through a mixture of operating cash flow generated by the business and bank debt. The banking facility was renewed in May 2009 and matures in November 2012. Arrangement and other fees related to the new facility totalled £1.0m (to be amortised over the term). Interest payable is to be calculated as the cost of three-month LIBOR (currently approximately 0.7%) plus an interest margin of between 2.5% and 3.25%, dependent on covenant ratio (i). The key bank covenants are that: (i) net debt is not to exceed 2.5 times Bank EBITDA; (ii) net interest payable is to be covered at least four times by Bank EBITDA; (iii) cashflow is to cover the cost of debt service costs by specified ratios. These covenants are tested quarterly on the basis of rolling figures for the preceding 12 months.

Bank covenants
The position at the year-end is well within the bank covenants as set out in the following table.

	Year-end	Bank covenant
Net debt/EBITDA	0.7 times	Less than 2.5 times
EBITDA/interest	8.6 times	More than 4.0 times
Cashflow cover	2.0 times	More than 1.0 times

Additionally, based on the calculation of 2010 Bank EBITDA, the Group has headroom of £22m, over and above the level of bank debt at 30 September 2010. The Board therefore considers that the Group's net bank debt is acceptable.

Approximately two-thirds of Future's net bank debt is in Sterling; year-end net debt denominated in US Dollars amounted to $4.2m.

Consistent with policy published in previous years, the Group hedges between 25% and 50% of the gross bank debt above £10m. As at 30 September 2010 the Group had hedged (a) £5m subject to an interest rate collar such that the interest rate cannot fall below 4.65% and cannot exceed 6%. This collar lasts for seven years from October 2007 and is cancellable by the bank after four years; (b) £5m at an interest rate of 1.91% for two years from October 2009.

Financial review – continued

Risks

Risk management
We operate a continuous process of identifying, evaluating and managing risk. There are a number of general business risks to which Future is naturally exposed in the UK and US. The range of risks faced by Future has not increased since last year. Our internal controls seek to minimise the impact of such risks, as explained in our Corporate Governance report on page 39.

Macro-economic environment
The macro-economic environment during 2009 was the worst in the Company's history. Both the UK and US have emerged from recession but as explained earlier, general recovery has been patchy and 2010 trading conditions have remained tough. Future has continued to prove remarkably resilient due to the Group's focus on areas of special-interest. Nonetheless, the Group may be exposed to any significant or renewed downturn in consumer confidence.

Consumer behaviour
Consumers' propensity to spend money on magazines, digital editions, online shopping, events and other products is influenced by a number of economic factors, including general economic indicators.

58% of the Group's revenue is dependent on consumers actively purchasing magazines. Such purchases depend on the normal, competitive publishing environment, which has been challenging during 2009 and 2010, and on the macro-economic environment. However, the out-of-pocket cost of magazines is low in comparison with many other items of consumer expenditure and research shows that magazines are often regarded by consumers as a low-cost treat.

Future believes that while its consumers are likely to seek information about their chosen area of interest through a variety of media, an increasing number of consumers are spending more time online. Advertising patterns continue to change and in the UK, internet advertising now accounts for a greater share of advertising expenditure than is allocated to television, radio, billboards, magazines or newspapers.

Advertiser behaviour
Advertising represents less than one-third of the Group's revenue and is subject to variation not only in relation to the strength of the Group's products but also in relation to shifts in macro-advertising trends. However, over 90% of the Group's advertising revenue is tailored to areas of special-interest and is arguably, therefore, less susceptible to changes in levels of mainstream advertising, reflecting the advertising health of each sub-sector.

Distribution and magazine costs
Future contracts out printing and distribution and is therefore reliant on the efficiency of suppliers of these services. The cost of paper and printing generally reflects market conditions. Approximately half of Future's magazines are sold with cover-mounted CDs or DVDs and these too are purchased from external suppliers. Magazines are distributed by nominated distributors and there are many links in the chain to ensure that magazines, once printed, reach retail outlets on a timely basis. The cost and efficiency of postal arrangements affects magazines sold by subscription, which is particularly significant for Future in the US, and increasingly so for the UK.

Regulatory
In addition to legislative constraints applicable to any business in the UK and US, Future is potentially constrained by competition regulation, and by other regulations affecting the content of our publications.

In September 2009 the UK's Office of Fair Trading announced that it would not refer the newspaper and magazine distribution sector to the Competition Commission.

Sources of Intellectual Property
The majority of our Group revenues and profits are built on our own brands. A proportion of the Group's revenues and profits is derived from magazines which are branded 'Official' in accordance with contracts with major companies including Microsoft, Sony and Nintendo. Although the loss of any such contract would constitute a loss of revenue, the Group has a long history of successful publishing partnerships with these and other companies.

Protection of Intellectual Property
As an English-language content provider, protecting and enforcing our intellectual property rights, particularly in an increasingly digital world where piracy is easier, is key. We are developing best practice within our businesses and actively involved in the industry, Government and European efforts to protect and enforce these rights against worldwide piracy. From time to time, the Group may be subject to disputes relating to these rights. Any such disputes are contested vigorously.

Financial
The Group is exposed to interest rate and foreign exchange risk, which it manages where appropriate by hedging arrangements. Taxation and VAT arrangements impacting the business are different in each country and any adverse change in such arrangements could impact our business.

Share performance

Earnings per share
An absolute measure of performance, Adjusted Earnings Per Share are based on audited results and reflect the change in the amount of earnings created each year by the Group's activities. The adjustments exclude amortisation of intangibles and related tax effects.

Total shareholder return
A comparative measure of performance, total shareholder return combines the change in the value of Future's shares with the return provided to shareholders by dividends paid during the year.

Future's performance compared with a comparator group of other quoted media companies is highlighted on page 46 of the Directors' Remuneration report, which also explains the current means of aligning interests of management and shareholders.

Power to buy back shares
At the forthcoming AGM the Board will again seek to renew approval from shareholders to buy back shares. This power has never been used and at this time there is no intention to use the authority.

Business outlook for 2011

Although it has been announced that the recession has ended in the UK, as well as in the US, general economic recovery has been patchy and consumer confidence remains fragile.

In 2010, second half revenues in the UK grew modestly, reversing their first half decline. In the US, we saw stability returning to revenues and a return to profit.

Since 30 September, general trading conditions continue to be challenging and so we still take a cautious view. The impact of the UK Government's spending review, announced on 20 October, has yet to fully manifest in consumer confidence. In the US, Government stimulus measures included a change to tax rules resulting in a $2.5m tax receipt which we will use to invest in our business next year.

In 2011, we anticipate modest revenue growth, although profits will be held back by the increased US investment explained above, particularly in the first half-year. Across the Group, we continue to invest appropriately in our brands, in new products and in our people: because this predominantly organic approach has served us well during the last four years.

Financial review – continued

History of the Group
Future was founded as a UK company in 1985. Its focus as a special-interest publisher has been built on a creative, innovative and competitive culture.

In 1994, Future UK was acquired by Pearson plc, which subsequently sold the business in 1998 to a management buy-out backed by Apax. In June 1999 the enlarged Group (now including the UK, US and other countries) was floated on the London Stock Exchange. Future's expansion included further overseas subsidiaries and a rapid build-up of internet operations.

Following this period of over-extension, the Group was scaled back during 2001, and its bank debt significantly reduced by (i) the disposal of its then largest magazine, and (ii) a 20p rights issue.

From 2001, the Group ran subsidiaries only in the UK, US, France and Italy. The Group had no net bank debt for three years from May 2002. From 2003 to 2005 Future made a number of small acquisitions, funded from its net cash position.

In December 2004, the Group announced an intention to double its size by 2008, and in June 2005 acquired a number of titles from Highbury House Communications plc, funded by bank debt. The financial results from this acquisition were disappointing and coincided with a period of reduced profits, largely driven by the games market transition.

In 2006, the Board conducted an extensive review of the business, scaled back the ambitious policy of rapid expansion, and appointed a new Chief Executive, Stevie Spring, who set out the Group's new strategy in the Annual Report 2006.

From 2006 to 2008, the Group vigorously implemented its new strategy: we sold or closed 51 weaker titles, disposed of Future Italy and Future France; we diversified revenue streams, and enhanced our cross-platform approach.

During the last two years the Group has continued to focus on a largely organic strategy, concentrating on providing English-language content in key sectors, cross-platform.

John Bowman
Group Finance Director, Future plc
24 November 2010

Corporate Responsibility

Corporate responsibility is integral to the way Future conducts its business. We focus our efforts around four key areas where we think we can make a difference:

The environment
Our people
The community
Corporate practice

Stevie Spring, Chief Executive, is the Director accountable for Corporate Responsibility (CR) and, with the rest of the Board, regularly assesses the business to ensure responsible actions throughout, and to identify and assess any risks to the Company's short-term and long-term value arising from CR matters.

Our environmental policy can be found on our website, *futureplc.com*.

The environment

A responsible approach to the environment is essential to ensure the future sustainability of our business.

Sourcing paper
Paper is the largest raw material we use as a Group. We work hard to make sure that whatever we consume, we do in a way that is ethically responsible and environmentally sustainable. In 2010, 100% of our paper across the Group was sourced from either recycled fibre or sustainable forests where at least one tree is planted for every tree felled. Future UK holds the FSC (Forestry Stewardship Council) Chain of Custody certification. This recognises Future's commitment to sourcing paper supplies from sustainable forests. In 2010, 90% of the paper we used in the UK was FSC certified. We actively encourage our suppliers to work towards FSC certification or one of the other internationally recognised and independently audited certification schemes for environmental care in forest management and conservation.

Recycling and waste disposal
The Group is economically strongly incentivised to minimise unsold magazines and we employ sophisticated techniques to help achieve this. More than 90% of Future's unsold magazines are recycled. We also support the PPA's initiative encouraging readers to recycle their magazines after use and we incorporate the WRAP recycle logo in all our magazines. We comply with our obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations. The disposal of waste materials is also included in our print supplier audit.

Discs and plastic packaging
Future has pioneered the use of more environmentally friendly cover discs. A new format of DVD that uses 50% less plastic and 50% less energy than traditional DVDs is being used on five titles in the UK and trialled on two titles in the US. We have phased out plastic packaging of discs. In 2010, 75% of our retail bagging and all of our UK subscription bagging used oxy-biodegradable plastic film.

Go Green
Future runs an internal initiative aimed at improving awareness of recycling and energy saving in its UK offices. Driven by Future employees, the campaign encourages employees to use less and recycle more by providing information and recycling facilities. Every year, Go Green runs a Go Green Week to raise awareness of these initiatives and has a year-round campaign on the Company's intranet site. We also measure employee attitudes and understanding of issues so we can focus on relevant areas. In 2009, for example, recycling facility signage was an area that employees felt could be improved, so we have better addressed this in 2010. In the UK all of our office copier paper is FSC certified and over 90% of our toner cartridges come from manufacturers incorporating recycled materials.

Supplier audits
We have specialist software that enables us to carry out comprehensive environmental and ethical audits on our main suppliers. When we select suppliers we take account of their sourcing and production processes. We also consider environmental aspects such as the processing and disposal of waste materials. We hold regular contract reviews to ensure that appointed suppliers have procedures in place to minimise waste and their impact on the environment at all stages of the production process.

Consumption of resources
The table below estimates energy consumption as a result of the Group's activities during the year ended 30 September 2010 (comparative figures for 2009 are shown in brackets).

Country	Electricity MWh	Gas m^3	Water m^3
UK	2,498	83,291	4,855
	(2,289)	(79,351)	(4,892)
US	1,369	816	2,200
	(1,543)	(962)	(3,888)

Future in the UK holds FSC Chain of Custody certification. This recognises Future's commitment to sourcing paper supplies from sustainable forests.

Future has satisfied the requirement to be a constituent of the FTSE4Good Index. FTSE4Good is a financial index that identifies companies that meet globally recognised corporate responsibility standards.

Our people

Future's employees are our most important assets; they are the driving force behind our success as a business.

Data across the Group	2010	2009
Code of conduct circulated to all existing and new employees	**Yes**	Yes
Female employees as a percentage of workforce	**35%**	36%
Female managers as a percentage of management	**30%**	26%
Employment of young people under the age of 15	**None**	None
Consultation and communication procedures in place for all areas of the business	**Yes**	Yes
Earnings meet at least legal minimum or minimum set by the industry	**Yes**	Yes
Cases of reported and proven discrimination or harassment	**None**	None

Developing our people
Training needs are identified as part of each employee's annual performance appraisal. 83% of the UK workforce have to date completed an appraisal in 2010 (2009: 65%).

In 2010 we ran skills training for our publishing teams, advertising and central support departments. In-house training sessions provide training for editors on commissioning, libel, defamation and copyright as well as new software applications. We also provided online training, covering the key disciplines of online content development.

In the UK, we have a sharesave plan for UK employees.

Health and safety
The health and safety of all employees is a key priority for the Group. Future is largely an office-based environment. All companies across the Group comply with relevant legislation and we communicate our health and safety policy to all employees. During the year to 30 September 2010, there were no fatalities; no serious injuries; ten minor injuries in the UK and none in the US.

Policy on disability
The Company aims to ensure that when considering recruitment, training, career development, promotion or any other aspect of employment, no employee or job applicant is discriminated against, either directly or indirectly, on the grounds of disability. If an employee became disabled while in employment and as a result was unable to perform their duties, we would make every effort to offer suitable alternative employment and assistance with retraining.

Internal communication
Future has policies on employee communication; acceptable use of IT; health and safety; whistle-blowing and a commitment to diversity and opportunity. Our employees have access to free, confidential, employee well-being helplines.

In addition, we hold company meetings for all employees at least annually, and extended leadership team meetings where we discuss the financial performance of the Company. Future UK also has an Employee Involvement Group, which allows employees to contribute to strategic-level decision making. Future's lively culture is echoed in our company intranets and via our printed monthly internal magazine which updates employees on industry and business news and celebrates team successes.

In 2010 we ran skills training for our publishing teams, advertising and central support departments

Through our partnership with Quartet, Future has supported Bath-based projects like the City Farm

The community

We actively support the communities in which we operate through charitable donations and by encouraging our people to get involved in community initiatives.

Giving something back
A key tenet of our charitable donation policy is to empower our employees to support charities of their choice. For this reason, we run a matched contribution scheme. Employees raise money for their chosen charity and Future matches this amount, subject to a reasonable limit and to qualification under the rules of the scheme. During the year, £16,000 was paid under the charitable match scheme (2009: £26,000).

As well as the charity matching scheme, Future makes local charitable donations in the cities where we have offices. The total amount of charitable donations made by the Group in the year was £39,000 (2009: £55,000). We continued our partnership with Bath-based charitable foundation, Quartet, who make donations to local charities on our behalf. At our US headquarters in South San Francisco, other charities supported include Slide Ranch, First Graduate, Belmont-Redwood Shores Public School Foundation, Joy Prom and AIDS Walk San Fransisco.

Future in the wider community
Future people are actively involved with a number of national organisations including the Periodical Publishers' Association, European Federation of Magazine Publishers, Association of Online Publishers, NABS, European & Leisure Software Publishers Association, the IPA, the Marketing Society and the International Federation of the Periodical Press. We are also represented on The Bath Initiative, a public:private collaboration.

In addition, Future's Chief Executive Stevie Spring chairs BBC Children in Need, whose goal is to change positively the lives of disadvantaged children and young people in the UK.

Corporate practice

Supplier payments
The Group does not follow an external code on payment practice, but it is our policy to settle the terms of payment with suppliers when agreeing the terms of each transaction; to ensure that suppliers are made aware of the terms of payment; and to pay all suppliers when their invoices become contractually due for payment. At 30 September 2010, the Group as a whole had 42 (2009: 42) days of purchases outstanding. The Company had no trade creditors at 30 September 2010.

Ethics and human rights
Future supports the standards set out in the UN Global Compact on the Responsibilities of Business, and endorses the principle that no underage, forced, or prison labour should be employed; that no one is denied a job because of gender, age, sexual orientation, ethnic origin, religion, affiliation or association and that factories comply with laws protecting the environment. Our supplier audits include an ethical questionnaire. We work co-operatively with licensees and we do not participate in or support exploitative labour or other arrangements in any country.

Political contributions
In line with our Company policy, we do not make contributions to any political cause.

More information
Our website *futureplc.com* includes more in-depth information on our CR policies and practices.

Quartet community foundation

We have continued our partnership with Bath-based charitable foundation Quartet.

recycle
When you have finished with this magazine please recycle it.

We are members of the Periodical Publishers' Association (PPA) and support its initiative encouraging readers to recycle their magazines after use. We incorporate the recycle logo in all our UK magazines.

GoGreen

Future's employee initiative, Go Green, encourages staff to engage in environmentally sustainable practices.

Board of Directors

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Roger Parry
Independent non-executive Chairman

Roger has been Chairman since September 2001, a non-executive Director since June 1999 and is Chairman of the Nomination committee. He is also non-executive Chairman of Media Square plc, YouGov plc, Mobile Streams plc and the Shakespeare's Globe Trust. His experience includes four years with McKinsey, the international consulting firm, seven years as a journalist with BBC TV and radio and directorships at Aegis Group plc, WCRS plc, iTouch plc and More Group plc – later Clear Channel International – where for ten years he was Chief Executive.

Stevie Spring
Chief Executive

Stevie has been Chief Executive since July 2006. She graduated in law, worked in marketing and television before starting a 16-year career in advertising agency management. From 2000 to 2006, she was UK Chief Executive of Clear Channel. She is a Fellow of both the Institute of Practitioners in Advertising and the Marketing Society; one of only three honorary members of the Women's Advertising Club; a patron of NABS; and the first externally appointed Chairman for BBC Children in Need.

John Bowman
Group Finance Director

John has been Group Finance Director since November 2001. He qualified as a chartered accountant with KPMG, where he worked for seven years before joining Radio Clyde. He became Group Finance Director at Scottish Radio Holdings plc (later part of Emap, now Bauer) and played a key role in the group's successful expansion by organic growth and acquisition. His media experience includes commercial radio, outdoor advertising, film, newspaper, online and magazine publishing.

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Michael Penington
Senior independent non-executive

Michael has been senior independent non-executive Director since 2002 and a Director since April 2000. His experience includes 16 years at US investment bank Morgan Stanley, latterly as an Executive Director, Corporate Finance Department. He holds a D.Phil. from Oxford University. He is currently a partner in Oxford Technology Management, which manages a £30 million fund investing in early stage technology companies in the UK.

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Patrick Taylor
Independent non-executive

Patrick has been Chairman of the Audit committee since April 2001, and a Director since the same date. He qualified as a chartered accountant with Coopers & Lybrand (now part of PwC) where he became a partner in 1980, specialising in corporate finance. He was Finance Director of Capital Radio plc from 1989 to 1996 and subsequently Finance Director, then Chief Executive, of GWR Group plc, owner of the UK's largest commercial radio station, Classic FM. He left GWR in 2003 and is currently Chairman of Centaur Media.

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Seb Bishop
Independent non-executive

Seb joined Future as an independent, non-executive Director in June 2007 and a member of the Remuneration committee from November 2008. He is the CEO of (RED) International, the business founded by Bono and Bobby Shriver to fight AIDS in Africa. In 2000, he founded Espotting, the company that pioneered pay-per-click advertising and search marketing in the UK. He expanded Espotting before selling the company to MIVA, a US Nasdaq-quoted company in 2004, and taking up the Presidency of MIVA until 2007. Seb is Chairman of Steak, a fast-growing digital marketing agency, and a non-executive board member of AdJug, a new Internet advertising marketplace.

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Mark Whiteling
Independent non-executive

Mark joined Future as an independent, non-executive Director in October 2010. Mark has a Master of Commerce degree and qualifications as both a New Zealand ACA and an American CPA. He is currently Chief Financial Officer of FTSE 250 company Premier Farnell plc, a leading multi-channel distributor of products and services to design and purchasing professionals globally. His experience includes Group Finance Director of Communisis plc, the pan-European print management/direct mail group and Tibbett & Britten plc, a FTSE 250 logistics company, as well as roles at SmithKline Beecham plc in both the USA and Europe.

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Mark Millar
Company Secretary and General Counsel

Mark has been Company Secretary and General Counsel since September 2002. He joined from Allen & Overy following more than a decade's experience of City legal work, including a wide range of UK and international commercial and corporate finance experience. He also acts as secretary to all Board committees. He chairs the PPA's Government and Regulatory Committee and is an industry representative on the boards of the Publishers Licensing Society and the Copyright Licensing Agency.

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Member of the Nomination committee

r
Member of the Remuneration committee

a
Member of the Audit committee

s
Company Secretary

Directors' report

For the year ended 30 September 2010

The information presented in this Directors' report relates to Future plc and its subsidiaries. The Chairman's statement, Chief Executive's review, Financial review and Corporate Responsibility statement are each incorporated by reference into, and form part of, this Directors' report.

Principal activity

The Group's principal activity is the publishing of special-interest consumer magazines and websites, notably in the areas of games, music & movies, technology and active sectors.

The Company has subsidiaries operating in the UK, the US and Australia.

Business review

The purpose of the Annual Report is to provide information to the shareholders of the Company.

Reviews of the Group's activities during the year, the position at the year-end and developments since then are set out in the Chairman's statement, Chief Executive's review, the Corporate Governance report and the Financial review.

The Financial review explains financial performance, key performance indicators, the position at the year-end, any post balance sheet events, any likely future developments and a description of the principal risks and uncertainties facing the Group and how these are managed.

The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update those forward-looking statements.

Result of 2010 Annual General Meeting

All resolutions put to the Annual General Meeting held on 18 March 2010 were passed unanimously on a show of hands. Shareholders holding more than 81% of all issued shares submitted proxy votes and of these, more than 94% were cast in favour of all resolutions other than the resolution to adopt the Directors' remuneration report which attracted 64% of votes in favour. The AGM authorised the Company to pay a final dividend of 0.5p per Ordinary share on 1 April 2010 to those shareholders on the register on 12 March 2010, bringing total dividends relating to 2009 to 0.9p per Ordinary share.

