Hargreaves Lansdown plc Group

Interim Report and
Condensed Consolidated Financial Statements
6 months ended 31 December 2010

Embargoed: for release at 0700h, 10 February 2011

Contents

The Interim Management Report contains forward-looking statements which have been made in good faith based on the information available to us at the time of the approval of this report and should be treated with caution due to the inherent risks and uncertainties, including both economic and business risk factors some of which were set out in the 2010 Annual Report, underlying such forward-looking information.

Highlights to 31 December 2010

- Continued strong growth
- Total assets under administration up £4.8 billion (27%) since 30 June 2010 at £22.3 billion
- 346,000 active Vantage clients, an increase of 16,000 since 30 June 2010
- Total net business inflows for the 6 months of £1.34 billion
- Revenue increased by 30% to £97.0 million
- Underlying profit* before tax up 38% at £59.3 million
- Reported profit before tax up 41% at £56.3 million
- Total interim dividend of 4.5 pence per share

	Six months ended 31 December 2010	Six months ended 31 December 2009	**Change %**	Year to 30 June 2010
Revenue	**£97.0m**	£74.6m	**+30%**	£159.0m
Proportion of recurring revenue	**76%**	71%	**+5 pts.**	72%
Underlying profit* before tax	**£59.3m**	£43.1m	**+38%**	£90.7m
Profit before tax	**£56.3m**	£39.8m	**+41%**	£86.3m
Underlying operating profit* margin	**60.5%**	57.2%	**+3.3 pts**	56.5%
Total assets under administration	**£22.3bn**	£15.6bn	**+43%**	£17.5bn
Underlying* diluted earnings per share	**9.1p**	6.6p	**+38%**	13.9p
Diluted earnings per share	**8.6p**	6.0p	**+43%**	13.1p
Net business inflows	**£1.34bn**	£1.37bn	**-2%**	£3.34bn

*H1 2011 underlying profit excludes the additional FSCS levy and H1 2010 underlying profit excludes one-off costs relating to new offices, as detailed in the Financial Review.

Commenting on the results, Ian Gorham, Chief Executive said:

I am pleased to report that for the six months to 31 December 2010 we have achieved record revenue, profits and total assets under administration (AUA). This has been achieved with a backdrop of continuing economic uncertainties both at home and abroad. Stock markets have risen and net business inflows have virtually matched last year's record amounts, resulting in a significant increase in our AUA of £4.8 billion in just 6 months.

Despite increased costs relating to our new office building, continued investment in IT systems, increased loyalty bonus payments to clients and most notably a Financial Services Compensation Scheme (FSCS) additional levy of £3.0 million, our costs have been tightly controlled. This prudence, allied to income from assets and an enhanced cash management strategy have delivered a 41 per cent rise in profit before tax and an associated increased profit margin.

The reputation of the Hargreaves Lansdown business is still growing, and fundamental to this is that we do not rest on our laurels. We must continue to ensure our clients receive the best information, best service and best prices. Client feedback, industry awards and the growing presence of our expert commentators in the media all help to reinforce our continued success. New initiatives such as applications for mobile phones, enhanced stockbroking capability and the Corporate Vantage service all proceed to plan and should help promote further long term growth.

In respect of the FSCS levy, it is disappointing that shareholders in a reputable firm such as Hargreaves Lansdown must foot the bill for the incompetence of others. We have made our feelings on the matter known and believe the way the FSCS is funded and operates needs to be reviewed.

About us:

The Hargreaves Lansdown Group (the "Group") distributes investment products and attracts high quality earnings derived from the value of investments under administration or management.

Our success can be attributed to innovative marketing and a high retention of clients through the provision of first class service and information. The company employs a unique direct selling model which is cost effective, scalable and affords a high profit margin.

For further information please contact:

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Ian Gorham, Chief Executive
Peter Hargreaves, Co-founder, Executive Director
Ben Yearsley, Media and Investor Relations

Interim Management Report

Unless otherwise stated, all figures below refer to the six months ended 31 December 2010 ("H1 2011"). Comparative figures are for the six months ended 31 December 2009 ("H1 2010")

Chief Executive's Statement

The first six months' trading of the current financial year have seen the continuation of the trend of growing revenue and profits, with both measures reaching record levels for the first half of the year. Traditionally, the second half of the year, which encompasses the tax year end, is much the stronger half, so we are especially pleased at such a successful pre-cursor to our busy season.