Reported financial results

The audited financial statements for the year ended 30 September 2010 are set out on pages 51 to 82. Details of the Group's results are set out in the consolidated income statement on page 52 and in the notes to the financial statements on pages 61 to 82.

Dividends

The Board's policy on dividends and its recommendation for a final dividend are set out in the Chairman's statement and on page 17 of the Financial review. The Company's Employee Benefit Trust waives its entitlement to any dividends.

Share capital (all Ordinary shares)

The Company has a single class of share capital which is divided into Ordinary shares of one penny each. The rights and obligations attaching to the Company's Ordinary shares and provisions governing the appointment and replacement of, as well as the powers of, the Directors, are set out in the Company's articles of association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary. Save for restrictions that may from time to time be set out in the Company's articles of association or imposed by laws and regulations (including the Listing Rules of the Financial Services Authority), there are no restrictions on the voting rights attaching to the Ordinary shares or on the transfer of the Ordinary shares. The articles of association may be amended only by a special resolution of the Company's shareholders.

Details of all movements in share capital are given in note 23 on page 77. As at 30 September 2010, the number of shares in issue was 328.0 million. This represents a small increase of 0.24% compared with the number of shares in issue as at 30 September 2009. All of the new shares were issued in satisfaction of employee share option exercises or share awards vesting during the year.

The Company was granted authority, at the Annual General Meeting held on 18 March 2010, to purchase up to 32,719,000 of its own shares, representing just under 10% of the Company's issued share capital as at 7 December 2009, the date the notice was prepared. The Company has never purchased any of its shares and the authority will expire following the end of the Company's Annual General Meeting to be held on 9 February 2011, at which a resolution to renew such authority is proposed.

Significant shareholdings

At 9 December 2010, the Company had been notified of the following significant interests in its Ordinary shares:

Shareholder	Number of shares	Percentage of issued share capital
Aberforth Partners LLP	59,241,848	18.06%
Schroders Plc	56,067,597	17.10%
Fidelity International Limited	39,677,762	12.10%
Investec Asset Management Ltd	28,710,000	8.75%
Franklin Templeton Investments Corp	16,663,407	5.08%
BT Pension Scheme Trustees Limited	13,171,683	4.02%
Artemis Investment Management Ltd	10,627,757	3.24%
	224,160,054	68.35%
Directors' holdings (see opposite)	3,344,780	1.02%
Total of significant holdings	227,504,834	69.37%
Total number of shares in issue	327,979,803	100%

Directors

Biographical details of the Directors holding office as at 30 September 2010 are set out on pages 30 and 31.

Directors' shareholdings in the Company's share capital are set out opposite. No Director has any interest in any other share capital of the Company or any Group Company, nor does any Director have a material interest in any contract of significance to the Group.

Significant agreements
The provisions of the European Directive on Takeover Bids (as implemented in the UK in the Companies Act 2006) require the Company to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. In common with many other companies, the Group's bank facility (details of which are set out in note 18 on page 71) is terminable upon change of control of the Company. In common with market practice, awards under certain of the Group's long-term incentive plans (details of which are set out in the Directors' remuneration report on page 44 and note 24 on page 77) will vest or potentially be exchangeable into awards over a purchaser's share capital upon change of control of the Company.

Financial instruments
Information in relation to the Group's use of financial instruments is set out in note 22 on pages 73 to 76.

Corporate governance
The Board supports best practice in corporate governance. The Board's report on this subject is set out on pages 36 to 41.

Conflicts of interest
The Board has a set of procedures to ensure that: (i) conflicts of interest are raised by Directors (and any potential Directors prior to appointment); (ii) appropriate guidelines are followed before any conflict is authorised (including ensuring that only Directors who have no interest in the matter being considered will be able to take the relevant decision and in taking the decision the Directors act in a way they consider, in good faith, will be most likely to promote the Company's success); and (iii) records are kept of conflicts of interest and authorisations. The Directors are satisfied that the Board's powers of authorisation of conflicts are operating effectively and that the procedures have been followed. The procedures and any authorisations will continue to be reviewed annually.

Corporate responsibility
The Board considers that issues of corporate responsibility are important. The Board's report on this subject (including information and policies on charitable donations, political donations, employee involvement, payment of creditors and disability) is set out on pages 27 to 29.

Directors' responsibility for accounts
The Directors are required by the Companies Act 2006 to prepare financial statements for each financial year and to ensure that the Directors' report and the consolidated financial statements for the Company and the Group are prepared in accordance with applicable laws and regulations and give a true and fair view of the state of affairs of the Group as at the end of the financial year, and of the profit and cash flows for the Company and the Group for that year.

The Directors are required to:

:: select suitable accounting policies and then apply them consistently;

:: make judgements and estimates that are reasonable and prudent; and

:: state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for the keeping of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the safeguarding of the assets of the Company and of the Group, and for the taking of reasonable steps to prevent and detect fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the Company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' shareholdings

Directors in office at 30 September 2010 [4, 5]	Balance as at 30 September 2009	Purchases during the year	Sales during the year	**Balance as at 30 September 2010**
Executive				
S Spring	585,689	538,259[6]	–	1,123,948
J Bowman	811,191	132,051[6]	(80,000)	863,242
Non-executive				
R Parry	516,590	50,000	–	566,590
M Penington	391,000	–	–	391,000
P Taylor	200,000	–	–	200,000
S Bishop	–	–	–	–
Total	**2,504,470**	**720,310**	**(80,000)**	**3,144,780**

1. All holdings are beneficial.
2. Between 30 September 2010 and 9 December 2010 (being the latest practicable date prior to publication of this document) there were no changes to these holdings.
3. Details of the share options and awards for executive Directors are set out on page 48. There are no such options or awards for non-executive Directors.
4. Mark Whiteling became a Director on 8 October 2010 and at that time he held 200,000 shares.
5. Mark Wood ceased to be a Director on 30 August 2010. He did not hold any shares at that time.
6. On 1 December 2009, following partial vesting of awards granted on 1 December 2006 under the Company's Performance Share Plan, 264,044 Ordinary shares were transferred to Stevie Spring and 121,508 Ordinary shares (being the net of 222,352 Ordinary shares which vested less those sold to cover tax and national insurance liabilities) were transferred to John Bowman. On 19 December 2009, following vesting of the first half of their respective deferred share bonuses, 274,215 Ordinary shares were transferred to Stevie Spring and 10,543 Ordinary shares (being the net of 18,281 Ordinary shares which vested less those sold to cover tax and national insurance liabilities) were transferred to John Bowman.

Directors' report – continued

Annual General Meeting 2011
At the Company's twelfth Annual General Meeting, which will be held on 9 February 2011 at 12 noon at 2 Balcombe Street, London NW1 6NW, a number of resolutions will be proposed. The resolutions are set out in the Notice of Annual General Meeting on pages 84 to 88 and an explanation of all proposed resolutions is provided below.

Ordinary resolution 1 – Financial statements
Shareholders will be asked to approve the financial statements of the Company for the financial year ended 30 September 2010, together with the reports of the Directors and auditors. The audited financial statements appear on pages 51 to 82.

Ordinary resolution 2 – Directors' remuneration report
Shareholders will be asked to approve the Directors' remuneration report for the financial year ended 30 September 2010, which is set out on pages 42 to 49.

Ordinary resolution 3 – Proposed final dividend
The Directors propose a final dividend of 0.6 pence per Ordinary share to be paid on 1 April 2011 to those Ordinary shareholders on the register at close of business on 18 February 2011. This brings the total dividend payable in respect of the year ended 30 September 2010 to 1.1 pence per Ordinary share. The Board's policy on dividends and its recommendation for a final dividend are set out in the Chairman's statement and on page 17 of the Financial review.

Ordinary resolutions 4 to 8 – Election of Mark Whiteling and annual re-election of other Directors
Following his appointment to the Board on 8 October 2010, Mark Whiteling now stands for election to confirm his appointment. Consistent with our policy since 2004, all other Directors except for Michael Penington and Patrick Taylor, who will retire from the Board at the AGM, are proposed for re-election. Biographical details of all Directors are set out on pages 30 and 31.

Following a rigorous performance evaluation and taking into account the need for progressive refreshing of the Board, the Board confirms that the performance of each executive and non-executive Director of the Company continues to be effective and to demonstrate commitment to the role. However, as announced at last year's AGM Michael Penington and Patrick Taylor, who have served 10 and nine years respectively, have decided to retire from the Board with effect from the forthcoming AGM in February 2011. Roger Parry has served on the Board for 12 years. The Board considers that he remains independent and in accordance with best practice he is retiring and standing for re-election. The Nomination committee has carefully considered the time commitments required from and the contribution made by each Director and both the Nomination committee and the Board unanimously recommend that each Director standing for re-election be re-elected.

Ordinary resolutions 9 and 10 – Auditors
A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors of the Company and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting. An explanation regarding the Board's proposal to reappoint PricewaterhouseCoopers LLP as auditors can be found on page 40 of the Corporate Governance report.

Ordinary resolution 11 – To authorise the Directors to issue and allot new Ordinary shares
Under the provisions of section 551 of the Companies Act 2006 (the 2006 Act), the Directors may allot and issue Ordinary shares only if authorised to do so by the Company's Articles of Association or by shareholders at a shareholders' meeting. Consistent with guidance issued by the Association of British Insurers (ABI) in December 2009 this resolution will, if passed, authorise the Directors to allot shares up to a maximum nominal value of £2,186,000 as follows:

(a) in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the 2006 Act) up to a maximum nominal amount of £2,186,000 which represents approximately two thirds of the Company's issued Ordinary shares (excluding treasury shares) as at 9 December 2010. This maximum is reduced by the nominal amount of any Relevant Securities allotted under paragraph 11.2 of the notice of AGM;

(b) in any other case, Relevant Securities up to a maximum nominal amount of £1,093,000 which represents just under one third of the Company's issued Ordinary shares as at 9 December 2010. This maximum is reduced by the nominal amount of any equity securities allotted under paragraph 11.1 of the notice of AGM in excess of £1,093,000.

If granted, this authority would replace all previous authorities granted in this connection. The authority granted by this resolution will expire on 31 March 2012 or, if earlier, following the conclusion of the next Annual General Meeting of the Company. If the Directors exercise the authority granted under paragraph 11.1 of the notice of AGM, they will all stand for re-election at the following AGM.

The Directors do not have any present intention of exercising this authority other than in connection with any exercises under share option and other share incentive schemes, but intend to seek this authority each year. In addition, there may be circumstances where it would be appropriate for the Company to issue new Ordinary shares, such as an acquisition where it might be appropriate for the consideration to be settled in whole, or in part, by the issue of new Ordinary shares. The Company does not hold any shares in treasury.

Ordinary resolution 12 – Approval of political donations
It remains the policy of the Company not to make political donations or to incur political expenditure, as those expressions are normally understood. However, following broader definitions introduced by the 2006 Act, the Directors propose a resolution designed to avoid inadvertent infringement of the new definitions.

The 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any 12-month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could also include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or to influence support for any particular political party.

Special resolution 13 – Disapplication of statutory pre-emption rights
Resolution 13 will be proposed to renew the Directors' existing authority to allot new Ordinary shares for cash other than pro rata to existing shareholdings. Section 561 of the 2006 Act requires that equity securities issued for cash must first be offered to the Company's existing holders of securities in proportion to their existing rights.

Consistent with the previous practice of the Company, the authority now sought would permit the allotment of Ordinary shares up to the amount covered by resolution 11 in connection with a rights issue (or other pro rata Ordinary share issue) and otherwise up to an aggregate nominal amount not exceeding £163,000, equivalent to just under 5% of the Company's issued Ordinary share capital as at 9 December 2010, such authority to expire on 31 March 2012 or, if earlier, following the conclusion of the Company's next Annual General Meeting save that the Company would, before the expiry of the power conferred, be able to make an offer or agreement which would or might require equity securities to be allotted after its expiry and the Directors would be able to allot equity securities pursuant to such an offer or agreement as if the power, if conferred, had not expired. If granted, this authority would replace all previous authorities existing in this connection. The Board intends to renew this authority each year.

The Board does not currently intend to issue more than 7.5% of the Ordinary issued share capital of the Company in any rolling three-year period without prior consultation with the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Special resolution 14 – Purchase of own shares
Resolution 14 is proposed to renew the Company's authority to make market purchases of its own Ordinary shares. The maximum number of Ordinary shares that may be purchased will be 32,790,000 representing just under 10% of the issued Ordinary share capital of the Company as at 9 December 2010.

The minimum price payable for shares will be the nominal value of one penny per Ordinary share and the maximum price will not be more than the higher of 5% above the average of the middle-market quotation of the Company's Ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary shares are purchased and that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. This authority, if granted, would expire on 31 March 2012 or, if earlier, following the conclusion of the Company's next Annual General Meeting save that the Company would, before expiry of the power conferred, be able to make a contract to purchase shares which may be executed wholly or partly after its expiry, as if the power, if conferred, had not expired. The Board intends to seek this authority each year. If approved, the power would be used only where it was demonstrably in shareholders' interests, such as by improving adjusted earnings per share.

Whilst the Board has no current intention to use the power proposed, it considers that it is desirable to have this authority each year, as there could be circumstances in which the purchase by the Company of its own shares would be in the best interests of the Company and its shareholders generally.

The 2006 Act permits certain listed companies to hold shares in treasury as an alternative to cancelling them following a purchase of own shares by the company. Shares held in treasury may subsequently be cancelled or sold for cash, or used to satisfy employee share option or other awards under the company's share option or long-term incentive schemes. Once held in treasury, a company is not entitled to exercise any rights, including the right to attend and vote at company meetings in respect of the shares and no dividend or distribution of the company's assets may be made to the company in respect of shares held in treasury. If the Directors exercise the authority conferred by resolution 14, they will consider holding any shares purchased in treasury rather than cancelling them.

The total number of options to subscribe for or awards granted in respect of Ordinary shares that were outstanding at 9 December 2010 (being the latest practicable date prior to publication of this document) was 19,072,243. The proportion of issued share capital that they represented at that time was 5.82% and the proportion of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 6.46%.

Special resolution 15 – General meetings on 14 days' notice
Notice periods for AGMs must give at least 21 days' clear notice. For other general meetings, the old minimum notice period of 14 days was increased to 21 days by the Companies (Shareholders' Rights) Regulations 2009, unless shareholders approve a shorter period of at least 14 clear days. In the interests of greater efficiency, Resolution 15 seeks to renew approval for notice periods of at least 14 clear days.

Action to be taken
A form of proxy is included with this Annual Report for use in connection with the Annual General Meeting. Please complete and return the form in accordance with the instructions printed on it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible and, in any event, no later than 12 noon on Monday 7 February 2011. The return of the form of proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so. Further information about the AGM, including about electronic appointment of proxies, is provided on pages 86 to 88.

Recommendations
The Board believes that each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all of the resolutions proposed, as they intend to do in respect of their own beneficial holdings.

Annual General Meeting procedures and result
As in previous years, the Company will: (a) indicate the level of proxies lodged on each resolution together with the balance for and against each resolution and the number of abstentions; (b) announce the results of voting to the London Stock Exchange; and (c) post the results of voting on our corporate website, *www.futureplc.com*.

Disclosure of information to the auditors
The Directors confirm that they have complied with the relevant provisions of the 2006 Act in preparing the financial statements. In addition, each of the Directors confirms that, so far as they are aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all reasonable steps to ensure that they are aware of any relevant audit information and that the auditors are aware of any relevant audit information.

Responsibility statement
To the best of the Board's knowledge:

(a) the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the Chief Executive's review and the Financial review include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors and signed on its behalf by:

Mark Millar
Company Secretary and General Counsel

9 December 2010

Corporate Governance report
Mark Millar

The non-executives play a critical role on the Board in overseeing and scrutinising the running of the business and in ensuring that corporate governance remains at the top of the agenda.

Quick find contents

Our approach to corporate governance

Effective corporate governance requires not just compliance with legislative and requlatory requirements, but also applying the principle of good governance in the boardroom and throughout the business. At Future, we are committed to ensuring that good corporate governance is embedded at the heart of our business structure and processes.

In this report, we provide detail on the role of the Board of Directors, followed by a more detailed focus on the work of each of the three key committees: the Audit committee, the Nomination committee and the Remuneration committee. Together, these give a clear insight into how we manage corporate governance principles and processes within Future.

1. Board of Directors

Membership of the Board

The Board consists of two executive and five non-executive Directors. Biographies of Directors and details of their other time commitments are set out on pages 30 and 31.

This year has seen a number of changes to the Board with two long-serving members, Patrick Taylor and Michael Penington, announcing their intention to stand down at the AGM in 2011 and Mark Wood resigning to become CEO of Future UK. The process for finding their successors is described below and the result is that we've welcomed Mark Whiteling to the Board who brings a wealth of financial, international and public company experience. All Board members have a diverse and relevant range of media, digital and general business experience.

Role of the non-executive Directors

The non-executives play a critical role on the Board in overseeing and scrutinising the running of the business and in ensuring that corporate governance remains at the top of the agenda. They all serve three-year terms, terminable by either party on three months' notice at any time and subject to their annual re-election or removal by shareholders. Although annual re-election is not a requirement for Future, we believe it is the best way to ensure non-executives are directly accountable to shareholders.

All of the non-executive Directors are considered to be independent by the Board. There is a genuine mix of views and insights, as well as experience. Each non-executive Director is expected to commit 20 days to their role to allow for preparation for and attendance at Board and committee meetings and keeping in touch with the senior management team, shareholders and other stakeholders.

Roles of the Chairman and Chief Executive

The Board reviewed in July 2010 the written division of duties and responsibilities between the Chairman and Chief Executive to ensure an effective division of these roles. The Board considered and was satisfied that these roles operate effectively, with the Chairman leading the Board and the Chief Executive leading the business.

Board meetings
The Board had seven scheduled meetings during the financial year (one of which was by telephone) and attendance is summarised below. The Board had no unscheduled meetings but all Directors are aware of the need to be available and there is a clear contact process. Board meetings are sometimes preceded by an informal dinner where senior management can update the Board on business issues and challenges.

There is a regular and comprehensive exchange of information between meetings to ensure Board members are well informed to participate effectively in meetings. Directors receive a Board pack a week before the meeting with minutes of the previous meeting; all papers for agenda items; a report from the Company Secretary summarising any key legal issues and providing any regulatory/legislative updates; and a summary of share ownership and recent share dealing. Similar packs are provided for all committee meetings. Between meetings the Board receives a monthly Board report written by the executive Directors which summarises financial and operational performance and provides updates on key programmes within the business.

Director	Attendance (7 meetings)
Roger Parry	7
Stevie Spring	7
John Bowman	7
Michael Penington	7
Patrick Taylor	7
Mark Wood (resigned 30 August 2010)	6 of 6
Seb Bishop	7

Mark Whiteling was appointed after the year-end.

There is a written schedule of matters reserved for the Board which sets out those matters that require Board approval. This schedule was reviewed in July 2010 and it was noted that 35 matters had been considered by the Board. The schedule is available on the Company's website at *www.futureplc.com*.

Board decisions are made unanimously whenever possible but can be made by majority. If Directors have concerns that cannot be resolved about the running of the Company or a proposed action, their concerns are recorded in the minutes. No such concerns were raised this year.

The Board regularly appoints a sub-committee consisting of at least two Directors in order to finalise and approve those matters that have been approved in principle by the Board, subject to final amendments only. A permanent sub-committee consisting of at least two Directors exists to approve the issue and allotment of new shares in satisfaction of employee share schemes.

The Board has a number of nominated advisers (as listed on page 90). During the last financial year meetings were regularly held with key advisers to keep them aware of issues, and PwC attended audit committee meetings and briefings with members of the executive and senior finance teams.

Non-executive Directors

As a smaller company we are only required to have two independent non-executive Directors. We decided to comply with the full requirement and have at least half the Board as non-executive Directors to bring broader experience because of the diversity of our business and our real desire to ensure that our non-executives have the time to devote to corporate governance as well as monitoring and challenging the executive team on operational and strategic matters.

Combined Code on Corporate Governance

For the financial year ended 30 September 2010, we've complied in full with the requirements of the Combined Code on Corporate Governance (2008) which is available on the Financial Reporting Council website *www.frc.org.uk/corporate/ukcgcode.cfm*.

We've been watching closely the work of Sir David Walker and his review of the Combined Code and the resultant UK Corporate Governance Code which will apply to us for the next financial year. Where appropriate we've highlighted where we are already complying with the new provisions and what action we've taken in light of the changes. The new code is also on the FRC's website.

The disclosures on share ownership, appointing and replacing directors and other similar disclosures required by rule 7.2.6 of the Disclosure and Transparency Rules are set out in the Directors' Report on pages 32 to 35.

Good corporate governance is essential for the long-term success of the Company

Roger Parry
Chairman, Future plc

Corporate Governance report – continued

Effective Development

Training and induction

The Board's training and development policy requires that all new Directors should receive appropriate induction on joining the Board, both in respect of the Group's activities as a whole and of each operating company individually. Having joined the Board in October, Mark Whiteling is scheduled to spend time with the executive teams at Future UK and Future US and have discussions with the Company's senior statutory auditor at PwC before the AGM in 2011.

Ongoing training for Directors is available as appropriate. The training and development needs of each individual Director are assessed and discussed during individual performance evaluation meetings with the Chairman and Company Secretary as part of the annual Board performance evaluation. The Board encourages appropriate training and provides regular updates and refresher sessions by the Company's legal advisers and auditors, to inform the Board or relevant committees of important changes in legislation, regulation and best practice. During the past 12 months, the Directors have in particular received such updates on the new Corporate Governance Code and the Bribery Act.

Performance evaluation

Each Director has completed a Board performance evaluation questionnaire as part of the annual performance evaluation process. Although not part of the FTSE 350, in light of FTSE 350 companies being required to use an external facilitator as part of the Board performance evaluation, this year the process was revised to use material and questionnaires provided by PwC. Each questionnaire was analysed and the Chairman and Company Secretary met with each Director individually to discuss responses to the questionnaires and their individual performance during the year and any specific requirements for training and development. Summaries of the results were prepared by the Company Secretary and presented to the Board for discussion. During the process the Board also compared its performance with the results and recommendations from the prior year's performance evaluation. The Board consider this exercise to be of significant value in ensuring a functional and effective Board and committees.

The Chairman also met with non-executive Directors during the year without the presence of executive Directors, in order to assess the performance of the executive Directors.

Michael Penington, senior independent Director, led a meeting of the non-executive Directors without the Chairman being present in order to assess the Chairman's performance.

Accountability and going concern

Financial and business reporting: going concern basis adopted in preparing financial statements.

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern. During the year ended 30 September 2010 the Group continued to reduce its level of net debt which stood at £7.4m at the end of the year. In addition the Group was able to negotiate some added flexibility regarding one of the financial covenants as noted below. The combination of these two events has given the Directors increased confidence in the Group's ability to continue to trade as a going concern despite the continuing difficult market conditions. The Directors have given this matter due consideration and have concluded that it is appropriate to prepare the Group financial statements on a going concern basis. The two main considerations were as follows:

i) Strength of the Group's cash flow

The Group has generated £12.0m of cash in 2010 from its operations, representing more than 100% of reported EBITA. The nature of the Group's operations is highly cash-generative and during the last three years the ratio of cash generated from reported EBITA has been close to 100%. Most of the Group's operating expenditure is cash expenditure, and the majority of the Group's revenue is collected from magazine distributors and from advertising agencies and clients.

ii) Continued support of the Group's banks

Dialogue – We maintain a regular and constructive dialogue with our banking syndicate to keep them informed of how the Group is performing. Two important issues to consider in relation to our banks are the renewal of facilities and covenant compliance.

Facilities – At 30 September 2010 the Group had headroom of £22m on its bank facility, which was renewed in May 2009 and runs until maturity on 30 November 2012, which is more than two years after the date of these financial statements. During that period repayments of £1.6m are due to be made in October 2010 and at six-monthly intervals thereafter.

Covenant compliance – Our bank facility has three key covenants. Under these, (i) net debt is not to exceed 2.5 times bank EBITDA and at 30 September 2010 this ratio was 0.7 times; (ii) net interest payable is to be covered at least four times by bank EBITDA and at 30 September 2010 this ratio was 8.6 times; (iii) cashflow is to cover the cost of debt service costs by a ratio of at least 1 and at 30 September 2010 the actual ratio was 2.0.

Summary of performance evaluation

Last year's outcomes	Steps taken this year
US business losses	Return to profitability
Focus on replacing declining print revenues	14% increase in digital revenue
Costs management	Further mitigation of costs during the year
Concern over senior management retention	Refreshment of key senior management

This year's outcomes	Planned changes
Succession planning for NEDs	Appoint a further independent NED
No annual measurement of performance against set objectives	Objectives to be set at strategy day
Ongoing training	Induction refreshers every three years

In October 2010 agreement was reached with the Group's banks on a variation to the cashflow cover which provides greater flexibility for the 12 months ending 31 March 2011 and beyond. Provided that the ratio of net debt to bank EBITDA at that date is less than 1:1 and projected to remain below 1:1, then the cashflow cover will not be measured.

Covenants are tested quarterly on the basis of rolling figures for the preceding 12 months. Given the cash inflows that have already been achieved to date and our expectations in relation to revenues, profits and cashflows for the year to 30 September 2011, the Directors are confident that, in the absence of unforeseen circumstances, all relevant covenants will be met at the next four testing points.

Risk management and internal controls
The Board conducted an annual review of financial, operational, legal and compliance risks with the assistance of members of the Group legal and finance teams to ensure that there is a sound system of internal controls in place and that these are sufficient to manage (rather than eliminate) those risks effectively. No significant failings or weaknesses were identified as part of this review. The Business Continuity Plan was also revised and refreshed during the year.

The internal controls that are in place to ensure effective risk management are structured to ensure a timely flow of information within the Group and a clear structure of delegated authority and responsibility.

The Board approves a set of control documents which specify: (i) various financial and treasury policies to be followed across the Group; and (ii) the powers of delegated authority across the Group.

Our Group finance team manages our financial reporting processes ensuring that there is appropriate control and review of the financial information including the production of our consolidated annual accounts. Group finance is supported by the operational finance managers throughout the Group who have the responsibility and accountability to provide information in keeping with our policies and procedures.

The UK and US operating companies each have a board (whose members include the two executive Directors) responsible for ensuring that the control documents are applied in practice. The board of the UK operating company takes responsibility for the Australian business.

Business review meetings are held monthly by the executive team with senior UK and US management in order to provide a proper opportunity for financial results and other business and operational issues to be explored and addressed. These meetings take place in the cities in which the Group has a significant presence. The UK and US Managing Directors present to the full Board annually and are involved in the strategy days each year.

Advice and support

All Directors have access to the Company Secretary who, as a qualified solicitor and share schemes adviser, can advise them on issues of governance, best practice and any other legislative or regulatory matters. The appointment and removal of the Company Secretary is a Board decision. The Directors may also take independent professional advice at the Company's expense provided that they give notice to the Chairman. No such advice was sought during 2010. The Company maintains appropriate insurance for its Directors.

As senior independent Director I meet with the non-executives alone regularly and we conduct a performance evaluation of the Chairman. My contact details are available from the Company Secretary in the event that any shareholder wants to meet me.

Michael Penington
Senior Independent Director

Internal audit
The Audit committee and the Board have again during 2010 reconsidered whether there is a need for an internal audit function. It was concluded that while an independent internal audit department with the necessary technical skills is not currently justified, the committee should continue to review this subject each year.

Whistle-blowing policy
As part of its internal controls, the Group has a whistle-blowing policy which is updated regularly and published on the Company's intranet to encourage employees to report, in good faith, any genuine suspicions of fraud or malpractice in order to identify any problems within the Group at an early stage. The policy is also designed to ensure that any employee who raises a genuine concern is protected.

Relations with shareholders/communication
We aim to have an open relationship with our shareholders and shareholders can find up-to-date information on Group activities on the Company's website, *www.futureplc.com*. There is a specific investor relations section on that site which includes copies of all of the Group's public announcements made via the Regulatory News Service of the London Stock Exchange, as well as full copies of the Company's annual and interim results, presentations provided to analysts, and an audio recording of the most recent such presentation made by the executive Directors.

All Directors are available to meet shareholders at the AGM or on request by contacting the Chairman or Company Secretary. The Executive Directors and the Chairman are also available at the analyst presentations of the interim and annual results. Because more than 80% of the Company's shares are held by major institutions, the Executive Directors hold a series of meetings presenting the interim and annual results to these institutions and gauging their views.

In order that all Directors are aware of the views of shareholders, Board packs include a note of views as expressed by shareholders during meetings held with Directors or as reported to Directors through the Company's brokers, together with copies of analysts' notes, press articles and other relevant information.

2. Audit committee

Member	Attendance at meetings (3 meetings)
Patrick Taylor (Chair)	3
Mark Wood (resigned 30 August 2010)	2 of 2
Michael Penington	3

Mark Whiteling was appointed to the committee on 8 October 2010 and will chair it from February 2011 when Patrick Taylor steps down from the Board. The chairman of the committee has recent and relevant financial experience.

The Audit committee meets before the interim and annual results announcements and reviews the relevant financial results with the executive management team and the external auditors. The Audit committee also meets separately for the purposes of planning the audit process, monitoring its effectiveness, reviewing the Group's relationship with the auditor and undertaking a detailed review of the Group's internal controls. The Audit committee carries out the functions required by rule 7.1.3 of the Disclosure and Transparency Rules.

Audit fees
The Audit committee has reviewed the remuneration received by PricewaterhouseCoopers LLP for non-audit work conducted during the financial year. The fees for non-audit work did not exceed the audit fee, and related mainly to advising in relation to taxation. For further details regarding fees paid, see note 4 to the financial statements on page 63.

Auditor independence
The Audit committee monitors the Company's safeguards against compromising the objectivity and independence of the external auditors by performing an annual review of non-audit services provided to the Group and their cost, reviewing whether the auditors believe there are any relationships that may affect their independence and obtaining written confirmation from the auditors that they are independent.

For the financial year ended 30 September 2010, the Audit committee has conducted its review of the auditors' independence and concluded that no conflict of interest exists between PricewaterhouseCoopers LLP audit and non-audit work and that their involvement in non-audit matters, which was mainly tax-related, was the most effective way of conducting the Group's business during the year.

Auditor appointment policy
The Audit committee has reviewed its policy for appointing auditors and awarding non-audit work.

The Group has little non-audit work but has an open mind about instructing firms other than PricewaterhouseCoopers LLP where appropriate.

On the recommendation of the Audit committee, the Board has decided that it is in the best interests of the Company to put a resolution to shareholders that PricewaterhouseCoopers LLP, who have been the Company's external auditor for a number of years, be reappointed as auditors for the forthcoming year. The resolution to appoint PricewaterhouseCoopers LLP will propose that they hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company, at a level of remuneration to be determined by the Directors.

Re-election of Directors

As a smaller company we are not required to offer all our Directors up for annual election. However, all our Directors take individual and collective responsibility for the decisions that the Board makes and are happy to let shareholders judge their performance by standing for annual re-election. We have followed this practice since the AGM in 2005.

Terms of reference for the Audit, Remuneration and Nomination committees

The terms of reference for all committees are available on the Company's website *www.futureplc.com* and will be available at the Company's registered office in Bath and at the London office in the run up to the AGM in 2011.

3. Nomination committee

Member	Attendance at meetings (2 meetings)
Roger Parry (Chair)	2
Patrick Taylor	2
Michael Penington	2

The Nomination committee's work this year has focused on evaluating the balance of skills, experience, independence and knowledge on the Board in light of the announcement that Michael and Patrick would not be seeking re-election. The committee decided that one new non-executive Director with recent and relevant financial experience should be recruited and a description of the role and the capabilities required was drawn up. External consultants were engaged to assist in finding suitable candidates and prior to appointment each candidate was interviewed separately by the Chairman on behalf of the Nomination committee, Stevie Spring and John Bowman. As a result of this process, Mark Whiteling was recruited.

As a result of Mark Wood's resignation to become UK Chief Executive in September the committee decided that another non-executive should be recruited and the Company, through the committee, continues to seek a candidate with the appropriate skills. On his resignation, Mark Wood raised no written concerns with the Chairman.

Following discussion of the skills and contribution of each Director, the Nomination committee supports the proposed re-election of all Directors standing for re-election at the 2011 AGM. In line with best practice, Roger Parry was excluded from approving the proposal for his re-election. The other two members of the committee are not standing for re-election.

4. Remuneration committee

Member	Attendance at meetings (7 meetings)
Mark Wood (Chair until 30 August 2010)	5* of 6
Patrick Taylor	7
Michael Penington (Chair from 30 August 2010)	7
Seb Bishop	7

* Mark Wood did not attend a committee meeting in August whilst his application to become UK CEO was being considered.

The Remuneration committee determines the remuneration packages of executive Directors, including performance-related awards and share-based incentives, and sets individual bonus targets for executive Directors and performance criteria attached to share-based incentives. The committee also determines the remuneration of the Chairman, manages and recommends remuneration levels for senior management in line with both industry remuneration packages and the Company's remuneration policy, and considers and approves any new share-based incentive scheme proposed to be implemented. The Directors' remuneration report is set out on pages 42 to 49.

Approved by the Board of Directors and signed on its behalf by:

Mark Millar
Company Secretary and General Counsel

9 December 2010

Directors' remuneration report

For the year ended 30 September 2010

Compliance with best practice

As with all aspects of Corporate Governance, the Board applies best practice to its remuneration policy, in line with the provisions of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules and the Combined Code. Where applicable the Company has also sought to apply best practice in line with the UK Code on Corporate Governance. This report is submitted to shareholders for approval at the forthcoming Annual General Meeting to be held on 9 February 2011.

Remuneration committee

Four independent non-executive Directors served on the Remuneration committee during the year: Mark Wood chaired the committee until he resigned from the Board on 30 August 2010; Michael Penington chaired the committee following Mark Wood's resignation; and Patrick Taylor and Seb Bishop each served throughout the year. Mark Millar, Company Secretary, who holds the ICSA share schemes qualification, is secretary to the committee.

The committee is responsible for determining the basic annual salaries, incentive arrangements and terms of employment of executive Directors, for making recommendations regarding the level and make-up of the remuneration packages of senior managers, including bonus schemes and share-based incentives, and ensuring that remuneration policies and practices do not encourage excessive risk-taking. The committee is also responsible for fixing the Chairman's remuneration and approving the terms of any new share-based incentive scheme for any employees of the Group, subject, where appropriate, to shareholder approval. No Director is involved in deciding his or her own remuneration. As explained on page 41, the terms of reference of the Remuneration committee, reviewed annually, are available on the Company's website.

During the year, the committee has considered the level and make-up of executive Directors' remuneration packages, the grant of share-based incentive awards and the level and basis of performance-related bonuses.

Advisers to Remuneration committee

Hewitt New Bridge Street Consultants have been independent advisers to the committee since the committee appointed them in 2002. They provide no other services to the Company or its Directors.

Compliance with Combined Code

The Board has complied fully with the provisions of Section B of the Combined Code in relation to Directors' remuneration policy and practice, and has followed Schedule A to the Combined Code in relation to performance-related remuneration policy. Further information regarding the Company's compliance with the provisions of the Combined Code is set out in the Corporate Governance report on pages 36 to 41.

Policy on remuneration of executive Directors

The committee's objective has been to weight executive Directors' remuneration packages more towards performance-related pay, with performance-related targets linked to financial performance of the Group against budget and the Group's performance against business objectives and stated strategy. The committee has given further consideration during the year to Directors' remuneration for the following financial year and for financial years subsequent to that. The committee has concluded that individual remuneration packages and non-executive Directors' fees should remain unchanged.

In determining the level and make-up of executive Directors' remuneration, the committee also carefully considers the following issues:

(a) Remuneration packages offered to executive Directors should be competitive with those available for comparable roles in companies operating in similar markets and on a similar scale. They should be sufficiently desirable so as to attract, retain and motivate high calibre Directors to perform at the highest levels, whilst at the same time ensuring that recruitment and remuneration expenditure is not excessive and does not encourage excessive risk-taking.

(b) The interests of executive Directors should be aligned with those of shareholders by ensuring that a significant proportion of remuneration is linked to Group performance.

(c) Remuneration packages and employment conditions of executive Directors are considered in conjunction with both those of key senior managers (keeping succession planning in mind) and all employees in the Group in order to achieve a consistent remuneration policy across the Group. Given the ongoing economic conditions, pay increases across the UK business averaged 2% and this was taken into account in the committee's considerations.

(d) Cash and share-based incentives are payable dependent on Group performance, thereby aligning the interests of executive Directors with those of shareholders.

(e) No subjective performance criteria were applied in the past. However, following the committee's decision last year, subjective criteria apply to an element of the annual cash bonus of the Chief Executive and certain other senior managers with effect from 1 October 2009 (with a financial underpin) in order to ensure that the committee retains discretion and to ensure no bonus is unjustly received. This approach will continue in 2011 and beyond.

Details of the key elements of executive Directors' remuneration packages are set out on pages 43 to 45. Details of Directors' interests in share schemes are set out on page 48 of this report and Directors' shareholdings are set out on page 33 of the Directors' report.

The split of potential maximum remuneration for 2011 between basic and performance-related pay is shown in the graphs below, which set out each of the elements making up the total ongoing potential maximum remuneration.

(a) Basic annual salary (reviewed on 1 October each year)
In assessing the level of basic annual salary for each executive Director, the committee takes into consideration in particular the remuneration of equivalent roles within such comparable companies as the committee and its remuneration advisers consider appropriate (including both media companies and companies with similar market capitalisations), as well as the level of remuneration of senior managers and pay and employment conditions across the Group. In addition, the responsibilities of each executive Director are taken into consideration when determining the level of basic annual salary which, with other elements of remuneration, is reviewed annually by the committee to ensure that executive Directors' remuneration packages are appropriate and are in line with median remuneration packages for the relevant comparator group. Salaries are reviewed annually, with effect from 1 October, taking into account annual performance review data, the rate of inflation and salary increases across the Group.

The annual basic salaries for current executive Directors are set out below:

	from 1 October 2010	from 1 October 2009	Change (%)
Stevie Spring	£400,000	£400,000	–
John Bowman	£246,000	£246,000	–

(b) Performance-related annual bonuses
All annual bonuses are at the discretion of the committee and are performance-linked. The overriding principle is that the performance targets should be stretching and should reflect good progress in the underlying business and an exceptional performance would be required to achieve maximum bonus.

In 2006, the committee designed and implemented a new annual performance-related bonus scheme (Annual Bonus Scheme) to apply to the Chief Executive, the Group Finance Director and other senior managers.

Such bonus is calculated by reference to the adjusted earnings before interest, tax and amortisation (EBITA) profits of the Group in respect of each financial year. Adjusted EBITA is used to ensure alignment within the Group and to focus executive Directors on the operating profitability of the Group to the benefit of shareholders.

In order to ensure that targets are stretching, the range for payment is:

:: If EBITA is 10% below target EBITA, no discretionary bonus will be payable.

:: If EBITA is between EBITA target and 10% below EBITA target, such amount as the committee determines in its discretion will be payable. The committee retained discretion to ensure that the level of bonus was merited by the individual.

:: If EBITA target is achieved, 40% of basic annual salary will be payable to the CEO and 25% of basic annual salary will be payable to the Group Finance Director.

:: If EBITA target is exceeded by up to 15%, such amount as the Remuneration committee determines in its discretion in excess of 40% and 25% of basic annual salary respectively will be payable.

:: If EBITA target is exceeded by 15% or more, the maximum bonus of 80% of basic annual salary for the CEO and 50% of basic annual salary for the Group Finance Director will be payable.

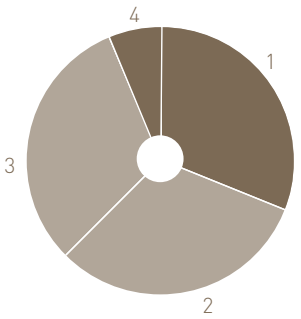
The adjusted EBITA target is set by the committee to be challenging and is set by reference to the budget for the relevant financial year. Target EBITA for 2011 is not published here as that would be profit forecast guidance ahead of the relevant period. For 2010 target EBITA was £10.1m. With an EBITA performance of £10.1m the committee at its discretion awarded £100,000 for the Chief Executive and £39,000 for the Finance Director in respect of this part of the bonus.

In 2010 the committee varied the Annual Bonus Scheme by making an element of the Chief Executive's bonus up to 20% of the Chief Executive's salary determined by subjective criteria. For 2010 the subjective criteria included establishing a new US management team and closer UK/US working. Following detailed discussion the committee awarded the Chief Executive 15% out of the total of 20% giving a payment under this part of the Annual Bonus Scheme of £60,000.

Payment of any annual bonus under the Annual Bonus Scheme is paid in December, following announcement of preliminary results and the conclusion of the audit in respect of the preceding financial year. Payment of Annual Bonus is subject to the executive being in the Company's employment at the time of payment of such bonus and not having given or received notice of termination of employment and not being subject to disciplinary proceedings at that time.

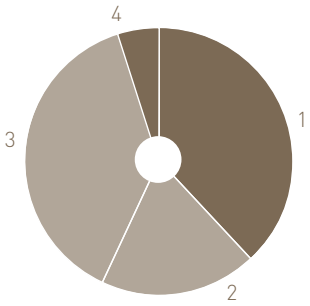
Stevie Spring

1: Basic salary (non-performance related) 31.25%
2: Annual bonus (max) (performance related) 31.25%
3: PSP Dec 2010 grant (performance related) 31.25%
4: Pension contribution (non-performance related) 6.25%



John Bowman

1: Basic salary (non-performance related) 38.10%
2: Annual bonus (max) (performance related) 19.05%
3: PSP Dec 2010 grant (performance related) 38.10%
4: Pension contribution (non-performance related) 4.75%



Directors' remuneration report – continued

The potential maximum annual bonus payable to the executive Directors under the Annual Bonus Scheme during the year was 100% of basic annual salary for the Chief Executive and 50% for the Group Finance Director.

The committee excluded exceptional income from bonus calculation during 2007. There were no exceptional items in 2008, 2009 or 2010. Based on EBITA performance achieved for 2010, and, in the case of the Chief Executive, on individual performance measures, the committee awarded total Annual Bonus payments of £160,000 to the Chief Executive and £39,000 to the Group Finance Director.

(c) Three-year cash bonuses
As highlighted in last year's report, the Company has considered establishing a new three-year cash bonus plan for future years to replace the one that lapsed at the end of FY09 but having taken into account views of shareholders, the committee has decided not to propose any such plan.

(d) Long-term incentive plans (general policy)
The Board and the committee consider that it is right to align the interests of executive Directors and senior managers with those of shareholders by encouraging Directors and senior managers to hold shares in the Company, and by the grant of appropriate long-term share incentives to both executive Directors and senior managers.

Performance measures are considered by the committee to reflect Company specifics and business objectives, taking into account Company strategy.

2005 Performance Share Plan (PSP)
The 2005 PSP replaced both the 2003 LTIP and the discretionary share options for executive Directors and other senior management. Other than in exceptional circumstances, the maximum value of PSP Awards that may be granted to any individual in any one-year period is 100% of basic annual salary.