Total AUA is at a record high of £22.3 billion, up £4.8 billion since 30 June 2010. During the past six months world stock markets have risen significantly with the FTSE All-Share rising 20 per cent. At the same time our fast organic growth has continued, with net new business inflows totalling £1.34 billion.

Operating profit has risen by 41per cent from £39.4 million to £55.6 million. This result has been helped by efficient operations and strong cost controls. For example, the average number of employees for H1 2011 was 626 compared to 607 for H1 2010. Profit would have been significantly higher had we not been billed for an additional £3 million in the Financial Services Compensation Scheme levy, the full cost of which is included within the first half results. This cost is outside our control and is levied upon firms in the Investment Intermediation and the Investment Fund Management sub-classes to compensate investors in failed investment companies, particularly KeyData Investment Services Limited. Our view is that shareholders in reputable firms should not have to foot the bill for the incompetence of others and we believe that the way in which such a compensation scheme is funded and operates needs to be reviewed.

Our range of quality services continues to attract new clients in significant numbers and also helps to retain existing business. Net new Vantage clients for the six months totalled 16,000 (H1 2010 18,000). The comparative six months to 31 December 2009 benefited from increased ISA allowances for the over 50's and two major fund launches, all drivers for new clients and early investment. Given such factors have not been present in the first half of this financial year we consider our progress to date excellent. Various fund launches and initiatives are planned in the second half which we expect to be instrumental in attracting new clients and we are expecting new clients to match last year. We have experienced strong new client conversion in January 2011, with new clients up by 35 per cent compared to the same month in 2010.

Thus the first six months' trading of the current financial year has been very pleasing, especially against a backdrop of continued economic uncertainty.

During the period the Financial Services Authority (FSA) issued further consultation on the Retail Distribution Review. The proposals rightly retain an exemption for execution only business and recognise the value of services provided by a platform to a product provider, such that platforms may continue to receive payment from providers. We see both outcomes as positive and wish to see them confirmed in the Policy Statement to be published in 2011. c.87 per cent of Hargreaves Lansdown's business is execution only. Our business remains compliant and we consider ourselves to currently have a positive relationship with the FSA. Despite these outcomes, we believe it is important that FSA senior management remain focused on overseeing sensible and restrained regulatory output from both the UK and Europe during the current upheaval in the UK regulatory structure.

The second half of the year includes the tax year end. This is traditionally a very busy time as clients look to use their current and new tax allowances and take stock of their investment portfolios. The increased ISA allowances, simplification of pension rules, and new fund launches should help recruit new clients and generate new business in the second half.

To aid long term growth, Hargreaves Lansdown expects to launch a number of initiatives in the period to 30 June 2011. These include a mobile phone application (Apple and Android) providing clients with full information, account management and trading functionality; stockbroking improvements, including an improved client tariff and various additions to our existing services and further improvement to our advisory business, which is again showing a significant contribution as a source of assets gathered and client service.

Progress remains positive on our workplace investment service, Corporate Vantage. There are now 9 Corporate Vantage schemes either live or in implementation, with over 1,000 members. We are also in advanced discussions with a major professional services firm about providing a Corporate ISA and Fund & Share account option to its UK employees. Enthusiasm for the service remains high, although it is important to note its very long term nature. Engaging with a firm's Human Resources, Finance division and Management to obtain a decision at a company understandably takes time. Even after a commitment is obtained, planning is required to decide items such as communication and implementation. Once live, the effect on AUA of the substantial aggregate regular contributions should be significant in the long term, but will not be immediately material.

None of the new initiatives are intended or expected to materially impact on the results in the short term but we are excited about their potential to support long term future growth and profitability.

As always a key factor in our full year performance will be the level of the markets and business over the tax year end. We are confident Hargreaves Lansdown will have another successful year with a continued significant growth in the business.