On 27 November 2009 awards were granted to, amongst others, Stevie Spring and John Bowman. These awards will vest on 27 November 2012, subject to performance targets measured over the three-year period from 1 October 2009 to 30 September 2012 having been met, and provided that the participants are still employed by the Company on the vesting date. Vesting of the awards is subject to both Total Shareholder Return (TSR) and Earnings Per Share (EPS) performance as described below. The performance conditions were set following extensive consultation with major institutional shareholders. Details of the awards made to executive Directors under the PSP are set out on page 48.

Annual awards under the PSP during the year were capped at 2,000,000 shares and 1,230,000 shares for the Chief Executive and Finance Director to partially mitigate for the Company the weak share price at the date of grant on 27 November 2009.

Annual awards under the PSP will be granted within the 42-day period following announcement of preliminary results.

Awards granted in December 2007 lapsed in December 2010 due to the performance criteria not having been met.

EPS Performance Criterion – 50% of PSP Award
Growth in EPS over the three years is to exceed annual RPI + 3% for the award to vest, with full vesting at annual RPI + 8% and on a straight-line basis between these levels.

TSR Performance Criterion – 50% of PSP Award
If the Company's TSR performance places it below median ranking, none of the part of the award dependent on TSR performance will vest. If the TSR performance places it above median ranking, 25% will vest through to 100% if the Company is ranked in the upper quintile, i.e. top 20%. Between median and upper quintile, the award will vest on a pro rata straight-line basis.

In respect of the TSR performance, the Company's performance is measured against a basket of comparator companies comprising at all times a minimum of 15 companies. The list for all outstanding grants currently comprises:

Bloomsbury Publishing	Mecom Group
Centaur Media	Pearson
Chime Communications	Reed Elsevier
Euromoney Institutional Investor	STV Group
Haynes Publishing	Trinity Mirror
Informa	Wilmington Group
ITE Group	WPP Group
ITV	Yell Group
Johnston Press	

During the year the committee considered the most appropriate list of comparator companies given that the Company was currently not in the FTSE Small Cap due to liquidity issues. Having taken advice from its brokers, the list of comparator companies for forthcoming grants will be:

Bloomsbury Publishing	Progressive Media
Centaur Media	Quarto
Chime Communications	STV Group
Chrysalis	Ten Alps
Haynes Publishing	Trinity Mirror
Johnston Press	Wilmington Group
M&C Saatchi	Yell Group
Mecom Group	

To alleviate short-term volatility, the return index will be averaged in the TSR calculations for each company over the three months prior to the start and end of the performance period.

The Company considered it appropriate to measure performance in respect of both EPS and TSR and the specific criteria are considered to be stretching. The performance criteria were set following consultation with both the Association of British Insurers (ABI) and major shareholders. Consideration will be given to alternative performance conditions potentially better linked to business objectives for future years. The Company will also consult with major shareholders if any substantial changes to such measures are proposed to be implemented.

(e) Share option schemes (no options have been issued since 2004)
No executive share options were granted to executive Directors or other employees during the year and it is intended that no further options will be granted. All share option schemes introduced by the Company have a ten-year life. Details of existing, outstanding share options of executive Directors are set out on page 48, and information regarding executive share option schemes and all options grants (including the performance conditions) are set out in note 24 to the financial statements on pages 77 to 81.

Executive Directors may hold options under the all-employee sharesave plan which, in common with plans of this type, are not subject to performance conditions.

(f) Pensions (money-purchase benefits only)
The only element of remuneration that is pensionable is basic annual salary, excluding bonuses and benefits in kind. Employer's pension contributions for executive Directors are payable at 20% for the Chief Executive and 12.5% for the Group Finance Director. Contributions by the Group Finance Director are payable at 5%.

Policy on share ownership
The Company has a policy on share ownership by executive Directors which requires that any such Director should accumulate a holding in shares over a five-year period where the acquisition cost of those shares represents at least one times salary.

Policy on remuneration of non-executive Directors
The remuneration of non-executive Directors is determined by the Board and reviewed every three years. Fees are paid at a standard annual rate to reflect the time, commitment and responsibilities of the roles, with additional fees paid to those who chair Board committees to reflect their additional responsibilities. Separately, the committee sets the fee payable to the Chairman of the Board. The Board considered the fees payable to non-executive Directors in the light of the reductions implemented from 1 October 2009 and concluded no changes were needed. The unchanged standard fees from 1 October 2010 are set out in the table below:

Basic annual fees	2011 £
Chairman	90,000
Other non-executive Directors	35,000
Additional fees[1]	
Chairman of committee	5,000
Senior independent Director	5,000
Member of committee	Nil

Note:
[1] Additional fees apply only once, regardless of the number of committees of which a non-executive Director is a member or a Chairman.

Non-executive Directors are not included in any performance-related bonus, share incentive schemes or pension arrangements.

Policy on Directors' service contracts and termination payments
(a) Service contracts of executive Directors and compensation
The service contracts of executive Directors are terminable on one year's notice. Compensation for early termination is limited to one year's basic annual salary and benefits and the Director would be required to mitigate their loss. Any entitlements under share incentive plans will vest or lapse, as applicable, at the discretion of the committee, in accordance with the terms of such plans. The details are shown in the table below.

(b) Letters of appointment of non-executive Directors
Non-executive Directors have three-year appointments with the Company, which are terminable on three months' notice by either party or if the director is not reappointed at the Company's Annual General Meeting.

Retirement and re-election
It is the Company's policy that every Director stands for election every year.

Policy on external appointments
The Company believes that exposure of its executive Directors to other Boards can be beneficial and can help to broaden their experience and knowledge. Executive Directors are therefore permitted to join other boards as non-executive Directors, subject to the prior approval of the Board. Currently, neither of the executive Directors holds an external appointment on the board of any other publicly listed company so no fees are due to them or the Company. Stevie Spring is chairman of the Trustees for BBC Children in Need, which is a registered charity.

Name of Director	Date of contract	Unexpired term of contract on 30 September 2010	Notice period under contract	Compensation payable on early termination
Stevie Spring	6 June 2006	Until normal retirement age	12 months	Salary and benefits during unexpired notice period
John Bowman	24 November 2004	Until normal retirement age	12 months	Salary and benefits during unexpired notice period

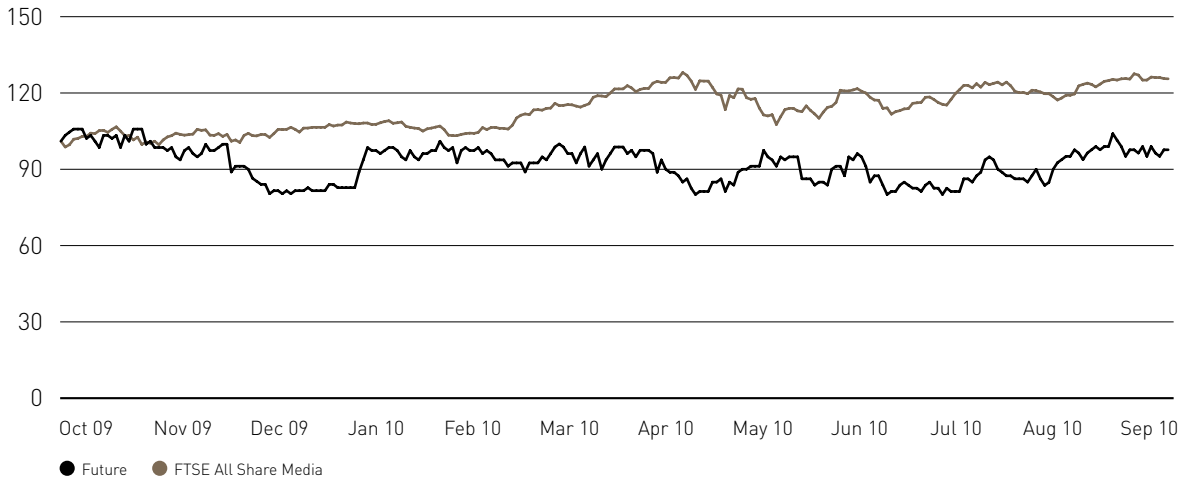
Directors' remuneration report – continued

Performance graphs: Total Shareholder Return (TSR) against FTSE Media (UK companies)
The committee has again chosen to publish graphs for two different periods. In each case, these show the TSR on a holding of shares in the Company compared with a hypothetical holding of shares made up of shares of the same kinds and number as those by reference to which the FTSE Media Sector Index (UK companies) is calculated.

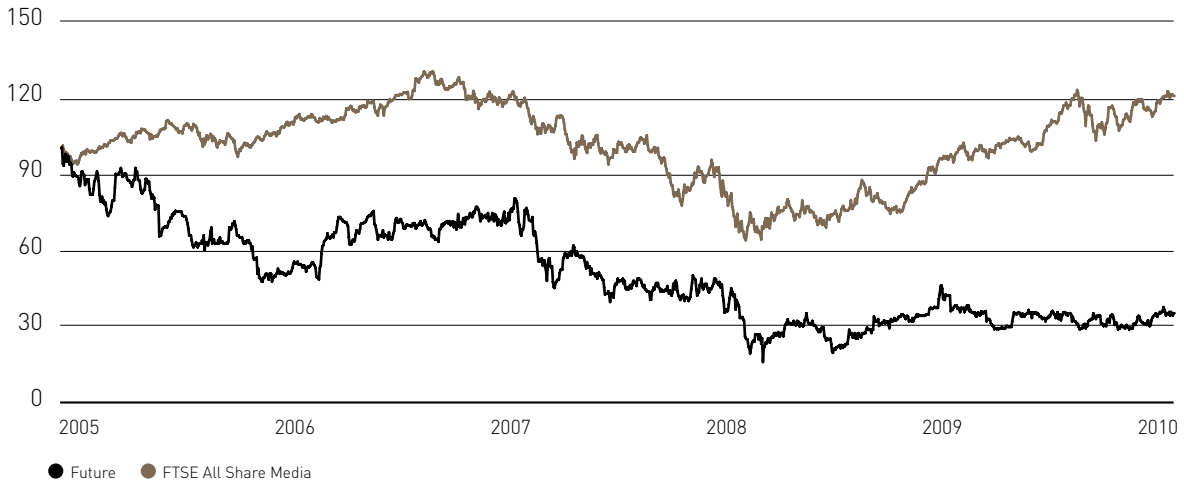
Graph 1 shows the TSR during the one financial year ended 30 September 2010. Graph 2 shows the TSR for the five financial years ended 30 September 2010.

The FTSE Media Sector Index (UK companies) is chosen by the Company because it is the index in which the Company was until recently classified and contains the companies which currently make up the comparator companies for the purposes of the TSR-based performance criteria set in respect of share-based awards granted by the Company since November 2001. The sector currently comprises the companies listed on page 83.

Graph 1: Financial year ended 30 September 2010
Total Shareholder Return: Rebased to Future plc as of 1 October 2009



Graph 2: Last five years
Total Shareholder Return: Rebased to Future plc as of 1 October 2005



Directors' remuneration (audited)

The emoluments of the Directors of the Company (including any entitlement to fees or emoluments from subsidiary companies and interests in any long-term cash incentive schemes) were as set out below.

A. Aggregate emoluments

	Year ended 30 September 2010 £'000	Year ended 30 September 2009 £'000
Salaries and fees	**888**	838
Benefits	**21**	21
Performance-related bonuses	**199**	–
Pension contributions	**111**	92
Total	**1,219**	951

B. Individual emoluments of Directors

	Salary and fees		Performance-related bonuses		Value of any other non-cash benefits		Pension contributions		Year ended 30 September	
Directors in office at 30 September 2010	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000	**2010 Total £'000**	2009 Total £'000
Executive										
S Spring[1,5]	**400**	305	**160**	–	**12**	12	**80**	61	**652**	378
J Bowman[1,5]	**246**	246	**39**	–	**9**	9	**31**	31	**325**	286
Non-executive										
R Parry[2]	**90**	100	**–**	–	**–**	–	**–**	–	**90**	100
M Penington	**40**	45	**–**	–	**–**	–	**–**	–	**40**	45
P Taylor	**40**	50	**–**	–	**–**	–	**–**	–	**40**	50
S Bishop	**35**	35	**–**	–	**–**	–	**–**	–	**35**	35

Notes:

1. Benefits for executive Directors comprise principally car allowance and private health insurance. There were no taxable expenses paid to any Director in the year.
2. Roger Parry served as non-executive Chairman throughout the year. Mr Parry's services were provided by West Eight Investments Limited and fees in respect of his services were paid to that company.
3. Mark Wood ceased to be a Director on 30 August 2010 and fees paid totalled £37,000 (2009: £17,000)
4. Mark Whiteling became a Director on 8 October 2010.
5. In respect of the above emoluments, the total employer's National Insurance Contributions for the year ended 30 September 2010 were £139,000 (2009: £111,000).

Directors' remuneration report – continued

Directors' interests in share schemes (audited)
Details of options and other share incentives held by executive Directors and movements during the year are set out below along with details of the awards made during the year.

Directors in office at 30 September 2010	Date of grant	Price paid for grant	Earliest exercise date	Expiry date	Exercise price per share (p)	Balance at 1 Oct 2009	Vested/ exercised during the year[5]	Granted during the year[6]	Lapsed unexercised during the year	**Balance at 30 Sept 2010**
Executive discretionary share option schemes[1]										
J Bowman	19 Nov 2001	Nil	19 Nov 2004	19 Nov 2011	47	200,000	–	–	–	**200,000**
PSP[2]										
S Spring	1 Dec 2006	Nil	1 Dec 2009	N/A	Nil	838,235	(264,044)	–	(574,191)	**–**
	5 Dec 2007	Nil	5 Dec 2010	N/A	Nil	931,298	–	–	–	**931,298**
	19 Dec 2008	Nil	18 Dec 2011	N/A	Nil	1,876,923	–	–	–	**1,876,923**
	27 Nov 2009	Nil	27 Nov 2012	N/A	Nil	–	–	2,000,000	–	**2,000,000**
J Bowman	1 Dec 2006	Nil	1 Dec 2009	N/A	Nil	705,882	(222,352)	–	(483,530)	**–**
	5 Dec 2007	Nil	5 Dec 2010	N/A	Nil	751,145	–	–	–	**751,145**
	19 Dec 2008	Nil	18 Dec 2011	N/A	Nil	1,513,846	–	-	–	**1,513,846**
	27 Nov 2009	Nil	27 Nov 2012	N/A	Nil	–	–	1,230,000	–	**1,230,000**
Deferred Bonus Shares[3]										
S Spring	19 Dec 2008	Nil	19 Dec 2009 & 2010	N/A	–	548,429	(274,215)	–	–	**274,214**
J Bowman	19 Dec 2008	Nil	19 Dec 2009 & 2010	N/A	–	36,562	(18,281)	–	–	**18,281**
Sharesave[4]										
S Spring	21 Dec 2006	Nil	1 Feb 2010	1 Aug 2010	25	37,800	–	–	(37,800)	**–**
	12 Apr 2010	Nil	1 Jun 2013	1 Dec 2013	15.5	–	–	58,548	–	**58,548**

Notes:
1. The performance criteria which applied to this scheme are set out in note 24 on page 80.
2. The performance criteria which apply to the PSP scheme are set out on page 80.
3. Details of the Deferred Bonus Share awards, which have no performance conditions, are set out in note 24 on page 81.
4. Details of the Sharesave scheme, which has no performance conditions, are set out in note 24 on page 80.
5. The market price at the time of vesting of the PSP awards was 18.5p and at the time of vesting of the Deferred Bonus Shares was 16.5p.
6. The market price at the time of grant of the PSP awards was 18p and at the time of grant of the Sharesave award was 19p.

Share-based incentive awards granted to other employees
Executive discretionary share options have been granted over the Company's shares under the share option schemes described in note 24 on pages 77 to 81. Options granted since the 2001 rights issue are subject to performance criteria linked to growth in TSR or EPS, and are summarised in note 24.

Deferred Annual Bonus Scheme (DABS)
The DABS is a share-based incentive scheme, intended for senior managers, with levels of participation dependent on the relevant Group company's financial performance during the most recent financial year and, in the case of the Managing Directors of those businesses, on Group financial performance. The maximum value of any award of shares granted under the DABS to any one participant is an amount which is equal to a fixed percentage of that eligible participant's annual cash bonus actually received or payable for the previous financial year. The number of shares to be awarded to each eligible participant will be calculated by reference to the market value of a share in the Company on the date of the award.

The shares awarded under the DABS will be transferred to the eligible participant three years after the date of award, subject only to the employee remaining in the employment of the Group throughout those three years.

In November 2009, DABS awards were granted over 320,332 shares to senior managers, the values of which were calculated in respect of each individual by reference to the cash bonus payable to them in respect of the financial year to 30 September 2009. Further DABS awards will be made in the 42-day period following announcement of preliminary results on 24 November 2010.

Sharesave plan
The Board wishes to continue to encourage employee share ownership. The Company's sharesave plan is open to all eligible UK employees at the date an invitation is made. Full details of the Sharesave Plan are set out in note 24. In total, under the Company's Sharesave Plan there were, as at 30 September 2010, share options outstanding over 8,740,971 shares. Included in this total are the options granted to executive Directors in the table shown above.

Following adoption of the new Sharesave Plan at last year's AGM the Company issued invitations to eligible employees on 19 March 2010, later than the usual practice of issuing invitations to eligible employees each year normally within the period of 42 days following the publication of the Company's interim and/or annual results. It is the committee's intention to revert to this normal timetable and issue such invitations within the 42-day window following announcement of these results.

Interests in shares
The Directors' interests in the issued shares of the Company, and movements since 1 October 2009, are set out on page 33 of the Directors' report. The Directors' interests in discretionary/executive share options and sharesave options are set out on page 48.

Dilution
The Remuneration committee has regard to ABI limits on dilution and regularly reviews the number of shares committed under share incentive schemes in any rolling 10-year period and the headroom available for granting share-based incentives in accordance with ABI guidelines on dilution limits.

As at 1 October 2009, the number of shares committed under share-based incentive schemes since 1 October 1999 was 23,595,682.

During the year, a further 5,444,312 shares were committed under share-based incentive schemes and 3,802,171 awards and options lapsed.

The total number of shares committed under share-based incentive schemes as at 30 September 2010 was 25,237,823.

As at 30 September 2010, in respect of the 5% dilution limit, the 15,184,567 shares committed represents 4.6%, and in respect of the 10% dilution limit, the 25,237,823 shares committed represents 7.7%.

Purchase of shares by EBT
Due to the restriction of such thresholds the Company would not be able to issue grants under the PSP or DABS schemes in full from December 2010. As these schemes are an important part of remuneration packages of its senior executives, the committee decided to start to purchase shares into the Employee Benefit Trust to allow continued grants.

Consequently, in August this year, the committee instructed the Company's Employee Benefit Trust to purchase £100,000 of shares and in September this year, the committee instructed the Company's Employee Benefit Trust to purchase a further £200,000 of shares in order to satisfy certain awards or options in the future. As at 9 December 2010, 425,000 shares had been purchased.

Share price during the financial year
The middle-market price of a share in the Company during the financial year was in the range from 15.75 pence to 21.5 pence. The average price for the financial year was 18.35 pence and at the end of the financial year the share price was 18.75 pence.

Approved by the Board of Directors and signed on its behalf by:

Michael Penington
Chairman of the Remuneration committee

9 December 2010

Independent auditors' report to the members of Future plc

We have audited the financial statements of Future plc for the year ended 30 September 2010 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated balance sheet, the Company balance sheet, the Consolidated and Company cash flow statements and Notes to the Consolidated and Company cash flow statements, the Accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' responsibility statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

:: the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2010 and of the Group's profit and Group's and parent company's cash flows for the year then ended;

:: the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

:: the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

:: the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

:: the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;

:: the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

:: adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

:: the parent company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

:: certain disclosures of Directors' remuneration specified by law are not made; or

:: we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

:: the Directors' statement, set out on pages 38 and 39, in relation to going concern; and

:: the parts of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Philip Stokes
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

9 December 2010

Financial statements

Contents

Financial statements – continued

Consolidated income statement

for the year ended 30 September 2010

Continuing operations	Note	2010 £m	2009 £m
Revenue	1,2	**151.5**	153.1
Operating profit before amortisation of intangible assets		**10.1**	10.1
Amortisation of intangible assets	4,11	**(2.7)**	(3.9)
Operating profit	3	**7.4**	6.2
Finance income	6	**–**	0.1
Finance costs	6	**(1.8)**	(2.6)
Net finance costs	6	**(1.8)**	(2.5)
Profit before tax	1,4	**5.6**	3.7
Tax on profit	7	**(0.1)**	(0.9)
Profit for the year		**5.5**	2.8

Earnings per 1p Ordinary share

Continuing operations	Note	2010 pence	2009 pence
Basic earnings per share	9	**1.7**	0.9
Diluted earnings per share	9	**1.6**	0.8

As permitted by the exemption under Section 408 of the Companies Act 2006 no Company income statement is presented.

Consolidated statement of comprehensive income

for the year ended 30 September 2010

	Note	2010 £m	2009 £m
Profit for the year		**5.5**	2.8
Currency translation differences		**0.1**	2.3
Cash flow hedges	25	**0.1**	(0.2)
Other comprehensive income for the year		**0.2**	2.1
Total comprehensive income for the year		**5.7**	4.9

Items in the statement above are disclosed net of tax.