Finally I would like to thank all our employees for their valuable contribution in the record achievement of the first six months; for ensuring that the business is in great shape to service our ever growing client base and for continually striving to improve our services. I would also like to thank our clients for their continued support and recommendation, which helps grow our business and reputation.

Ian Gorham, Chief Executive

Financial Review

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row.

Summary of Results

	Unaudited 6 months ended 31 December 2010 £'million	Unaudited 6 months ended 31 December 2009 £'million	Audited Year to 30 June 2010 £'million
Revenue	97.0	74.6	159.0
Administrative expenses	(38.3)	(31.9)	(69.2)
Underlying operating profit	58.7	42.7	89.8
One-off administrative expenses *	-	(3.3)	(4.4)
Additional FSCS levy	(3.0)	-	-
Operating profit	55.6	39.4	85.4
Non operating income – investment revenue and other gains	0.6	0.4	0.9
Profit before taxation			
- before one-off expenses & FSCS levy	59.3	43.1	90.7
- after one-off expenses & FSCS levy	56.3	39.8	86.3
Taxation	(15.6)	(11.8)	(25.0)
Profit after taxation	**40.6**	**28.0**	**61.3**

***** one-off costs relating to new offices incurred in 2009/10

Assets Under Administration (AUA)

During the period, the FTSE All-Share has risen by 20 per cent from 2,543.47 to 3,062.85. The value of Hargreaves Lansdown's total assets under administration has grown by 27 per cent from £17.5 billion as at 30 June 2010 to £22.3 billion as at 31 December 2010. Total assets under administration can be broken down as follows:

	31 December 2010 £'billion	31 December 2009 £'billion	30 June 2010 £'billion
Vantage Assets Under Administration (AUA)	**20.9**	**14.4**	**16.3**
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	1.4	1.2	1.2
Multi-manager funds held outside of PMS	0.7	0.5	0.6
AUM Total	**2.1**	**1.7**	**1.8**
Less: Multi-manager funds (AUM) included in Vantage (AUA)	**(0.7)**	**(0.5)**	**(0.6)**
Total Assets Under Administration	**22.3**	**15.6**	**17.5**

The value of assets under administration held within the Vantage service, the Group's direct-to-private investor fund supermarket and wrap platform, increased from £16.3 billion as at 30 June 2010 to £20.9 billion as at 31 December 2010. This can be attributed to £1.3 billion net new business inflows (H1 2010: £1.3 billion) and the £3.3 billion positive impact of the market and other growth factors during the period. Net new business generated within the Vantage ISA, SIPP and other Vantage nominee accounts were £0.4 billion, £0.5 billion and £0.4 billion respectively. As at 31 December 2010, the value held within the Vantage ISA was £8.5 billion, (30 June 2010: £6.9 billion), within the Vantage SIPP was £5.8 billion (30 June 2010: £4.6 billion) and within other Vantage nominee accounts was £6.6 billion (30 June 2010: £4.8 billion). The number of active Vantage clients at 31 December 2010 was 346,000 compared with 330,000 as at 30 June 2010.

Clients have decreased their cash weightings during the period. The composition of assets across the whole of Vantage at 31 December 2010 was 31% stocks and shares (30 June 2010: 28%), 59% investment funds (30 June 2010: 60%) and 10% cash (30 June 2010: 12%).

The value of assets held in our managed services, namely our Portfolio Management Service and our range of multi-manager funds, was £2.15 billion as at 31 December 2010, up 17 per cent from £1.83 billion at 30 June 2010, including £0.69 billion of Hargreaves Lansdown multi-manager funds administered through Vantage. The increase can be attributed to the £240 million positive impact of the market during the period and £80 million of net new business which predominantly relates to the Portfolio Management Service.

Revenue

The FTSE All-Share index has risen by 11 per cent in the last twelve months and the average level has also been 11 per cent higher during the six months to 31 December 2010 compared to the six months ended 31 December 2009. In comparison, the Group's revenue has increased by 30 per cent.