Consolidated statement of changes in equity

for the year ended 30 September 2010

Group	Note	Share capital £m	Share premium £m	Merger reserve £m	Treasury reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2008		3.3	24.5	109.0	(0.3)	–	(56.9)	79.6
Profit for the year		–	–	–	–	–	2.8	2.8
Currency translation differences		–	–	–	–	–	2.3	2.3
Cash flow hedges	25	–	–	–	–	(0.2)	–	(0.2)
Other comprehensive income for the year		–	–	–	–	(0.2)	2.3	2.1
Total comprehensive income for the year		–	–	–	–	(0.2)	5.1	4.9
Final dividend relating to 2008	8	–	–	–	–	–	(2.0)	(2.0)
Interim dividend relating to 2009	8	–	–	–	–	–	(1.3)	(1.3)
Share schemes								
– Value of employees' services	5	–	–	–	–	–	0.4	0.4
Treasury shares acquired	25	–	–	–	(0.1)	–	–	(0.1)
Transfer between reserves	25	–	–	–	0.3	–	(0.3)	–
Balance at 30 September 2009		3.3	24.5	109.0	(0.1)	(0.2)	(55.0)	81.5
Profit for the year		–	–	–	–	–	5.5	5.5
Currency translation differences		–	–	–	–	–	0.1	0.1
Cash flow hedges	25	–	–	–	–	0.1	–	0.1
Other comprehensive income for the year		–	–	–	–	0.1	0.1	0.2
Total comprehensive income for the year		–	–	–	–	0.1	5.6	5.7
Final dividend relating to 2009	8	–	–	–	–	–	(1.6)	(1.6)
Share schemes								
– Value of employees' services	5	–	–	–	–	–	0.5	0.5
– Deferred tax on share schemes	13	–	–	–	–	–	0.1	0.1
Transfer between reserves	25	–	–	–	0.1	–	(0.1)	–
Balance at 30 September 2010		**3.3**	**24.5**	**109.0**	**–**	**(0.1)**	**(50.5)**	**86.2**

Company statement of changes in equity

for the year ended 30 September 2010

Company	Note	Share capital £m	Share premium £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2008		3.3	24.5	–	64.8	92.6
Loss for the year		–	–	–	(7.5)	(7.5)
Total comprehensive loss for the year		–	–	–	(7.5)	(7.5)
Final dividend relating to 2008	8	–	–	–	(2.0)	(2.0)
Interim dividend relating to 2009	8	–	–	–	(1.3)	(1.3)
Share schemes						
– Value of employees' services		–	–	–	0.4	0.4
Balance at 30 September 2009		3.3	24.5	–	54.4	82.2
Loss for the year		–	–	–	(3.1)	(3.1)
Cash flow hedges	25	–	–	(0.1)	–	(0.1)
Other comprehensive loss for the year		–	–	(0.1)	–	(0.1)
Total comprehensive loss for the year		–	–	(0.1)	(3.1)	(3.2)
Final dividend relating to 2009	8	–	–	–	(1.6)	(1.6)
Share schemes						
– Value of employees' services		–	–	–	0.5	0.5
– Deferred tax on share schemes		–	–	–	0.1	0.1
Balance at 30 September 2010		**3.3**	**24.5**	**(0.1)**	**50.3**	**78.0**

Financial statements – continued

Consolidated balance sheet

as at 30 September 2010

	Note	2010 £m	2009 £m
Assets			
Non-current assets			
Property, plant and equipment	10	**3.2**	4.1
Intangible assets – goodwill	11	**110.9**	110.8
Intangible assets – other	11	**1.2**	2.8
Deferred tax	13	**0.9**	0.4
Total non-current assets		**116.2**	118.1
Current assets			
Inventories	14	**3.4**	3.3
Corporation tax recoverable		**0.3**	0.2
Trade and other receivables	15	**23.8**	23.1
Cash and cash equivalents	16	**13.3**	14.6
Total current assets		**40.8**	41.2
Total assets		**157.0**	159.3
Equity and liabilities			
Equity			
Issued share capital	23	**3.3**	3.3
Share premium account		**24.5**	24.5
Merger reserve	25	**109.0**	109.0
Treasury reserve	25	**–**	(0.1)
Cash flow hedge reserve	25	**(0.1)**	(0.2)
Retained earnings		**(50.5)**	(55.0)
Total equity		**86.2**	81.5
Non-current liabilities			
Financial liabilities – interest-bearing loans and borrowings	18	**7.8**	10.8
Financial liabilities – derivatives	19	**0.4**	0.5
Deferred tax	13	**2.0**	3.4
Provisions	20	**0.8**	1.1
Other non-current liabilities	21	**2.4**	2.5
Total non-current liabilities		**13.4**	18.3
Current liabilities			
Financial liabilities – interest-bearing loans and borrowings	18	**12.9**	19.4
Financial liabilities – derivatives	19	**0.3**	0.2
Trade and other payables	17	**40.8**	39.8
Corporation tax payable		**3.4**	0.1
Total current liabilities		**57.4**	59.5
Total liabilities		**70.8**	77.8
Total equity and liabilities		**157.0**	159.3

Approved by the Board of Directors on 24 November 2010 and signed on its behalf by:

R Parry
Chairman

J Bowman
Group Finance Director

Company balance sheet

as at 30 September 2010

	Note	2010 £m	2009 £m
Assets			
Non-current assets			
Investment in Group undertakings	12	**159.1**	159.1
Deferred tax	13	**0.2**	0.2
Total non-current assets		**159.3**	159.3
Current assets			
Trade and other receivables	15	**39.5**	36.6
Cash and cash equivalents	16	**0.7**	2.7
Total current assets		**40.2**	39.3
Total assets		**199.5**	198.6
Equity and liabilities			
Equity			
Issued share capital	23	**3.3**	3.3
Share premium account		**24.5**	24.5
Cash flow hedge reserve	25	**(0.1)**	–
Retained earnings		**50.3**	54.4
Total equity		**78.0**	82.2
Non-current liabilities			
Financial liabilities – interest-bearing loans and borrowings	18	**7.8**	10.8
Financial liabilities – derivatives	19	**0.4**	0.5
Provisions	20	**0.7**	0.9
Total non-current liabilities		**8.9**	12.2
Current liabilities			
Financial liabilities – interest-bearing loans and borrowings	18	**5.9**	11.3
Financial liabilities – derivatives	19	**0.2**	–
Trade and other payables	17	**106.5**	92.9
Total current liabilities		**112.6**	104.2
Total liabilities		**121.5**	116.4
Total equity and liabilities		**199.5**	198.6

Approved by the Board of Directors on 24 November 2010 and signed on its behalf by:

R Parry
Chairman

J Bowman
Group Finance Director

Financial statements – continued

Consolidated and Company cash flow statements

for the year ended 30 September 2010

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Cash flows from operating activities				
Cash generated from/(used in) operations	12.0	(3.7)	14.5	(2.7)
Interest received	–	–	0.2	–
Tax received	1.4	–	0.9	–
Interest paid	(1.4)	(1.2)	(1.5)	(1.1)
Tax paid	(0.2)	–	(0.2)	–
Net cash generated from/(used in) operating activities	11.8	(4.9)	13.9	(3.8)
Cash flows from investing activities				
Purchase of property, plant and equipment	(0.8)	–	(1.1)	–
Purchase of magazine titles, websites and trademarks	(0.2)	–	(0.2)	–
Purchase of computer software and website development	(0.8)	–	(1.8)	–
Net movement in amounts owed to/by subsidiaries	–	13.2	–	7.8
Net cash (used in)/generated from investing activities	(1.8)	13.2	(3.1)	7.8
Cash flows from financing activities				
Purchase of own shares by Employee Benefit Trust	–	–	(0.1)	–
Draw down of bank loans	–	–	17.9	12.3
Repayment of bank loans	(9.9)	(8.7)	(18.7)	(8.0)
Rearrangement fees for bank loans	–	–	(0.8)	(0.8)
Equity dividends paid	(1.6)	(1.6)	(3.3)	(3.3)
Net cash (used in)/generated from financing activities	(11.5)	(10.3)	(5.0)	0.2
Net (decrease)/increase in cash and cash equivalents	(1.5)	(2.0)	5.8	4.2
Cash and cash equivalents at beginning of year	14.6	2.7	8.4	0.6
Exchange adjustments	0.2	–	0.4	(2.1)
Cash and cash equivalents at end of year	13.3	0.7	14.6	2.7

Notes to the Consolidated and Company cash flow statements

for the year ended 30 September 2010

A. Cash generated from operations

The reconciliation of operating profit/(loss) to cash flows generated from/(used in) operations is set out below:

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Operating profit/(loss) for the year	**7.4**	**(3.5)**	6.2	(2.5)
Adjustments for:				
Depreciation charge	**1.6**	**–**	1.8	–
Amortisation of intangible assets	**2.7**	**–**	3.9	–
Share schemes				
– Value of employees' services	**0.5**	**0.3**	0.4	0.1
Operating profit/(loss) before changes in working capital and provisions	**12.2**	**(3.2)**	12.3	(2.4)
Movement in provisions	**(0.3)**	**(0.3)**	(0.2)	–
(Increase)/decrease in inventories	**(0.1)**	**–**	1.0	–
(Increase)/decrease in trade and other receivables	**(0.7)**	**–**	6.9	–
Increase/(decrease) in trade and other payables	**0.9**	**(0.2)**	(5.5)	(0.3)
Cash generated from/(used in) operations	**12.0**	**(3.7)**	14.5	(2.7)

B. Analysis of net debt

Group	1 October 2009 £m	Cash flows £m	Non-cash changes £m	Exchange movements £m	30 September 2010 £m
Cash and cash equivalents	14.6	(1.5)	–	0.2	**13.3**
Debt due within one year	(19.4)	9.9	(3.3)	(0.1)	**(12.9)**
Debt due after more than one year	(10.8)	–	3.0	–	**(7.8)**
Net debt	**(15.6)**	**8.4**	**(0.3)**	**0.1**	**(7.4)**

Company	1 October 2009 £m	Cash flows £m	Non-cash changes £m	Exchange movements £m	30 September 2010 £m
Cash and cash equivalents	2.7	(2.0)	–	–	**0.7**
Debt due within one year	(11.3)	8.7	(3.3)	–	**(5.9)**
Debt due after more than one year	(10.8)	–	3.0	–	**(7.8)**
Net debt	**(19.4)**	**6.7**	**(0.3)**	**–**	**(13.0)**

C. Reconciliation of movement in net debt

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Net debt at start of year	**(15.6)**	**(19.4)**	(21.9)	(18.2)
(Decrease)/increase in cash and cash equivalents	**(1.5)**	**(2.0)**	5.8	4.2
Movement in borrowings	**9.9**	**8.7**	1.7	(3.3)
Non-cash changes	**(0.3)**	**(0.3)**	–	–
Exchange movements	**0.1**	**–**	(1.2)	(2.1)
Net debt at end of year	**(7.4)**	**(13.0)**	(15.6)	(19.4)

Financial statements – continued

Accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention, except for derivative financial instruments and share awards which are stated at fair value.

The principal accounting policies applied in the preparation of the consolidated financial statements published in this 2010 Annual Report are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee's (IFRIC) interpretations as adopted by the European Union, applicable as at 30 September 2010, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Group has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to present a Company income statement.

Basis of consolidation
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Segment reporting
The Group is organised and arranged primarily by geographical segment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker which is considered to be the Board of Future plc.

Revenue recognition
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement once the service has been completed.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts and after eliminating sales within the Group. The following recognition criteria also apply:

- Magazine newsstand circulation and advertising revenue is recognised according to the date that the related publication goes on sale.
- Event income is recognised when the event has taken place.
- Licensing revenue is recognised on the supply of the licensed content.
- Other revenue is recognised at the time of sale or provision of service.

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet.

(ii) Income and expenses for each income statement are translated at average exchange rates.

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments existing at the transition date have been treated as assets and liabilities of the acquiring company. Goodwill and fair value adjustments arising on the acquisition of a foreign entity post transition are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Employee benefits
(a) Pension obligations
The Group has a number of defined contribution plans. For defined contribution plans the Group pays contributions into a privately administered pension plan on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are charged to the income statement as they are incurred.

(b) Share-based compensation
The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the awards. The calculation of fair value includes assumptions regarding the number of cancellations and excludes the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Shares in the Company are held in trust to satisfy the exercise of awards under certain of the Group's share-based compensation plans and exceptional awards. The trust is consolidated within the Group accounts. These shares are presented in the consolidated balance sheet as a deduction from equity at the market value on the date of acquisition.

(c) Bonus plans
The Group recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Tax
Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is payable based on taxable profits for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, along with any adjustment relating to tax payable in previous years. Taxable profit differs from net profit in the income statement in that income or expense items that are taxable or deductible in other years are excluded – as are items that are never taxable or deductible. Current tax assets relate to payments on account not offset against current tax liabilities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled in the appropriate territory.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Dividends
Interim dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are paid. Final dividend distributions are recognised in the period in which they are approved.

Property, plant and equipment
Property, plant and equipment is stated at cost (or deemed cost) less accumulated depreciation and impairment losses. Certain items of property, plant and equipment that had been revalued to fair value prior to 1 October 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that valuation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation
Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment less residual value over estimated useful lives, as follows:

- Leasehold properties and improvements – 50 years or period of the lease if shorter.
- Plant and machinery – between one and five years.
- Equipment, fixtures and fittings – between one and five years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

Intangible assets
(a) Goodwill
All business combinations are accounted for by applying the purchase method of accounting. In respect of business combinations that have occurred since 1 October 2004, goodwill represents the difference between the cost of the acquisition and the fair value of net identifiable assets acquired. In respect of business combinations prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 October 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and it is not subject to amortisation but is tested annually for impairment.

(b) Titles, trademarks, advertising relationships and other 'magazine and website related' intangibles
Magazine related intangible assets have a finite useful life and are stated at cost less accumulated amortisation. Assets acquired as part of a business combination are initially stated at fair value. Amortisation is calculated using the straight-line method to allocate the cost of these intangibles over their estimated useful lives (between one and five years).

Expenditure incurred on the launch of new magazine titles is recognised as an expense in the income statement as incurred.

(c) Computer software and website development
Non-integral computer software purchases are capitalised at cost. Costs incurred in the development of new websites are capitalised only where the cost can be directly attributed to developing the website to operate in the manner intended by management and only to the extent of the future economic benefits expected from its use. These costs are amortised over their estimated useful lives (between one and three years). Costs associated with maintaining computer software programmes or websites are recognised as an expense as incurred.

Impairment of intangible assets
Assets that have a finite useful life are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Inventories
Inventories are stated at the lower of cost and net realisable value. For raw materials, cost is taken to be the purchase price. For work in progress and finished products, cost is calculated as the direct cost of production. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Derivative financial instruments and hedging activities
The Group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate risks and recognises these at fair value in its balance sheet. The Group applies cash flow hedge accounting under IAS 39 in respect of certain instruments held. For instruments for which hedge accounting is applied, gains and losses are taken to equity. Any changes to the fair value of derivatives not hedge accounted for are recognised in the income statement. Any new instruments entered into by the Group will be reviewed on a 'case by case' basis at inception to determine whether they should qualify as hedges and be accounted for accordingly under IAS 39. In accordance with its treasury policy, the Group does not hold or issue any derivative financial instruments for trading purposes.

Investments
The Company's investments in subsidiary undertakings are stated at the fair value of consideration payable, including related acquisition costs, less any provisions for impairment.

Critical accounting assumptions and judgements
The preparation of the accounts under IFRS requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are discussed below:

(a) Intangible fixed assets
The Group uses forecast cash flow information and estimates of future growth to assess whether goodwill and other intangible fixed assets are impaired. If the results of an operation in future years are adverse to the estimates used for impairment testing, an impairment may be triggered at that point, or a reduction in useful economic life may be required.

(b) Taxation
The Group is subject to tax in all territories, and judgement and estimates of future profitability are required to determine the Group's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the income statement or statement of changes in equity as appropriate. The Group corporation tax provision reflects management's estimation of the amount of tax payable for fiscal years with open tax computations where liabilities remain to be agreed with Her Majesty's Revenue and Customs.

(c) Returns provision
The Group makes a provision for sales returns at the end of each month. The UK estimate is calculated by looking at the forecast sales projections for the following month of the titles that were on sale at the year-end and providing for any shortfall. The US estimate is made based on a study of the historic levels of returns.

Standards, interpretations and amendments to published standards adopted by the Group
There has been no material impact from the adoption of the following new standards, amendments to standards or interpretations which are relevant to the Group:

- IFRS 8 'Operating Segments'. IFRS 8 is a disclosure standard and requires that operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Adoption of the standard has had no impact on the Group's reportable segments nor on the reported results or financial position of the Group.
- IAS 1 (Revised) 'Presentation of Financial Statements'. The standard has led to a number of terminology changes and has resulted in a number of changes in presentation and disclosure. The Group has chosen to present a separate income statement and statement of comprehensive income. However, adoption of the revised standard has had no impact on the reported results or financial position of the Group.
- Amendments to IFRS 2 'Share-based Payment'. The amendment deals with vesting conditions and cancellations. The amendment does not have a material impact on the reported results or financial position of the Group.
- IFRS 3 (Revised) 'Business Combinations'.
- IAS 27 (Revised) 'Consolidated and Separate Financial Statements'.
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement'.
- Amendments to IFRS 7 'Financial Instruments: Disclosures'.
- Amendment to IAS 32 'Financial Instruments: Presentation'.

Standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 October 2010 or later periods but which the Group has chosen not to adopt early. The new standards that could be relevant to the Group's operations are as follows:

- IFRS 9 'Financial Instruments'.
- IAS 24 (Revised) 'Related Party Disclosures'.
- Amendment to IFRS 2 'Share-based Payment' on group cash-settled share-based payment transactions.
- Amendments to IAS 32 'Financial Instruments: Presentation' on classification of rights issues.
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'.

Standards, interpretations and amendments to published standards that are effective but not relevant for the Group's operations
- Amendments to IFRS 1 'First Time Adoption of IFRS'.
- Amendments to IAS 23 'Borrowing Costs'.

Notes to the financial statements

1. Segmental reporting

The Group is organised and arranged primarily by geographical segment. The Board of Future plc considers the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not separately reported. The Group has adopted IFRS 8 'Operating Segments' with effect from 1 October 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Future plc in order to allocate resources to the segment and to assess its performance. The identification of the Group's reportable segments has not changed.

(a) Geographical segment

(i) Segment revenue

	2010 £m	2009 £m
UK	**105.9**	106.5
US	**46.2**	47.0
Revenue between segments	**(0.6)**	(0.4)
Total	**151.5**	153.1

Revenue from external parties is measured in a manner consistent with that in the income statement. Transactions between segments are carried out at arm's length.

(ii) Segment EBITA

	2010 £m	2009 £m
UK	**12.9**	15.9
US	**0.2**	(3.3)
Central costs	**(3.0)**	(2.5)
Total segment EBITA	**10.1**	10.1

EBITA is used by the Board to assess the performance of each segment. Segment EBITA represents the EBITA earned by each segment without the allocation of central administration costs. This differs from the disclosure in the notes to the financial statements for the year ended 30 September 2009 where segment operating profit was disclosed. However, segment EBITA was disclosed in the 2009 Annual Report in the financial review.

A reconciliation of total segment EBITA to profit before tax is provided as follows:

	2010 £m	2009 £m
Total segment EBITA	**10.1**	10.1
Amortisation of intangible assets	**(2.7)**	(3.9)
Net finance costs	**(1.8)**	(2.5)
Profit before tax	**5.6**	3.7

(iii) Segment assets and liabilities

	Segment assets		Segment liabilities		Segment net assets	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
UK	**121.4**	123.5	**(49.7)**	(55.5)	**71.7**	68.0
US	**35.6**	35.8	**(21.1)**	(22.3)	**14.5**	13.5
Total	**157.0**	159.3	**(70.8)**	(77.8)	**86.2**	81.5

(iv) Other segment information

	Capital expenditure		Depreciation and amortisation	
	2010 £m	2009 £m	2010 £m	2009 £m
UK	**0.8**	1.3	**2.3**	2.8
US	**0.9**	1.2	**2.0**	2.9
Total	**1.7**	2.5	**4.3**	5.7

Other than the items disclosed above and a share-based payments charge of £0.5m (2009: £0.4m) there were no other significant non-cash expenses during the year.

Financial statements – continued

1. Segmental reporting (continued)

(b) Business segment

After geographical location, the Group is managed into four principal business segments. Each business segment comprises groups of individual magazines, websites and events, combined according to the market sector in which they operate. The Group considers that the assets within each segment are exposed to the same risks.

(i) Revenue by segment

	2010 £m	2009 £m
Games	**43.0**	47.2
Music & Movies	**34.9**	33.8
Technology	**41.5**	41.3
Active	**32.7**	31.2
Revenue between segments	**(0.6)**	(0.4)
Total	**151.5**	153.1

(ii) Gross profit by segment

	2010 £m	2009 £m
Games	**9.1**	10.7
Music & Movies	**8.0**	7.0
Technology	**11.0**	11.4
Active	**7.2**	7.5
Add back: distribution expenses	**12.0**	12.5
Total	**47.3**	49.1

2. Revenue

An additional analysis of the Group's revenue is shown below:

	2010 £m	2009 £m
Circulation	**88.7**	90.7
Advertising	**45.4**	47.8
Customer publishing	**11.6**	8.1
Licensing, events and other	**5.8**	6.5
Total	**151.5**	153.1

3. Operating profit

	2010 £m	2009 £m
Revenue	**151.5**	153.1
Cost of sales	**(104.2)**	(104.0)
Gross profit	**47.3**	49.1
Distribution expenses	**(12.0)**	(12.5)
Administration expenses	**(25.2)**	(26.5)
Amortisation of intangible assets	**(2.7)**	(3.9)
Operating profit	**7.4**	6.2

4. Profit before tax

	2010 £m	2009 £m
Profit before tax is stated after charging/(crediting):		
Employee costs (note 5)	**51.5**	50.8
Depreciation of owned assets (note 10)	**1.6**	1.8
Amortisation of intangible assets (note 11)	**2.7**	3.9
Hire of machinery and equipment	**0.2**	0.2
Other operating lease rentals	**3.3**	3.2
Net exchange differences on foreign currency balances	**(0.1)**	0.2

Fees paid to auditors

	2010 £m	2009 £m
Audit fees in respect of the audit of the accounts of the Company	**0.1**	0.1
Audit fees in respect of the audit of the accounts of subsidiaries of the Company	**0.1**	0.2
	0.2	0.3
Services relating to taxation	**0.2**	0.2
Total fees	**0.4**	0.5

5. Employees

	2010 £m	2009 £m
Wages and salaries	**44.2**	43.6
Social security costs	**5.7**	5.7
Other pension costs	**1.1**	1.1
Share schemes		
– Value of employees' services	**0.5**	0.4
Total staff costs	**51.5**	50.8

Average monthly number of people (including executive Directors)	2010 No.	2009 No.
Production	**978**	990
Administration	**216**	221
Total	**1,194**	1,211

At 30 September 2010, the actual number of people employed by the Group was 1,199 (2009: 1,189). In respect of our primary segments 964 (2009: 991) were employed in the UK and 235 (2009: 198) in the US.