	Unaudited 6 months ended 31 December 2010 £'million	Unaudited 6 months ended 31 December 2009 £'million	Increase %
Vantage	73.4	51.3	+43%
Discretionary and Managed	11.6	11.5	+1%
Third Party & Other Services	12.0	11.8	+2%
Total Revenue	**97.0**	**74.6**	**+30%**

During the current financial year the predominant factors driving revenue have been market growth, net new business plus the fact that during this year we are earning a full year of income on the significant value of assets gathered last year. Combined with the continued close management over controllable costs, this has driven profits higher with the underlying operating profit margin before the FSCS levy increasing from 57.2% to 60.5% for the 6 month period. This demonstrates the continued scalability of the business model.

Performance from the Group's **Vantage** service has again been strong. The number of clients using this service has increased by 15 per cent over the last twelve months. We have increased revenue from the Vantage service by 43 per cent from £51.3 million to £73.4 million. This increase was primarily created by the assets (AUA) being on average 43 per cent higher in value than in H1 2010, while the overall revenue margin earned on AUA remained the same at 78bps. This time last year we were anticipating a reduction in interest revenue. The low interest rate environment has continued this year but we have seen an improvement in our interest revenue margin as a result of reviewing our treasury arrangements and working with our banking counterparties. This has also enabled us to improve our service to clients through offering higher interest fixed term deposits. In addition fund dealing volumes have increased by 30% and equity dealing volumes have increased by 16%, with the percentage of equity deals taking place online increasing from 80% to 85%.

The **Discretionary and Managed** division has seen an increase in revenue of 1 per cent compared to H1 2010. Increased renewal income and management fees resulting from the increase in AUM marginally offset the reduction in initial charges arising on new business. The overall level of AUM has increased by 23 per cent to £2.1 billion since 31 December 2009, with the number of clients using PMS increasing by 2 per cent and the value of HL Multi-Manager funds held outside of PMS increasing by 35 per cent to £708 million. The value of net new PMS business fell by 52% as financial advisors focused more on bringing clients on to the Vantage platform which meant less initial charges.

The HL Multi-Manager funds recorded £0.1 billion of net new business which was the same as H1 2010 and 13 per cent market growth which was lower than the 19% in H1 2010. The managed portfolios within PMS have also performed well, recording an average market growth of 13% with four of the six portfolios outperforming the relevant IMA indices.

Revenue from the **Third Party and Other Services** division increased by 2 per cent compared to the same period last year. As pointed out a year ago, we had expected that revenue from third party pensions and investments would decline as more clients choose to transfer their assets onto the Vantage platform. This has continued to be evident this year, with the exception being income from personal pension annuities which has increased from £2.1 million in H1 2010 to £2.6 million.

Income from Other Services, namely certificated share dealing, CFD's, currency service, banking and data services, increased by £0.4 million to £2.9 million. This was primarily due to the increased revenue from the "funds library" data services provided by our subsidiary company Library Information Services Limited.

Administrative Expenses

Underlying administrative costs have increased by 20% from £31.9 million to £38.3 million. When taken in the context of revenue growth of 30% and underlying profit before tax growth of 38% over the same period, it shows that the business model remains highly scalable. We continue to maintain a strong focus on cost control and efficiencies which when combined with the scalability of the model, helps to drive profits higher and increase returns for shareholders.

	Unaudited 6 months ended 31 December 2010 £'million	Unaudited 6 months ended 31 December 2009 £'million	Increase %
Staff costs	19.9	18.1	+10%
Commission payable	7.4	5.5	+35%
Marketing and distribution costs	3.9	3.6	+8%
Office running costs	2.0	0.7	+186%
Depreciation, amortisation and financial costs	1.1	0.8	+38%
Other costs	3.7	3.0	+23%
Compliance costs	0.3	0.2	+50%
Underlying costs	38.3	31.9	+20%
Additional FSCS levy	3.0	-	-
One-off costs related to new offices	-	3.3	-
Total administrative expenses	**41.3**	**35.2**	**+17%**

The Group's largest expense is staff costs which increased by 10 per cent. The average number of staff during the six months ended 31 December 2010 was 626 (H1 2010: 607). As at 31 December 2010 we employed 630 staff.

Commission payable includes the share of renewal income which the Group receives on funds held in Vantage which is rebated back to clients as a cash loyalty bonus. It increased by 35 per cent, from £5.5 million to £7.4 million, in line with the rise in value of the related client assets.

The Group increased marketing and distribution spend by 8 per cent from £3.6 million to £3.9 million. This includes the cost of sending information to existing and potential clients. These costs also include an element of media advertising, postage, stationery and the cost of corresponding with clients. In terms of mailing activity, volumes were 6% down with an increase in e-mail and Investment Times volumes being more than offset by the reduced number of mailshots relating to fund launches and ISA allowance changes. Despite this fall in mailing volumes, overall costs increased as costs associated with the Investment Times and costs incurred on media advertising and marketing offset the fall in mailing costs.

Office running costs include rent, rates, utility and security costs and have increased by £1.3m. This increase primarily relates to the running costs of our new, larger office following our move in February 2010.

The charge for depreciation, amortisation and financial costs has increased for the period from £0.8 million to £1.1 million as a result of the increased capital expenditure last year relating to the new office.

Other costs include items such as dealing costs, irrecoverable VAT, compensation costs, insurance, legal and professional services, computer maintenance and external administration charges. These costs increased by 23% from £3.0 million to £3.7 million including irrecoverable VAT and computer maintenance which were £0.4 million and £0.2 million higher respectively. Some of these costs will have increased due to the increased size of business and higher business volumes.

Compliance costs relate to regulatory costs imposed by the Financial Services Authority. The underlying compliance costs have increased from £0.2 million to £0.3 million. In addition, on 24 January 2011 formal notification was received from the FSCS informing us of a significant increase in the compensation scheme levy for the year to 31 March 2011. This levy is placed on firms in the Investment Intermediation and the Investment Fund Management sub-classes and is used to compensate consumers with eligible claims. The significant increase has been due to the failure of various investment intermediary firms, most notably Keydata Investment Services Limited and Wills & Co. The increase in the levy has meant an additional £3.0 million of costs all of which have been charged to the six month period ending 31 December 2010. It should be noted that this charge is completely beyond our control.

In the six months to 31 December 2009 the Group incurred £3.3 million in relation to the fit-out of its new offices. These were non-recurring costs, primarily professional fees, and rental costs on vacant properties. For the six months to 31 December 2010, no such costs have been incurred.

Investment revenues

Investment revenues increased by 39 per cent, from £0.46 million to £0.64 million. This is attributed to an increase in interest rates earned on the Group's own cash balances.

Taxation

The charge for taxation in the income statement increased in line with higher profits to £15.6 million from £11.8 million. The effective tax rate fell from 29.8 per cent in H1 2010 to 27.8 per cent in the current period. The reduction in the effective tax rate is due to the prior period having disallowable costs relating to the new office which pushed the rate above the standard 28% and the fact that this year sees a fall in the standard tax rate to 27% from 1 April 2011. In total, taxation of £3.1 million has also been credited directly to equity and relates mainly to share based payments.

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Earnings per share (EPS)

The basic EPS has increased from 6.0 pence to 8.8 pence. The underlying basic EPS increased from 6.6 pence to 9.2 pence and the underlying diluted EPS increased from 6.6 pence to 9.1 pence. The underlying earnings figures exclude the net effect of investment gains, exclude the FSCS additional levy for this half year and exclude the one-off costs relating to the new office that were incurred in the prior half year.

Dividend

We are pleased to declare that an interim dividend of 4.5 pence per share will be paid on 6 April 2011 to all shareholders on the register at 18 March 2011. This amounts to a total interim dividend of £20.8 million. The Board intends to make a further dividend declaration at the same time as our preliminary results announcement for the full year, with the dividend payable on 29 September 2011.

The interim dividend of 4.5 pence compares to the total 2010 ordinary interim and special interim dividends of 8.0 pence and 1.6 pence respectively. It should be noted that the split between interim and final dividend was temporarily distorted last year, with a higher than normal interim dividend being paid ahead of the 10% increase to the top rate of income tax. The 2010 final dividend was correspondingly lower. The Board has not changed the overall dividend policy, but this year the dividend payments will revert to a more typical split between interim and final dividend.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trusts (the “EBTs”) have agreed to waive all dividends. As at 31 December 2010 the EBTs held 11,142,833 shares.