The average number of people employed by the Company during the year was 18 (2009: 19).

IFRS 2 'Share-based Payment' 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. Further details are given in note 24.

The expense for the year of £0.5m (2009: £0.4m) has been credited to reserves.

5. Employees (continued)
Key management personnel compensation

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Salaries and other short-term employee benefits	**1.1**	**1.1**	0.9	0.9
Post-employment benefits	**0.1**	**0.1**	0.1	0.1
Share-based payments	**0.3**	**0.3**	0.1	0.1
Total	**1.5**	**1.5**	1.1	1.1

Key management personnel are deemed to be the members of the Board of Future plc. It is this Board which has responsibility for planning, directing and controlling the activities of the Group.

Further details on the Directors' remuneration and interests are given in the Directors' remuneration report on pages 42 to 49. The highest paid Director during the year was Stevie Spring (2009: Stevie Spring) and details of her remuneration are shown on page 47.

6. Finance income and costs

	2010 £m	2009 £m
Interest receivable	**–**	0.1
Total finance income	**–**	0.1
Interest payable on interest-bearing loans and borrowings	**(1.4)**	(1.6)
Fair value loss on interest rate derivatives	**(0.1)**	(0.5)
Exchange gains/(losses)	**0.1**	(0.2)
Amortisation of bank loan arrangement fees	**(0.3)**	(0.2)
Other finance costs	**(0.1)**	(0.1)
Total finance costs	**(1.8)**	(2.6)
Net finance costs	**(1.8)**	(2.5)

7. Tax on profit
The tax charged in the consolidated income statement is analysed below:

	2010 £m	2009 £m
UK corporation tax		
Current tax at 28% (2009: 28%) on the profit for the year	**1.9**	1.1
Adjustments in respect of previous years	**(1.3)**	0.3
	0.6	1.4
Foreign tax		
Current tax on the loss for the year	**–**	–
Adjustments in respect of previous years	**(1.6)**	–
Current tax	**(1.0)**	1.4
Deferred tax origination and reversal of timing differences		
Current year (credit)/charge	**(0.1)**	2.4
Adjustments in respect of previous years	**1.2**	(2.9)
Deferred tax	**1.1**	(0.5)
Total tax charge	**0.1**	0.9

In 2009, the Group recognised a portion of its historical losses resulting in a tax credit of £2.9m. The Group recognised these losses because it is considered more likely than not that the value will be realised.

7. Tax on profit (continued)

The tax assessed in each period differs from the standard rate of corporation tax in the UK for the relevant period. The differences are explained below:

	2010 £m	2009 £m
Profit before tax	**5.6**	3.7
Profit before tax at the standard UK tax rate of 28% (2009: 28%)	**1.6**	1.0
Different tax rates applicable overseas	**(0.2)**	(0.7)
Tangible assets: differences relating to depreciation	**–**	0.2
Losses created or utilised	**0.4**	2.2
Other net disallowable items	**–**	0.8
Impact of prior year adjustments	**(1.7)**	(2.6)
Total tax charge	**0.1**	0.9

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. These are described in more detail in note 13.

8. Dividends

Equity dividends	2010 £m	2009 £m
Number of shares in issue at end of year (million)	**328.0**	327.2
Dividends paid in year (pence per share)	**0.5**	1.0
Dividends paid in year (£m)	**1.6**	3.3

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which they are approved.

A final dividend in respect of the year ended 30 September 2010 of 0.6 pence per share, amounting to a total dividend of £2.0m, is to be proposed at the Annual General Meeting on 9 February 2011. The interim dividend for the six-month period to 31 March 2010 of 0.5 pence per share, amounting to £1.6m, was paid on 1 October 2010. The financial statements do not reflect these dividends.

The dividend totalling £1.6m paid during the year ended 30 September 2010 relates to the final dividend declared for the year ended 30 September 2009 of 0.5 pence per share.

The dividends totalling £3.3m paid during the year ended 30 September 2009 relate to the interim dividend for the six-month period to 31 March 2009 of 0.4 pence per share (£1.3m) and the final dividend declared for the year ended 30 September 2008 of 0.6 pence per share (£2.0m).

9. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the year. 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 awards held under employee share schemes.

The adjusted earnings per share removes the effect of the amortisation of intangible assets and any related tax effects from the calculation as follows:

Adjustments to profit after tax

	2010 £m	2009 £m
Profit after tax	**5.5**	2.8
Add: amortisation of intangible assets	**2.7**	3.9
Tax effect of the above adjustment	**(0.3)**	(0.9)
Adjusted profit after tax	**7.9**	5.8

	2010	2009
Weighted average number of shares in issue during the year:		
– Basic	**327,314,532**	326,261,814
– Dilutive effect of share awards	**8,442,387**	7,528,758
– Diluted	**335,756,919**	333,790,572
Basic earnings per share (in pence)	**1.7**	0.9
Adjusted basic earnings per share (in pence)	**2.4**	1.8
Diluted earnings per share (in pence)	**1.6**	0.8
Adjusted diluted earnings per share (in pence)	**2.3**	1.7

9. Earnings per share (continued)

The adjustments to profit have the following effect:

	2010 pence	2009 pence
Basic earnings per share	**1.7**	0.9
Amortisation of intangible assets	**0.8**	1.2
Tax effect of the above adjustment	**(0.1)**	(0.3)
Adjusted basic earnings per share	**2.4**	1.8
Diluted earnings per share	**1.6**	0.8
Amortisation of intangible assets	**0.8**	1.2
Tax effect of the above adjustment	**(0.1)**	(0.3)
Adjusted diluted earnings per share	**2.3**	1.7

10. Property, plant and equipment

Group	Land and buildings £m	Plant and machinery £m	Equipment, fixtures and fittings £m	Total £m
Cost				
At 1 October 2008	3.7	6.2	2.3	12.2
Additions	0.1	0.6	0.1	0.8
Disposals	–	(1.1)	–	(1.1)
Exchange adjustments	0.1	0.3	0.2	0.6
At 30 September 2009	**3.9**	**6.0**	**2.6**	**12.5**
Additions	**–**	**0.6**	**0.1**	**0.7**
Disposals	**–**	**(0.5)**	**–**	**(0.5)**
At 30 September 2010	**3.9**	**6.1**	**2.7**	**12.7**
Depreciation				
At 1 October 2008	(1.5)	(4.3)	(1.5)	(7.3)
Charge for the year	(0.3)	(1.2)	(0.3)	(1.8)
Disposals	–	1.1	–	1.1
Exchange adjustments	–	(0.3)	(0.1)	(0.4)
At 30 September 2009	**(1.8)**	**(4.7)**	**(1.9)**	**(8.4)**
Charge for the year	**(0.4)**	**(0.9)**	**(0.3)**	**(1.6)**
Disposals	**–**	**0.5**	**–**	**0.5**
At 30 September 2010	**(2.2)**	**(5.1)**	**(2.2)**	**(9.5)**
Net book value at 30 September 2010	**1.7**	**1.0**	**0.5**	**3.2**
Net book value at 30 September 2009	2.1	1.3	0.7	4.1

Asset lives and residual values are reviewed annually.

Land and buildings at net book value comprise:

	Group 2010 £m	Group 2009 £m
Leasehold:		
Over 50 years unexpired	**0.9**	0.9
Under 50 years unexpired	**0.8**	1.2
Total	**1.7**	2.1

11. Intangible assets

Group	Goodwill £m	Magazine and website £m	Other £m	Total £m
Cost				
At 1 October 2008	309.8	14.2	5.4	329.4
Additions	–	0.2	1.5	1.7
Disposals	–	–	(0.1)	(0.1)
Exchange adjustments	3.4	0.6	0.3	4.3
At 30 September 2009	**313.2**	**15.0**	**7.1**	**335.3**
Additions	**–**	**0.1**	**0.9**	**1.0**
Exchange adjustments	**0.2**	**0.1**	**–**	**0.3**
At 30 September 2010	**313.4**	**15.2**	**8.0**	**336.6**
Amortisation				
At 1 October 2008	(201.5)	(11.6)	(3.3)	(216.4)
Charge for the year	–	(1.6)	(2.3)	(3.9)
Disposals	–	–	0.1	0.1
Exchange adjustments	(0.9)	(0.5)	(0.1)	(1.5)
At 30 September 2009	**(202.4)**	**(13.7)**	**(5.6)**	**(221.7)**
Charge for the year	**–**	**(1.2)**	**(1.5)**	**(2.7)**
Exchange adjustments	**(0.1)**	**–**	**–**	**(0.1)**
At 30 September 2010	**(202.5)**	**(14.9)**	**(7.1)**	**(224.5)**
Net book value at 30 September 2010	**110.9**	**0.3**	**0.9**	**112.1**
Net book value at 30 September 2009	110.8	1.3	1.5	113.6

Magazine and website related assets 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.

Other intangibles relate to capitalised software costs and website development costs.

Impairment tests for goodwill and other intangibles
The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired.

Other intangible assets with a finite life are tested for impairment only where there is an indication that an impairment may have occurred. The Group does not have any other intangible assets with infinite lives.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units (CGUs) which is the lowest level at which results are reported to the Board and at which cash flows can be separately identified.

	2010 £m	2009 £m
UK	**89.1**	89.1
US	**21.8**	21.7
Total	**110.9**	110.8

The recoverable amount of a CGU is based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts, using expectations of market developments covering a five-year period, which are approved by management. EBITDA margins of between 1% and 12% from years one to five have been used. Cash flows beyond five years are assumed to be at a zero growth rate. An appropriate discount rate of 11.4% (2009: 13.6%), representing the Group's current pre-tax cost of capital, has been applied to these projections.

At 30 September 2010 the Group performed its annual impairment test on goodwill using the above discount rate for value-in-use calculations. These tests concluded that no impairment is required (2009: nil). Recoverable amounts for the UK and US businesses exceeded the carrying values by £32.6m and £0.7m respectively.

The value-in-use calculations are sensitive to changes in the discount rate and cash flows. The value in use of the UK and US businesses would be equal to the carrying value of assets if the discount rate were 4.9% and 0.3% higher respectively or if forecast cash flows were 30.0% and 3.9% lower respectively.

12. Investments

Company	2010 £m	2009 £m
Shares in Group undertakings		
At 1 October	**159.1**	1.1
Additions	**–**	158.0
At 30 September	**159.1**	159.1

In the prior year the Company increased its investment in Rho Holdings Limited for consideration of £158.0m which was settled by the reassignment of an inter-company debtor to Rho Holdings Limited.

13. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior years.

	Intangible assets £m	Share-based payments £m	Depreciation vs tax allowances £m	Tax losses £m	Provisions and other timing differences £m	Total £m
At 1 October 2008	(2.2)	0.2	1.2	–	–	(0.8)
(Charged)/credited to income statement	(0.2)	–	(0.5)	2.7	(1.5)	0.5
Transfers	–	–	(0.2)	–	(2.7)	(2.9)
Exchange adjustments	–	–	0.1	0.1	–	0.2
At 30 September 2009	**(2.4)**	**0.2**	**0.6**	**2.8**	**(4.2)**	**(3.0)**
Credited/(charged) to income statement	**0.2**	**(0.1)**	**–**	**(2.2)**	**1.0**	**(1.1)**
Credited to equity	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Transfers	**0.2**	**–**	**–**	**–**	**2.7**	**2.9**
At 30 September 2010	**(2.0)**	**0.2**	**0.6**	**0.6**	**(0.5)**	**(1.1)**

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011.

The change in rate had no material impact on the Group's deferred tax assets and liabilities.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 which are expected to be enacted separately each year. The changes had not been substantively enacted at the balance sheet date and, therefore any impacts arising are not included in these financial statements. The overall effect of the further changes from 27% to 24%, if these were applied to the deferred tax balances at 30 September 2010, would be to reduce the deferred tax liability by approximately £0.2m and reduce the deferred tax asset by approximately £0.1m, spread evenly between 2011, 2012 and 2013.

Certain deferred tax assets and liabilities have been offset against each other where they relate to the same jurisdiction. The following is the analysis of deferred tax balances after offset for balance sheet purposes:

	2010 £m	2009 £m
Deferred tax assets	**0.9**	0.4
Deferred tax liabilities	**(2.0)**	(3.4)
Net deferred tax liability	**(1.1)**	(3.0)

The deferred tax asset of £0.9m (2009: £0.4m) is disclosed as a non-current asset of which the assets due within one year total £0.3m (2009: £0.4m). The deferred tax liability of £2.0m (2009: £3.4m) is disclosed as a non-current liability of which the liabilities due within one year total £nil (2009: £nil).

As at 30 September 2010 the Group has:

- Unprovided deferred tax assets on tax losses totalling £10.8m (2009: £12.6m).
- Unprovided deferred tax assets on other temporary differences totalling £0.9m (2009: £1.0m).

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as any remitted earnings would not give rise to a tax liability in the foreseeable future.

The deferred tax asset recognised on the Company's balance sheet is in respect of share-based payments. The Company has no unprovided deferred tax assets or liabilities at 30 September 2010 (2009: £nil).

14. Inventories

	2010 £m	2009 £m
Raw materials	**1.2**	0.8
Work in progress	**1.9**	2.1
Finished goods	**0.3**	0.4
Total	**3.4**	3.3

Inventory is stated after impairment of £0.1m (2009: £0.1m).

The cost of raw material inventories recognised as an expense and included within cost of sales amounted to £12.8m (2009: £13.9m).

15. Trade and other receivables

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Current assets:				
Trade receivables	**19.5**	**–**	20.8	–
Provisions for impairment of trade receivables	**(0.5)**	**–**	(1.3)	–
Trade receivables net	**19.0**	**–**	19.5	–
Amounts owed by Group undertakings	**–**	**39.5**	–	36.6
Other receivables	**0.1**	**–**	0.2	–
Prepayments and accrued income	**4.7**	**–**	3.2	–
	23.8	**39.5**	22.9	36.6
Non-current assets:				
Other receivables	**–**	**–**	0.2	–
Total	**23.8**	**39.5**	23.1	36.6

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Receivable balances from the two main magazine distributors, one in the UK segment and one in the US segment, represented 26% of the Group's trade receivables balance at 30 September 2010.

The average credit period taken on sales is 45 days (2009: 58 days). The Group has provided for estimated irrecoverable amounts in accordance with its accounting policy described on page 60 of these financial statements.

Credit checks are obtained and, if applicable, guarantees put in place before a new customer is accepted and terms and credit limits are agreed. Bookings are not taken before all these factors have been fulfilled. In addition, annual credit checks are carried out and fully documented. Final decisions on credit terms are made by an appropriate senior manager within advertising or finance. In the event of a request to increase a customer's credit limit the following factors will be considered: trading history to date, re-review of credit status and review of the reason for the increase.

Included within the Group's trade receivables balance are debtors with a carrying amount of £4.6m (2009: £6.1m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. These relate to advertising and licensing debtors in the UK and US. The Group does not hold any security over these balances. A breakdown of the ageing is as set out below:

Past due	Group 2010 £m	Group 2009 £m
0-30 days	**3.0**	3.6
31-60 days	**1.0**	1.5
61-90 days	**0.5**	0.7
91+ days	**0.1**	0.3
Total	**4.6**	6.1

As at 30 September 2010, trade receivables of £0.5m (2009: £1.3m) were impaired and provided for. The individually impaired receivables mainly relate to advertising and licensing customers. It is assessed that a portion of the receivables is expected to be recovered. These receivables are all more than 60 days old.

15. Trade and other receivables (continued)

The movement in the Group provision for trade receivables during the year is as follows:

	Group 2010 £m	Group 2009 £m
At 1 October	**1.3**	1.0
Provision for receivables impaired	**(0.1)**	1.2
Receivables written off during the year	**(0.7)**	(0.9)
At 30 September	**0.5**	1.3

The creation and release of provision for impaired receivables have been included in administration expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no realistic expectation of recovering additional cash.

The other asset classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security for trade receivables.

All the Company's receivables are with Group undertakings and no additional disclosure in relation to credit risk is required.

16. Cash and cash equivalents

	Group 2010 £m	**Company 2010 £m**	Group 2009 £m	Company 2009 £m
Cash at bank and in hand	**13.3**	**0.7**	14.6	2.7
Cash and cash equivalents	**13.3**	**0.7**	14.6	2.7

The effective interest rate on short-term deposits was 0.2% (2009: 0.8%). These deposits have an average maturity period of one day (2009: one day). The carrying amount of these assets approximates to their fair value.

The Group has a number of authorised counterparties with whom cash balances are held in the countries in which the Group operates. Credit risk is minimised by considering the credit standing of all potential bankers before selecting them by the use of external credit ratings. At 30 September 2010 all short-term deposits were rated according to Standard and Poor's as A-1 (2009: A-1+).

17. Trade and other payables

	Group 2010 £m	**Company 2010 £m**	Group 2009 £m	Company 2009 £m
Trade payables	**15.7**	**–**	15.6	–
Amounts owed to Group undertakings	**–**	**106.3**	–	92.5
Other taxation and social security	**1.2**	**–**	1.1	–
Other payables	**1.3**	**–**	1.3	–
Accruals and deferred income	**22.6**	**0.2**	21.8	0.4
Total	**40.8**	**106.5**	39.8	92.9

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 42 days (2009: 42 days). The Group has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

18. Financial liabilities – interest-bearing loans and borrowings

Non-current liabilities

	Interest rate at 30 September 2010	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Sterling term loan – unsecured	3.4%	7.8	7.8	10.8	10.8
Total		7.8	7.8	10.8	10.8

Current liabilities

	Interest rate at 30 September 2010	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Sterling term loan – unsecured	3.4%	3.0	3.0	3.5	3.5
Sterling revolving loan – unsecured	3.4%	2.9	2.9	7.8	7.8
US Dollar revolving loan – unsecured	3.1%	7.0	–	8.1	–
Total		12.9	5.9	19.4	11.3

The interest-bearing loans and borrowings are repayable as follows:

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Within one year	12.9	5.9	19.4	11.3
Between one and two years	2.9	2.9	3.0	3.0
Between two and five years	4.9	4.9	7.8	7.8
Total	20.7	13.7	30.2	22.1

The borrowings and interest are guaranteed by Future plc, Future Holdings 2002 Limited, Future Publishing Limited and Future US, Inc.

The Group utilises bank facilities with a syndicate of banks. The total facility available to the Group amounts to £36.8m and this can be drawn in Sterling, US Dollars or Euros. The availability of the facility, which expires in November 2012, is subject to certain covenants which are tested on a quarterly basis. The main financial covenants relate to Net Debt/EBITDA, EBITDA/Interest and Cashflow/Debt Service ratios and details of the measurements at 30 September 2010 are set out below:

	30 September 2010	Covenant
Net debt/EBITDA	0.7	<2.5 times
EBITDA/Interest	8.6	>4.0 times
Cashflow/Debt Service	2.0	>1.0 times

Based on the above calculations the Group had headroom of £22m at 30 September 2010.

19. Financial liabilities – derivatives

The fair value of hedging derivatives is split between current and non-current assets or liabilities based on the maturity of the cash flows.

Non-current liabilities

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Interest rate derivatives	0.4	0.4	0.5	0.5
Total	0.4	0.4	0.5	0.5

In line with the Board's policy of hedging interest rate risk as disclosed in note 22, the Group entered into two interest rate derivatives in October 2007 to reduce its exposure on a proportion of the outstanding debt under its committed facility: a US Dollar interest rate swap for US $8.0m, which had a fixed interest rate of 4.67% and expired on 11 October 2009, and a UK interest rate collar over £5.0m which has a seven year period but is cancellable by the bank after four years. The collar has a cap at 6.00% and a floor of 4.65%.

In September 2009, the Group entered into another UK interest rate swap for £5.0m which has a fixed rate of 1.91% and expires on 12 October 2011.

A fair value loss for the year of £0.1m (2009: £0.5m) on interest rate derivatives has been included within finance costs in the income statement.

19. Financial liabilities – derivatives (continued)
Current liabilities

	Group 2010 £m	Company 2010 £m	Group 2009 £m	Company 2009 £m
Forward foreign exchange contracts	**0.1**	**–**	0.2	–
Interest rate derivatives	**0.2**	**0.2**	–	–
Total	**0.3**	**0.2**	0.2	–

In May 2009 the Group entered into a number of forward foreign exchange contracts to sell US Dollars and Australian Dollars. These contracts had monthly maturity dates and ended in September 2010. In October 2009, the Group entered into a number of forward foreign exchange contracts to sell Australian Dollars. These contracts have monthly maturity dates and end in September 2011. In July 2010 and September 2010, the Group entered into a number of forward foreign exchange contracts to sell US Dollars and Australian Dollars respectively. These contracts have monthly maturity dates which also end in September 2011.