Capital expenditure and cash flow

Capital expenditure totalled £0.7 million for the six months ended 31 December 2010, compared with £2.9 million for the same period in the previous financial year. Capital expenditure consisted mainly of IT hardware and software. The capital spend in the comparative period was much higher as it included £2.2 million relating to the fit-out of the new office.

The Group’s own cash balances totalled £87.6 million at the end of the period. This includes £1.2 million of cash held within the EBTs. The only significant cash outflow from underlying profits has been the final and special dividends totalling £10.6 million paid during September 2010. In addition to the Group’s own cash, the figure for cash and cash equivalents on the balance sheet includes client cash which is being held on account pending the settlement of transactions. This will vary depending on the level of trading activity around the balance sheet date. As at 31 December 2010, this balance was £10.9 million (31 December 2009: £8.1 million).

The Group is highly cash generative and the cash conversion ratio measured by the operating cash flows as a percentage of operating profits improved from 87% in H1 2010 to 95% in H1 2011.

Net assets, capital requirement and treasury policy

The Group net assets increased by 21 per cent from £80.8 million at 31 December 2009 to £97.9 million at 31 December 2010.

Under the Capital Requirements Directive, the Group is required to make Pillar 3 disclosure of additional information on its risk management framework, capital resources and individual risks. These disclosures are published on the Group's website at www.H-L.co.uk. The Group has four subsidiary companies which are authorised and regulated by the Financial Services Authority. We continue to hold a level of capital that provides significant headroom over the regulatory minimum. At 31 December 2010, the regulated companies had Tier 1 capital of £49 million which provided excess regulatory capital of approximately £42 million.

The Group is soundly financed with a strong balance sheet and no borrowings. This is an important strength which provides both resilience and flexibility. The Group deposits its liquid funds with selected financial institutions specified within the Group Treasury policy. The Group actively maintains cash balances on short term deposit to ensure that it has sufficient available funds for operations. This policy is designed to ensure that the Group takes no material liquidity risk. The Group is not exposed to significant foreign exchange translation or transaction risk.

Related party transactions

There were no material changes to the related party transactions during the financial period.

Board changes

As previously announced, Stephen Lansdown stepped down as an executive director on 26 August 2010, although remains on the Board as a non-executive director. On the same date we were pleased to appoint Chris Barling as an independent non-executive director and Ian Gorham as an executive director. On 2 September Ian Gorham was then appointed as Chief Executive, taking over from Peter Hargreaves who remains on the Board as an executive director. On 31 December Jonathan Davis stepped down as a non-executive director. It is intended that a replacement non-executive director will be appointed in the future once an appropriate person has been found.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 15 to 16 of the Group’s Annual Report and Financial Statements 2010, a copy of which is available on the Group’s website www.H-L.co.uk. These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly reviewed by the Board. One of the principal risks we face is regulatory and as such we look briefly at regulatory change below.

Interim Management Report

Regulatory Change

The pace of regulatory change is likely to increase in the coming years as the European Commission (EC) considers revised rules for European financial services markets and the Financial Services Authority (FSA) is replaced by new regulatory bodies in the UK.

Some commentators have suggested that recent EC proposals could result in a ban on UK investors making their own investment decisions in future within SIPPs, ISAs or other investment accounts. We strongly believe this is not what the EC are looking to do. The EC's recent proposals are set in the context of investors who trade in 'complex' products. Essentially, when investors want to open up a 'complex' trading account such as a spread betting account, current EC rules require investors to undergo an 'appropriateness test' before they can start trading. This is a one-off test completed at the account opening stage. After an investor passes the test, they are completely free to place 'execution only' trades without receiving advice. We have made contact with the EC and they have confirmed that our understanding of their new proposals is correct – i.e. the EC are not looking to insist that clients take advice for every transaction or looking to stop clients making their own investment trading decisions. The EC are only considering extending the one-off appropriateness test to other investment products.

The FSA's Retail Distribution Review (RDR) is due to take effect at the end of 2012. The FSA has not yet finalised all of the rules that will implement the RDR. We continue to liaise with the FSA regarding their draft rules for "platforms". We feel confident that the present HL business model is sufficiently robust and flexible to enable us to adapt to any new rules in future.

Going concern

The interim report and condensed financial statements are prepared on a going concern basis as the directors are satisfied that, at the time of approving the interim report and condensed financial statements, the Group has the resources to continue in business for the foreseeable future.

Outlook

On the back of a record first half year the Group is extremely well placed to build on the momentum that has been generated so far and our ability to innovate and remain responsive to the economic environment will assist us. The strategy remains the same in that we will principally grow the business through growing AUA.

During the second half of the year the Group should benefit from increased ISA allowances, simplification of pension rules, and new fund launches. The tax year end is a deadline for ISA's and SIPP's assisting in the recruitment of new clients and business generation. Continued strong stockbroking volumes and the improved cash management strategy provides us with the opportunity to improve the revenue margin in the second half of the year. As always the level of the market will be a key factor in our full year performance.

We continue to market our Corporate Vantage service and to date have 9 schemes either live or in implementation. The level of interest in the service and prospective pipeline is very encouraging. As we have said before, we do not anticipate any financial benefit this year but we do see this as a significant and important source of new assets and clients over the long term.

The SIPP market is ever growing and one in which we are well placed to benefit from. ISA allowances are being increased and in autumn of this year the Junior ISA will be introduced. Our stockbroking services continue to grow and indeed we will be improving the stockbroking services that we offer. We will also be looking at how we can better utilise digital media in the provision of our services. Overall we believe there are plenty of opportunities to grow our business and energy will be applied to delivering them.

Costs remain under control and expenditure remains focused on ensuring excellent customer service is provided and that we are well placed for our next phase of growth. We will continue to invest in people, systems and infrastructure and strive to provide a continued excellent service in all that we do.

Underlying economic conditions are likely to remain uncertain in the second half of the year, but we continue to endeavour to provide our clients with the best service, the best prices and the best information, irrespective of what market conditions prevail.

Tracey Taylor, Group Finance Director

Responsibility Statement

The directors confirm that to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;

b) the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules (DTR) 4.2.7R - "indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year"; and

c) the interim management report includes a fair review of the information required by DTR4.2.8R - "disclosure of related party transactions and changes therein".

On behalf of the Board

Tracey Taylor
Group Finance Director
9 February 2011

Independent Review Report to Hargreaves Lansdown plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors

Bristol, United Kingdom

9 February 2011

Condensed Consolidated Income Statement

	Note	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
		£'000	£'000	£'000
Revenue	8	96,954	74,556	158,970
Total operating income		96,954	74,556	158,970
Administrative expenses		(41,324)	(35,204)	(73,588)
Operating profit		55,630	39,352	85,382
Investment revenues	9	640	463	854
Other gains and losses	10	2	(1)	59
Profit before tax		56,272	39,814	86,295
Tax	11	(15,629)	(11,847)	(25,020)
Profit for the period		40,643	27,967	61,275
Attributable to:-				
Equity holders of the Company		40,606	27,967	61,266
Non-controlling interest		37	-	9
		40,643	27,967	61,275
Earnings per share (pence)	13			
Basic earnings per share		8.8	6.0	13.2
Diluted earnings per share		8.6	6.0	13.1

All income, profits and earnings are in respect of continuing operations.

After the balance sheet date, the directors declared an ordinary interim dividend of 4.5 pence per share payable on 6 April 2011 to shareholders on the register on 18 March 2011.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	**£'000**	**£'000**
Profit for the period	40,643	27,967	61,275
Other comprehensive income for the period:-			
Net increase in fair value of available-for-sale investments	27	184	168
Total comprehensive income for the period	40,670	28,151	61,443
Attributable to:-			
Equity holders of the Company	40,633	28,151	61,434
Non-controlling interest	37	-	9
	40,670	28,151	61,443