A fair value gain for the year of £0.1m on forward foreign exchange contracts has been recognised directly in equity as hedge accounting is applied to these contracts.

The amounts of financial instruments carried at fair value by valuation method were:

	2010			2009		
Group	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives deemed held for trading	**–**	**0.5**	**–**	–	0.5	–
Derivatives used for hedging	**–**	**0.2**	**–**	–	0.2	–
Total liabilities	**–**	**0.7**	**–**	–	0.7	–

	2010			2009		
Company	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives deemed held for trading	**–**	**0.5**	**–**	–	0.5	–
Derivatives used for hedging	**–**	**0.1**	**–**	–	–	–
Total liabilities	**–**	**0.6**	**–**	–	0.5	–

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

20. Provisions

Group	**Property and dilapidations £m**	**Other £m**	**Total £m**
At 1 October 2009	0.2	0.9	1.1
Utilised in the year	(0.1)	(0.2)	(0.3)
At 30 September 2010	**0.1**	**0.7**	**0.8**

The provision for property and dilapidations relates to obligations under short leasehold agreements on vacant property. The provision has been discounted at a rate in line with the Group's post tax cost of capital which is 8.5%.

Other provisions as shown above and provisions of £0.7m (2009: £0.9m) for the Company relate to disposals made during 2007 and ongoing commercial dispute resolution.

All of the above provisions will potentially be utilised or will reverse during the next five years.

21. Other non-current liabilities

Group	2010 £m	2009 £m
Other creditors	**2.4**	2.5

Other creditors consist mainly of deferred subscription revenue and a deferred property lease liability.

22. Financial instruments

Financial instruments by category

The Group's financial assets and financial liabilities are set out below:

		Fair value	Amortised cost		2010	
Group	Note	Derivatives £m	Loans and receivables £m	Other liabilities £m	Total carrying value £m	Total market value £m
Trade receivables net	15	–	19.0	–	19.0	19.0
Other receivables		–	1.9	–	1.9	1.9
Cash and cash equivalents	16	–	13.3	–	13.3	13.3
Total financial assets		–	34.2	–	34.2	34.2
Trade payables	17	–	–	(15.7)	(15.7)	(15.7)
Other liabilities		–	–	(5.9)	(5.9)	(5.9)
Current borrowings	18	–	(12.9)	–	(12.9)	(13.2)
Non-current borrowings	18	–	(7.8)	–	(7.8)	(8.1)
Derivatives	19	(0.7)	–	–	(0.7)	(0.7)
Total financial liabilities		(0.7)	(20.7)	(21.6)	(43.0)	(43.6)

		Fair value	Amortised cost		2009	
Group	Note	Derivatives £m	Loans and receivables £m	Other liabilities £m	Total carrying value £m	Total market value £m
Trade receivables net	15	–	19.5	–	19.5	19.5
Other receivables		–	0.4	–	0.4	0.4
Cash and cash equivalents	16	–	14.6	–	14.6	14.6
Total financial assets		–	34.5	–	34.5	34.5
Trade payables	17	–	–	(15.6)	(15.6)	(15.6)
Other liabilities		–	–	(9.8)	(9.8)	(9.8)
Current borrowings	18	–	(19.4)	–	(19.4)	(19.4)
Non-current borrowings	18	–	(10.8)	–	(10.8)	(10.8)
Derivatives	19	(0.7)	–	–	(0.7)	(0.7)
Total financial liabilities		(0.7)	(30.2)	(25.4)	(56.3)	(56.3)

Total financial liabilities are shown net of unamortised costs which amounted to £0.6m (2009: £0.9m).

22. Financial instruments (continued)
The Company's financial assets and liabilities are set out below:

		Fair value	Amortised cost		2010	
Company	Note	Derivatives £m	Loans and receivables £m	Other liabilities £m	Total carrying value £m	Total market value £m
Other receivables	15	–	39.5	–	39.5	39.5
Cash and cash equivalents	16	–	0.7	–	0.7	0.7
Total financial assets		–	40.2	–	40.2	40.2
Other liabilities		–	–	(106.5)	(106.5)	(106.5)
Current borrowings	18	–	(5.9)	–	(5.9)	(6.2)
Non-current borrowings	18	–	(7.8)	–	(7.8)	(8.1)
Derivatives	19	(0.6)	–	–	(0.6)	(0.6)
Total financial liabilities		(0.6)	(13.7)	(106.5)	(120.8)	(121.4)

		Fair value	Amortised cost		2009	
Company	Note	Derivatives £m	Loans and receivables £m	Other liabilities £m	Total carrying value £m	Total market value £m
Other receivables	15	–	36.6	–	36.6	36.6
Cash and cash equivalents	16	–	2.7	–	2.7	2.7
Total financial assets		–	39.3	–	39.3	39.3
Other liabilities		–	–	(92.8)	(92.8)	(92.8)
Current borrowings	18	–	(11.3)	–	(11.3)	(11.3)
Non-current borrowings	18	–	(10.8)	–	(10.8)	(10.8)
Derivatives	19	(0.5)	–	–	(0.5)	(0.5)
Total financial liabilities		(0.5)	(22.1)	(92.8)	(115.4)	(115.4)

Total financial liabilities are shown net of unamortised costs which amounted to £0.6m (2009: £0.9m).

The fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties. If an active market exists, the market price is applied. If an active market does not exist a discounted cash flow or generally accepted estimation and valuation technique based on market conditions at the balance sheet date is used to calculate an estimated value.

The market value of financial instruments is determined by the use of valuation techniques including estimated discounted cash flows.

Treasury overview
The Group uses financial instruments to raise funding for its operations and to manage the financial risks arising from those operations. The agreements governing the principal instruments entered into were approved by the Board.

The principal financing and treasury exposures faced by the Group arise from foreign currencies, working capital management, the financing of capital expenditure and acquisitions, the management of interest rates on the Group's debt, the investment of surplus cash and the management of the Group's debt facilities. The Group manages all of these exposures with an objective of remaining within covenant ratios agreed with the Group's bankers. These ratios are disclosed in note 18.

The capital structure of the Group is reviewed regularly by the Board to ensure that the debt/equity ratio of funding remains appropriate for the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

22. Financial instruments (continued)

Currency and interest rate profile

The currency and interest rate profile of the Group's financial assets and liabilities is shown below:

	Financial assets			Financial liabilities				
	Floating rate £m	Non-interest bearing £m	Total £m	Floating rate £m	Fixed rate £m	Non-interest bearing £m	Total £m	Net financial (liabilities)/ assets £m
At 30 September 2010								
Currency:								
Sterling	**–**	**19.1**	**19.1**	**(8.7)**	**(5.0)**	**(14.5)**	**(28.2)**	**(9.1)**
US Dollar	**2.9**	**8.8**	**11.7**	**(7.0)**	**–**	**(7.0)**	**(14.0)**	**(2.3)**
Euro	**–**	**0.7**	**0.7**	**–**	**–**	**(0.5)**	**(0.5)**	**0.2**
Other	**–**	**2.7**	**2.7**	**–**	**–**	**(0.3)**	**(0.3)**	**2.4**
Total	**2.9**	**31.3**	**34.2**	**(15.7)**	**(5.0)**	**(22.3)**	**(43.0)**	**(8.8)**
At 30 September 2009								
Currency:								
Sterling	5.8	13.8	19.6	(22.1)	–	(19.3)	(41.4)	(21.8)
US Dollar	3.4	9.9	13.3	(3.1)	(5.0)	(6.2)	(14.3)	(1.0)
Euro	–	0.3	0.3	–	–	(0.4)	(0.4)	(0.1)
Other	–	1.3	1.3	–	–	(0.2)	(0.2)	1.1
Total	9.2	25.3	34.5	(25.2)	(5.0)	(26.1)	(56.3)	(21.8)

Interest rate risk

Details of the interest rates on borrowings as at 30 September 2010 are set out in note 18.

The Group's overall policy on hedging interest rate risk is as follows:

- To the extent that net debt is below £10m there is no requirement to hedge against interest rate fluctuations on the balance of the gross debt.
- To the extent that net debt is above £10m a minimum of 25% of the balance of the gross debt greater than £10m should be hedged.

In applying the above policy, management takes full consideration of cash flow projections to fix the period for which any hedging arrangements are entered into.

Details of the Group's interest rate derivatives at 30 September 2010 are set out in note 19.

The following table summarises the Group's sensitivity to interest rate fluctuations at 30 September:

2010	**Annualised impact on profit of a shift of 50 basis points £m**
Impact on profit after tax of interest rate increase	**(0.1)**
Impact on profit after tax of interest rate decrease	**0.1**

2009	Annualised impact on profit of a shift of 50 basis points £m
Impact on profit after tax of interest rate increase	(0.2)
Impact on profit after tax of interest rate decrease	0.2

There would be no impact on equity excluding retained earnings.

22. Financial instruments (continued)

Foreign exchange risk

Some of the Group's activities are carried out in countries outside the United Kingdom where transactions are carried out in that country's own functional currency. Movements in exchange rates can therefore have a significant impact on the Group's total cash flows, whilst the translation of the results, assets and liabilities of foreign operations into Sterling can have a significant effect on the Group's reported profits and balance sheet. The main exposures are to movements in the US Dollar, Australian Dollar and Euro against Sterling, and Canadian Dollar against US Dollar.

The Group's policy for managing exchange rate risk is summarised as follows:

- Transaction exposure – the Group manages this by ensuring that transactions are denominated in the local functional currency of the operating units wherever possible. Where this is not possible the use of forward contracts to hedge exposure is considered. The use of forward contracts (or any other derivative financial instrument) is subject to authorisation by the Group Finance Director. Details of the Group's forward foreign exchange contracts at 30 September 2010 are set out in note 19.

- Translation exposure – the Group matches currency assets with currency liabilities wherever possible as evidenced by the fact that £7.0m of gross debt is denominated in US Dollars.

The following table summarises the Group's sensitivity to translational currency exposures at 30 September:

2010 currency risks expressed in Currency 1/ Currency 2 **£m**	**GBP/USD**	**GBP/AUD**	**GBP/EUR**	**USD/CAD**
Reasonable shift	**20%**	**20%**	**20%**	**20%**
Impact on profit after tax if Currency 1 strengthens against Currency 2	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Impact on profit after tax if Currency 1 weakens against Currency 2	**0.1**	**0.1**	**–**	**0.1**
Impact on equity excluding retained earnings if Currency 1 strengthens against Currency 2	**0.5**	**0.2**	**–**	**–**
Impact on equity excluding retained earnings if Currency 1 weakens against Currency 2	**(0.5)**	**(0.2)**	**–**	**–**

2009 currency risks expressed in Currency 1/ Currency 2 £m	GBP/USD	GBP/AUD	GBP/EUR	USD/CAD
Reasonable shift	25%	30%	20%	20%
Impact on profit after tax if Currency 1 strengthens against Currency 2	(0.5)	(0.8)	(0.1)	–
Impact on profit after tax if Currency 1 weakens against Currency 2	0.5	0.8	0.1	–
Impact on equity excluding retained earnings if Currency 1 strengthens against Currency 2	–	0.1	–	–
Impact on equity excluding retained earnings if Currency 1 weakens against Currency 2	–	(0.1)	–	–

Liquidity risk

For the last three years the Group has funded the business largely from cash flows generated from operations and long-term debt. Details of the Group's borrowings are disclosed in note 18.

The Group monitors and manages the cash for the Group and has maintained committed banking facilities as noted above to mitigate any liquidity risk it may face. If necessary, inter-company loans within the Group provide short-term cash needs. The following table shows the Group's remaining contractual maturity for financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay:

30 September 2010	**Less than one year £m**	**Between one and two years £m**	**Between two and five years £m**	**After five years £m**	**Total £m**
Trade payables	**15.7**	**–**	**–**	**–**	**15.7**
Other liabilities	**5.6**	**0.3**	**–**	**–**	**5.9**
Borrowings	**13.5**	**3.5**	**5.0**	**–**	**22.0**
Derivatives	**0.4**	**0.2**	**0.4**	**–**	**1.0**
Total financial liabilities	**35.2**	**4.0**	**5.4**	**–**	**44.6**

30 September 2009	Less than one year £m	Between one and two years £m	Between two and five years £m	After five years £m	Total £m
Trade payables	15.6	–	–	–	15.6
Other liabilities	9.3	0.3	0.2	–	9.8
Borrowings	19.4	3.0	7.8	–	30.2
Derivatives	0.2	–	–	0.5	0.7
Total financial liabilities	44.5	3.3	8.0	0.5	56.3

23. Issued share capital

	2010 £m	2009 £m
Authorised share capital		
Ordinary shares of 1p each		
At beginning and end of year	**6.0**	6.0

	Number of shares	2010 £m
Allotted, issued and fully paid		
Ordinary shares of 1p each		
At 1 October 2009	327,197,268	3.3
Share options exercised	782,535	–
At 30 September 2010	**327,979,803**	**3.3**

During the year, 782,535 Ordinary shares with a nominal value of £7,825 were issued by the Company for a total cash commitment of £382 pursuant to share scheme exercises as detailed in note 24.

In 2009, 324,200 Ordinary shares with a nominal value of £3,242 were issued by the Company for a total cash commitment of £688 pursuant to share scheme exercises as detailed in note 24.

24. Share-based payments

The income statement charge for the year for share-based payments was £0.5m (2009: £0.4m). This charge has been included within administration expenses.

These charges arise when employees are granted awards under the Group's share option schemes, performance share plan (PSP), or deferred annual bonus scheme (DABS), and when employees are granted awards by the trustees of The Future Network plc 1999 Employee Benefit Trust (EBT). The charge equates to the fair value of the award and has been calculated using the Monte Carlo and Black-Scholes models, using the most appropriate model for each scheme. Assumptions have been made in these models for expected volatility, risk-free rates and dividend yields.

The Company has not applied IFRS 2, 'Share-based Payment', retrospectively and therefore it has only been applied to options granted after 7 November 2002 which had not vested before 1 January 2005.

A reconciliation of movements in share options and other share incentive schemes is shown below:

	2010 Number of shares	2010 Weighted average exercise price	2009 Number of shares	2009 Weighted average exercise price
Outstanding at the beginning of the year	**21,280,323**	**£0.076**	11,635,820	£0.181
Granted	**5,444,312**	**£0.039**	15,350,654	£0.055
Share options exercised – new share issues	**(782,535)**	**£0.003**	(324,200)	£0.002
Share options exercised – EBT shares	**(382,376)**	**£0.000**	(850,447)	£0.000
Lapsed	**(3,803,695)**	**£0.130**	(4,531,504)	£0.292
Outstanding at 30 September	**21,756,029**	**£0.062**	21,280,323	£0.076
Exercisable at 30 September	**701,728**	**£0.491**	832,648	£0.598

The weighted average share price at the date of exercise of share options and other share incentive awards during the year was £0.179 (2009: £0.182).

24. Share-based payments (continued)

For options and other share incentive schemes outstanding at 30 September the weighted average exercise prices and remaining contractual lives are as follows:

	Number of shares		Weighted average exercise price		Weighted average remaining contractual life in years	
	2010	2009	**2010**	2009	**2010**	2009
International Scheme (excluding US)						
November 2001	**6,170**	6,170	**£0.470**	£0.470	**1**	2
September 2002	**43,086**	43,086	**£0.470**	£0.470	**2**	3
Senior Scheme						
November 2001	**168,085**	168,085	**£0.470**	£0.470	**1**	2
Approved Scheme						
April 2000	**–**	7,638	**–**	£6.848	**–**	1
May 2001	**18,141**	18,405	**£0.747**	£0.747	**1**	2
November 2001	**350,995**	350,995	**£0.470**	£0.470	**1**	2
September 2002	**31,915**	31,915	**£0.470**	£0.470	**2**	3
2000 US Plan						
July 2000	**–**	7,112	**–**	$11.202	**–**	1
August 2000	**–**	906	**–**	$12.676	**–**	1
October 2000	**1,740**	1,740	**$8.045**	$8.045	**–**	1
December 2000	**1,596**	1,596	**$2.426**	$2.426	**–**	1
November 2001	**80,000**	195,000	**£0.470**	£0.470	**1**	2
Sharesave Plan						
December 2006	**–**	827,820	**–**	£0.250	**–**	1
December 2007	**297,587**	442,955	**£0.280**	£0.280	**1**	2
December 2008	**7,137,792**	7,911,552	**£0.100**	£0.100	**2**	3
April 2010	**1,305,592**	–	**£0.155**	–	**3**	–
PSP						
December 2006	**–**	1,776,470	**–**	–	**–**	–
December 2007	**2,001,720**	2,001,720	**–**	–	**–**	1
December 2008	**4,034,234**	4,034,234	**–**	–	**1**	2
November 2009	**3,752,815**	–	**–**	–	**2**	–
DABS						
December 2006	**–**	143,531	**–**	–	**–**	–
December 2007	**659,739**	905,407	**–**	–	**–**	1
December 2008	**1,233,768**	1,672,747	**–**	–	**1**	2
November 2009	**283,715**	–	**–**	–	**2**	–
Deferred Bonus Shares						
December 2008	**347,339**	731,239	**–**	–	**–**	1
Total outstanding at 30 September	**21,756,029**	21,280,323	**£0.062**	£0.076	**1**	2

24. Share-based payments (continued)

The fair value per share for grants made during the year and the assumptions used in the calculation are as follows:

	2010			2009			
	DABS	**PSP**	**Sharesave**	Deferred Bonus Shares	DABS	PSP	Sharesave
Grant date	**27/11/09**	**27/11/09**	**12/04/10**	19/12/08	19/12/08	19/12/08	22/12/08
Share price at grant date	**£0.180**	**£0.180**	**£0.190**	£0.163	£0.163	£0.163	£0.165
Exercise price	**–**	**–**	**£0.155**	–	–	–	£0.100
Vesting period (years)	**3**	**3**	**3**	1	3	3	3
Expected volatility	**67%**	**67%**	**68%**	78%	62%	62%	62%
Option life (years)	**3**	**3**	**3**	1	3	3	3
Expected life (years)	**3**	**3**	**3**	1	3	3	3
Risk free rate	**2%**	**2%**	**2%**	3%	3%	3%	3%
Dividend yield	**5%**	**5%**	**5%**	7%	7%	7%	7%
TSR correlation	**–**	**12%**	**–**	–	–	12%	–
Fair value	**£0.155**	**£0.131**	**£0.079**	£0.149	£0.133	£0.109	£0.071
Fair value – EPS element	**–**	**£0.155**	**–**	–	–	£0.133	–
Fair value – TSR element	**–**	**£0.107**	**–**	–	–	£0.085	–

Notes:

1. The expected volatility is based on Future's historical volatility, averaged over a period equal to the expected life, where possible. No account was taken for the volatility prior to the rights issue in 2001 to eliminate anomalies from the calculation.
2. The Black-Scholes model has been used to value all options with the exception of 50% of the PSP grants which have market based performance criteria; the Monte Carlo model has been used to value these awards.

Future plc operates eight share option schemes being:

– The Future Network plc 1999 International Share Option Scheme (International Scheme)

– The Future Network plc 1999 Senior Management Scheme (Senior Scheme)

– The Future Network plc 1999 Approved International Share Option Scheme (Approved Scheme)

– The Future Network plc 2000 US Stock Option Plan (2000 US Plan)

– The Future Network plc International Sharesave Scheme (International Sharesave Scheme)

– Addendum to The Future Network plc International Sharesave Scheme (Addendum)

– The Future Network plc UK Inland Revenue Approved Sharesave Plan 2000 (2000 Sharesave Plan)

– The Future plc 2010 Approved Sharesave Plan (2010 Sharesave Plan)

As at 30 September 2010, options had been granted under all of the above schemes.

The International Scheme

The International Scheme was used for the grant of options to all employees, save for those persons entitled to participate in the Senior Scheme.

Options granted in November 2001 and September 2002 under the International Scheme vested three years after the date of grant, subject to satisfaction of performance criteria that required that the total shareholder return of the Company, for the three-year period following date of grant, must rank in the top quartile of UK companies whose shares are listed in the Media and Entertainment Sector of the London Share Service of the Financial Times newspaper. If the Company ranked in the second quartile of this comparator group, then only one-half of the options vested; if the Company ranked below the 50th percentile of this comparator group, then none of the options vested.

The options granted in November 2001 and September 2002 each vested 50%.

No further options will be granted under this scheme.

The Senior Scheme

The Senior Scheme was used historically for the grant of options to the Board. Details of options outstanding are given in the Directors' remuneration report on page 48 and the performance criteria relating to these options are as set out overleaf for 'The Approved Scheme'.

No further options will be granted under this scheme.

24. Share-based payments (continued)

The Approved Scheme

The Approved Scheme was used for the grant of options to all UK employees up to a value of £30,000.

Options granted under this scheme up until 2 May 2001 vested in eight equal tranches, one tranche every six months following publication of the annual and interim results of the Group, depending on the satisfaction of performance criteria that required the normalised earnings per share of the Group to grow by at least 3% per annum above the increase in the Retail Prices Index over the relevant period.

Options granted in November 2001 and September 2002 under the Approved Scheme vested three years after the date of grant, subject to satisfaction of performance criteria that required that the total shareholder return of the Company, for the three-year period following date of grant, must rank in the top quartile of UK companies whose shares are listed in the Media and Entertainment Sector of the London Share Service of the Financial Times newspaper. If the Company ranked in the second quartile of this comparator group, then only one-half of the options vested; if the Company ranked below the 50th percentile of this comparator group, then none of the options vested.

The options granted in November 2001 and September 2002 each vested 50%.

No further options will be granted under this scheme.

The 2000 US Plan

The 2000 US Plan was used for the grant of options to employees of the Company's US business.

For options granted under the 2000 US Plan up until 2 May 2001, 25% of the shares under option typically vested on the first anniversary of an employee joining (or, where options were granted under the US Plan to an existing employee, on the anniversary of the grant of such options). The balance of 75% vested in equal monthly tranches over the three-year period commencing on the first vesting date. Whilst the Company had the right to impose performance conditions, up until 19 November 2001 none were imposed as it was the Board's view that it was unusual for options granted by US competitors to their US employees to contain such criteria.

Options granted in November 2001 under the 2000 US Plan vested three years after the date of grant, subject to satisfaction of performance criteria that required that the total shareholder return of the Company, for the three-year period following date of grant, must rank in the top quartile of UK companies whose shares are listed in the Media and Entertainment sector of the London Share Service of the Financial Times newspaper. If the Company ranked in the second quartile of this comparator group, then only one-half of the options vested; if the Company ranked below the 50th percentile of this comparator group, then none of the options vested.

The options granted in November 2001 vested 50%.

No further options will be granted under this scheme.

The 2000 Sharesave Plan, 2010 Sharesave Plan, International Sharesave Scheme and the Addendum (the Sharesave Plans)

Under the Sharesave Plans the option entitlement granted to participating employees is linked to the monthly contributions which such employees have agreed to pay into the Sharesave Plans (up to a maximum amount of £250 per month). The options granted under the Sharesave Plans vest on the third anniversary of the grant of such options (or in the case of the Addendum applicable in the US, due to legal constraints, two years after the date of grant of such options). Where legal and regulatory constraints permit, the Company uses its discretion to offer options granted under the Sharesave Plans at a discount to the market price in force at the date of the invitation being made.

The Board exercised its discretion in March 2010 to issue invitations to participate in the Company's 2010 Sharesave Plan to eligible employees in the UK only. The option price represents a 20% discount to the market price at the time of the invitation.

The 2000 Sharesave Plan expired under the terms of its rules during the prior year and the Company adopted a replacement, the 2010 Sharesave Plan, at the 2010 Annual General Meeting. The rules of the new sharesave plan reflected changes in law and practice since 1999, but are substantially the same as those of the expired plan.

Other share-based payments

No further share options are to be granted. Instead, the Group has put into place a number of alternative share incentive schemes, made one-off exceptional awards of restricted shares in 2006 and awarded deferred bonus shares in 2008.

Performance Share Plan (PSP)

The PSP is a share-based incentive scheme open to the executive Directors and senior management, based on a percentage of the participant's salary. Awards under this scheme are subject to stretching performance criteria measured against both earnings per share (EPS) and total shareholder return (TSR). Subject to the participant's continued employment with the Group, awards will vest three years after the date of grant assuming that the following performance criteria are achieved:

- A maximum of 50% of an award will vest if the Group's growth in adjusted EPS is equal to RPI plus 8%, 0% will vest if the Group's growth in adjusted EPS is equal to RPI plus 3%, and vesting will be on a pro rata straight-line basis between the two. If growth in the Group's adjusted EPS is less than RPI plus 3%, none of that 50% of the award will vest.

- The remaining 50% of the award will vest if the Company's TSR performance, compared to a group of similar companies, places it in the top quintile as against the comparator companies. If the Company's TSR performance is median, 12.5% of the award will vest, and vesting will be on a pro rata straight-line basis between the two points. If the Company's performance is below median, none of that 50% of the award will vest. The comparator group of companies is as disclosed on page 44 of this Annual Report.

Grants were made under the PSP in December 2008 and November 2009.

24. Share-based payments (continued)

Deferred Annual Bonus Scheme (DABS)

The DABS is a share-based incentive scheme, in which the Directors do not participate, with the levels of participation dependent on the relevant operating subsidiary's financial performance during the previous financial year. The maximum value of any shares granted under the DABS to any one participant will be an additional amount which is equal to a fixed percentage of that eligible participant's annual cash bonus actually received or payable for the previous financial year. The number of shares over which an award is to be granted to each participant will be calculated by reference to the market value of an Ordinary share in the Company on the date of the award. The shares awarded under the DABS will be issued or transferred to the participant three years after the date of the award, subject only to the employee remaining in the employment of the Group throughout the three-year period.

Grants were made under the DABS in December 2008 and November 2009.

2008 Future plc Deferred Bonus Share Awards

In December 2008 deferred bonus share awards were made to the Chief Executive, the Group Finance Director and other key senior managers. Half of the shares awarded were transferred to participants in December 2009. The remaining shares will be transferred to participants in December 2010.

25. Other reserves

Treasury reserve

The treasury reserve represents the cost of shares in Future plc purchased in the market and held by the EBT to satisfy awards made by the trustees.

	Group 2010 £m	Group 2009 £m
Balance at 1 October	**(0.1)**	(0.3)
Acquired in the year	**–**	(0.1)
Utilised in the year	**0.1**	0.3
At 30 September	**–**	(0.1)

During the year, the Group transferred £0.1m of shares to employees under Deferred Bonus Share Awards (2009: £0.3m of shares transferred under Restricted Share Awards).

In September 2010, Future plc paid £0.1m to Abacus Corporate Trustees Limited as trustees of the EBT, which will be used to purchase Future plc shares in the market. The treasury reserve is non-distributable.

Cash flow hedge reserve

The cash flow hedge reserve represents the net gains or losses on effective cash flow hedging instruments.

	Group 2010 £m	**Company 2010 £m**	Group 2009 £m	Company 2009 £m
Balance at 1 October	**(0.2)**	**–**	–	–
Net fair value gains/(losses)	**0.1**	**(0.1)**	(0.2)	–
At 30 September	**(0.1)**	**(0.1)**	(0.2)	–

Merger reserve

The merger reserve of £109.0m (2009: £109.0m) arose following the 1999 Group reorganisation and is non-distributable.

26. Pensions

The Group operates a defined contribution scheme for employees resident in the United Kingdom.

In the US, the Group operates a section 401(K) profit sharing defined contribution plan in respect of pensions, which covers substantially all Future US employees. The section 401(K) plan allows employees to invest in eight funds run by T. Rowe Price, but the employees, not the employer, have complete control over what they invest in, although they have no control over the stocks owned by the funds.

During the year, £1.1m (2009: £1.1m) contributions were made to these plans.

27. Commitments and contingent liabilities

(a) Operating lease commitments

At 30 September 2010, the Group had the following total future lease payments under non-cancellable operating leases:

	Land and buildings £m	**Other £m**	**Total 2010 £m**	Land and buildings £m	Other £m	Total 2009 £m
Within one year	**4.0**	**0.1**	**4.1**	4.1	0.2	4.3
Between one and five years	**12.1**	**0.2**	**12.3**	13.7	0.3	14.0
After five years	**11.0**	**–**	**11.0**	13.5	–	13.5
Total	**27.1**	**0.3**	**27.4**	31.3	0.5	31.8

Future minimum sub-lease receipts expected under non-cancellable subleases at 30 September 2010 total £2.7m (2009: £3.3m).

During the year, £4.5m (2009: £4.6m) was recognised in the income statement in respect of operating lease rental payments and £1.0m (2009: £1.2m) was recognised in respect of sub-lease receipts.

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases other equipment under non-cancellable operating lease agreements.

(b) Contingent liabilities

There are no contingent liabilities expected to result in a material loss for the Group.

(c) Capital commitments

There were no material capital commitments as at 30 September 2010 (2009: £nil).

28. Related party transactions

The Group has no material transactions with related parties which might reasonably be expected to influence decisions made by users of these financial statements.

During the year, the Company had management charges receivable of £0.6m (2009: £0.7m) and interest receivable of £nil (2009: £0.1m) from subsidiary undertakings.

29. Principal subsidiary undertakings

The principal subsidiary undertakings at 30 September 2010 are shown below. A full list of subsidiaries is available at the Company's registered office. All subsidiaries are included in the consolidation. Shares of those companies marked with an * are indirectly owned by Future plc through an intermediate holding company.

Company name	**Country of incorporation**	**Nature of business**	**Holding %**	**Class of shares**
Subsidiaries				
Future Publishing Limited*	England and Wales	Magazine publishing	100	£1 Ordinary shares
Future US, Inc*	USA (State of California)	Magazine publishing	100	Not applicable

FTSE Media Sector Index

The following is a list of companies currently included in the FTSE Media Sector Index (UK companies). Reference is made to this list in the Directors' remuneration report on page 46.

Aegis Group
Bloomsbury Publishing
British Sky Broadcasting
Centaur Media
Chime Communications
Chrysalis
Daily Mail 'A'
Euromoney Institutional Investor
Huntsworth
Informa
ITE Group
ITV
Johnston Press
Mecom Group
moneysupermarket.com Group
Pearson
Reed Elsevier
Rightmove
Tarsus Group
Trinity Mirror
United Business Media
UTV Media
Wilmington Group
WPP Group
Yell Group

Notice of Annual General Meeting

This Notice of Meeting is important and requires your immediate attention.
If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Future plc, please forward this notice, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so that they can pass these documents to the purchaser or transferee.

Notice of Annual General Meeting
Notice is hereby given that the twelfth Annual General Meeting of Future plc will be held on Wednesday 9 February 2011 at Future's London office, 2 Balcombe Street, London NW1 6NW at 12 noon at which the following resolutions numbered 1 to 12 will be proposed as ordinary resolutions, and resolutions numbered 13 to 15 will be proposed as special resolutions.

Ordinary resolutions

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 September 2010 and the reports of the Directors and the Auditors.

2. To approve the Remuneration report as set out in the Annual Report of the Company for the financial year ended 30 September 2010.

3. To declare a final dividend of 0.6p per Ordinary share, payable on Friday 1 April 2011 to all Ordinary shareholders on the register at the close of business on Friday 18 February 2011.

4. To re-elect as a Director Roger Parry.

5. To re-elect as a Director Stevie Spring.

6. To re-elect as a Director John Bowman.

7. To re-elect as a Director Seb Bishop.

8. To elect as a Director Mark Whiteling.

9. To reappoint PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, as auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.

10. To authorise the Directors to determine the remuneration of the auditors of the Company.

11. That, in substitution for any existing authority, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot relevant securities (as defined in note 20 on page 88):

    11.1 in connection with an offer by way of a rights issue (comprising equity securities as defined by section 560 of the Act), up to an aggregate nominal amount of £2,186,000 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph 11.2 below):

    (a) to holders of Ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

    (b) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    11.2 in any other case, up to an aggregate nominal amount of £1,093,000 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 11.1 above in excess of £1,093,000)

    at any time or times during the period beginning on the date of the passing of this resolution and ending following the conclusion of the Company's next Annual General Meeting or, if earlier, on 31 March 2012 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after its expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority hereby conferred had not expired.

12. That, following the broader definitions introduced by sections 363 to 365 of the Act of the terms used in (i), (ii) and (iii) below (which for the purposes of this resolution have the meanings given by the Act), the Company and its subsidiaries at any time during the period for which the resolution is effective be authorised together to:

    (i) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;

    (ii) make political donations to political organisations other than political parties not exceeding £50,000 in total; and

    (iii) incur political expenditure not exceeding £50,000 in total,

    during the period beginning with the date of the passing of this resolution and ending following the conclusion of the Company's next Annual General Meeting or, if earlier, on 31 March 2012.

Special resolutions

13. That the Directors be and are hereby empowered:

    (i) subject to the passing of resolution 11, pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred upon it for the purposes of section 551 of the Act by resolution 11; and

    (ii) to allot treasury shares,

    in either case as if section 561(1) of the Act did not apply to any such allotment at any time or times during the period beginning on the date of the passing of this resolution and ending following the conclusion of the Company's next Annual General Meeting or, if earlier, on 31 March 2012 (save that the Company may before the expiry of the power hereby conferred make an offer or agreement which would or might require equity securities to be allotted after its expiry and the Directors may allot equity securities pursuant to such an offer or agreement as if the power hereby conferred had not expired), such power being limited to:

    (a) the allotment of equity securities in connection with an offer by way of a rights issue in favour of the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings and, if the rights attaching to any other equity securities so provide, in favour of the holders of those equity securities in accordance with such rights, but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with ordinary shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any generally recognised regulatory body or stock exchange in any territory; and

    (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £163,000 (representing just under 5% of the issued share capital of the Company as at 9 December 2010).

14. That the Company be generally and unconditionally permitted to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary shares of one penny each in the capital of the Company on such terms and in such manner as the Directors of the Company may think fit provided that:

    (a) the maximum aggregate number of Ordinary shares which may be purchased be limited to 32,790,000 (representing just under 10% of the issued share capital of the Company as at 9 December 2010);

    (b) the minimum price payable per Ordinary share be one penny;

    (c) the maximum price which may be paid for such Ordinary shares shall not be more than the higher of:

        (i) an amount equal to 5% above the average of the market values for an Ordinary share as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the Ordinary shares are purchased; and

        (ii) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

    (d) unless previously renewed, varied or revoked, this authority shall expire at the conclusion of the next Annual General Meeting following the date of this resolution or, if earlier, on 31 March 2012; and

    (e) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to expiry of such authority, which may be executed wholly or partly after expiry of this authority.

15. That a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

On behalf of the Board

Mark Millar
Company Secretary

9 December 2010

Notice of Annual General Meeting – continued

Notes:

Further information about the AGM

1) Information regarding the meeting, including the information required by section 311A of the Act, is available from: *www.futureplc.com/investors*.

Attendance at AGM

2) If you wish to attend the meeting in person, please bring the attendance card attached to your form of proxy and arrive at Future's London office in sufficient time for registration. Directions will be provided at reception and the venue is accessible for the disabled. Appointment of a proxy does not preclude a member from attending the meeting and voting in person. If a member has appointed a proxy and attends the meeting in person, the proxy appointment will automatically be terminated.

Appointment of proxies

3) Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in their place. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If you appoint multiple proxies for a number of shares in excess of your holding, the proxy appointments may be treated as invalid. A proxy need not be a member of the Company. A proxy card is enclosed. To be effective, proxy cards should be completed in accordance with these notes and the notes to the proxy form, signed and returned so as to be received by the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 12 noon on Monday 7 February 2011 being two business days before the time appointed for the holding of the meeting. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Electronic appointment of proxies

4) As an alternative to completing the printed proxy form, you may appoint a proxy electronically by visiting the following website: *www.eproxyappointment.com*. You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as printed on your proxy form and to agree to certain terms and conditions. To be effective, electronic appointments must have been received by the Company's Registrars not later than 12 noon on Monday 7 February 2011.

Number of shares in issue

5) As at the close of business on 9 December 2010 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 327,979,803 Ordinary shares of one penny each. Each Ordinary share carries one vote. There are no shares held in treasury. The total number of voting rights in the Company is therefore 327,979,803.

Documents available for inspection

6) Printed copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the registered office of the Company at 30 Monmouth Street, Bath BA1 2BW and at the Company's London office at 2 Balcombe Street, London NW1 6NW, including on the day of the meeting from 11.45am until its completion:

   a) the service contracts of the Company's Directors and the letters of appointment for the non-executive Directors;

   b) the Terms of Reference of the Remuneration committee;

   c) the Terms of Reference of the Audit committee; and

   d) the Terms of Reference of the Nomination committee.

Eligible shareholders

7) The Company, pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those members on the register of the Company as at 6pm on Monday 7 February 2011 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after 6pm on Monday 7 February 2011, or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Indirect investors

8) Any person to whom this notice is sent who is a person that has been nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person') does not have a right to appoint a proxy. However, a Nominated Person may, under an agreement with the registered shareholder by whom they were nominated (a 'Relevant Member'), have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. Alternatively, if a Nominated Person does not have such a right, or does not wish to exercise it, they may have a right under any such agreement to give instructions to the Relevant Member as to the exercise of voting rights. A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, the Nominated Person's custodian or broker) and the Nominated Person should continue to contact them (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

Appointment of proxies through CREST

9) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 12 noon on Monday 7 February 2011, or, if the meeting is adjourned, not less than 48 hours before the time fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Amending a proxy

10) To change a proxy instruction, a member needs to submit a new proxy appointment using the methods set out above. Note that the deadlines for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant deadline will be disregarded. Where a member has appointed a proxy using the paper proxy form and would like to change the instructions using another such form, that member should contact the Registrars on +44 (0)870 707 1443. If more than one valid proxy appointment is submitted, the appointment received last before the deadline for the receipt of proxies will take precedence.

Revoking a proxy

11) In order to revoke a proxy instruction, a signed letter clearly stating a member's intention to revoke a proxy appointment must be sent by post or by hand to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Note that the deadlines for receipt of proxy appointments (see above) also apply in relation to revocations; any revocation received after the relevant deadline will be disregarded.

Corporate members

12) In the case of a member which is a company, any proxy form, amendment or revocation must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the documents are signed (or a duly certified copy of such power of authority) must be included. A corporate member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Joint holders

13) Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the member whose name appears first on the register will be accepted.

Questions at the AGM

14) Under section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

    (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    (b) the answer has already been given on a website in the form of an answer to a question; or

    (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members' right to require circulation of a resolution to be proposed at the AGM

15) Under section 338 of the Act, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions set out at note 19, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting.

Members' right to have a matter of business dealt with at the AGM

16) Under section 338A of the Act, a member or members meeting the qualification criteria set out at note 18 below, may, subject to the conditions set out at note 19, require the Company to include in the business to be dealt with at the AGM a matter (other than a proposed resolution) which may properly be included in the business (a matter of business).

Website publication of any audit concerns

17) Pursuant to Chapter 5 of Part 16 of the Act, where requested by a member or members meeting the qualification criteria set out at note 18 below, the Company must publish on its website a statement setting out any matter that such members propose to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM.

    Where the Company is required to publish such a statement on its website:

    (a) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;

    (b) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and

    (c) the statement may be dealt with as part of the business of the AGM.

    The request:

    (a) may be in hard copy form or in electronic form and must be authenticated by the person or persons making it (see note 19(d) and (e) below);

    (b) either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and

    (c) be received by the Company at least one week before the AGM.

Members' qualification criteria

18) In order to be able to exercise the members' rights set out in notes 15 to 17 above the relevant request must be made by:

    (a) a member or members having a right to vote at the AGM and holding at least 5% of total voting rights of the Company; or

    (b) at least 100 members having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

Notice of Annual General Meeting – continued

Conditions

19) The conditions are that:

(a) Any resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(b) The resolution or matter of business must not be defamatory of any person, frivolous or vexatious;

(c) The request:

(i) may be in hard copy form or in electronic form;

(ii) must identify the resolution or the matter of business of which notice is to be given by either setting it out in full or, if supporting a resolution/matter of business sent by another member, clearly identifying the resolution/matter of business which is being supported;

(iii) in the case of a resolution, must be accompanied by a statement setting out the grounds for the request;

(iv) must be authenticated by the person or persons making it; and

(v) must be received by the Company not later than six weeks before the date of the AGM;

(d) In the case of a request made in hard copy form, such request must be:

(i) signed by you and state your full name and address; and

(ii) sent either: by post to Mark Millar, Company Secretary, Future plc, Beauford Court, 30 Monmouth Street, Bath BA1 2BW; or by fax to +44(0)1225 822836 marked for the attention of the Company Secretary;

(e) In the case of a request made in electronic form, such request must:

(i) state your full name and address; and

(ii) be sent to cosec@futurenet.com. Please state 'AGM' in the subject line of the e-mail. You may not use this electronic address to communicate with the Company for any other purpose.

Relevant Securities

20) Relevant Securities are:

(a) Ordinary shares in the Company other than shares allotted pursuant to:

(i) an employee share scheme (as defined by section 1166 of the Act);

(ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or

(iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

(b) Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Investor information

Investor enquiries and information about Future
For enquiries of a general nature regarding the Company and for investor relations enquiries please contact John Bowman at the Company's London office, or visit *futureplc.com* and select the investor relations section.

Registrar and transfer office
The Company's share register is maintained by:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
Tel: +44 (0)870 707 1443

Shareholders should contact the Registrar, Computershare, in connection with changes of address, lost share certificates, transfers of shares and bank mandate forms to enable automated payment of dividends.

Online information – *www.investorcentre.co.uk*
Our Registrar, Computershare, has a service to provide shareholders with online internet access to details of their shareholdings. The service is free, secure and easy to use. To register for the service, go to *www.investorcentre.co.uk*.

Unsolicited mail
The share register is by law a public document. To limit the receipt of mail from other organisations, please register with the Mailing Preference Service, by visiting *www.mpsonline.org.uk/mpsr/*.

Warning to shareholders – 'boiler room' scams
In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting *www.fsa.gov.uk/register/*
- Report the matter to the FSA either by calling 0845 606 1234 or visiting *www.moneymadeclear.org.uk*
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at *www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.html*

Details of any share dealing facilities that the Company endorses will be included in company mailings.

More detailed information on this or similar activity can be found at *www.moneymadeclear.org.uk*

Directors and advisers

Directors
Roger Parry
Chairman

Stevie Spring
Chief Executive

John Bowman
Group Finance Director

Michael Penington
Senior independent non-executive Director

Patrick Taylor
Non-executive Director

Seb Bishop
Non-executive Director

Mark Whiteling
Non-executive Director

Company Secretary and General Counsel
Mark Millar

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Registered in England and Wales

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1 Embankment Place
London WC2N 6RH

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10 Paternoster Square
London EC4M 7LT

Principal bankers
Barclays Bank plc
1 Churchill Place
London E14 5HP

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Solicitors
Allen & Overy LLP
One Bishops Square
London E1 6AD

Financial calendar

Financial calendar

Announcement of annual results and final dividend recommendation
24 November 2010

Ex-dividend date
16 February 2011

Dividend record date
18 February 2011

Annual General Meeting and approval of final dividend
9 February 2011

Final dividend payment date
1 April 2011

Half-year end
31 March 2011

Announcement of interim results
20 May 2011

Financial year-end
30 September 2011

Contacts

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MEDIA WITH PASSION

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