Condensed Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company										
	Share capital £'000	Share premium account £'000	Investment revaluation reserve £'000	Capital redemption reserve £'000	Shares held by EBT reserve £'000	EBT reserve £'000	Share option reserve £'000	Retained earnings £'000	**Total £'000**	Non-controlling interest £'000	**Total equity £'000**
At 1 July 2009	1,897	8	(77)	12	(10,965)	11,118	7,577	75,150	**84,720**	(70)	**84,650**
Profit for the period	-	-	-	-	-	-	-	27,967	**27,967**	-	**27,967**
Other comprehensive income:-											
Net fair value gains on available-for-sale assets	-	-	184	-	-	-	-	-	**184**	-	**184**
Employee Benefit Trust:-											
Shares sold during the period	-	-	-	-	27	-	-	-	**27**	-	**27**
EBT share sale net of tax	-	-	-	-	-	(519)	-	-	**(519)**	-	**(519)**
Employee share option scheme:-											
Share based payments expense	-	-	-	-	-	-	129	-	**129**	-	**129**
Deferred tax effect of share based payments	-	-	-	-	-	-	1,054	-	**1,054**	-	**1,054**
Tax relief on exercise of share option	-	-	-	-	-	-	(19)	-	**(19)**	-	**(19)**
Dividend paid	-	-	-	-	-	-	-	(32,675)	**(32,675)**	-	**(32,675)**
Reserves transfer	-	-	-	-	-	-	(8,741)	8,741	**-**	-	**-**
At 31 December 2009	1,897	8	107	12	(10,938)	10,599	-	79,183	**80,868**	(70)	**80,798**
At 1 July 2010	1,897	8	91	12	(14,505)	10,166	-	68,445	**66,114**	(61)	**66,053**
Profit for the period	-	-	-	-	-	-	-	40,606	**40,606**	37	**40,643**
Other comprehensive income:-											
Net fair value gains on available-for-sale assets	-	-	27	-	-	-	-	-	**27**	-	**27**
Employee Benefit Trust:-											
Shares sold during the period	-	-	-	-	61	-	-	-	**61**	-	**61**
Shares acquired during the period	-	-	-	-	(2,156)	-	-	-	**(2,156)**	-	**(2,156)**
EBT share sale net of tax	-	-	-	-	-	(9)	-	-	**(9)**	-	**(9)**
Employee share option scheme:-											
Share based payments expense	-	-	-	-	-	-	-	690	**690**	-	**690**
Deferred tax effect of share based payments	-	-	-	-	-	-	-	3,113	**3,113**	-	**3,113**
Dividend paid	-	-	-	-	-	-	-	(10,567)	**(10,567)**	-	**(10,567)**
At 31 December 2010	1,897	8	118	12	(16,600)	10,157	-	102,287	**97,879**	(24)	**97,855**

The share premium account represents the difference between the issue price and the nominal value of shares issued.

The investment revaluation reserve represents the change in fair value of available-for-sale investments held by the Group, net of deferred tax.

The capital redemption reserve relates to the repurchase and cancellation of the Company's own shares.

The Shares held by Employee Benefit Trust ("the EBT") reserve represents the cost of shares in Hargreaves Lansdown plc purchased in the market and held by the Hargreaves Lansdown plc Employee Benefit Trust to satisfy options under the Group's share options schemes.

The EBT reserve represents the cumulative (loss)/gain on disposal of investments held by the Hargreaves Lansdown EBT. The reserve is not distributable by the Company as the assets and liabilities of the EBT are subject to management by the Trustees in accordance with the EBT trust deed.

The share option reserve represented the effect of share-based payments and associated tax. From 31 December 2009 this has been shown within retained earnings rather than as a separate reserve.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. The non-controlling interest represents a 15% shareholding in Library Information Services Limited, a subsidiary of the Company.

Condensed Consolidated Balance Sheet

	Note	Unaudited 6 months ended 31 December 2010 £'000	Unaudited 6 months ended 31 December 2009 £'000	Audited Year to 30 June 2010 £'000
Non-current assets				
Goodwill		1,333	1,333	1,333
Other intangible assets		257	235	211
Property, plant and equipment		7,060	3,931	7,445
Deferred tax assets		5,926	2,447	2,941
		14,576	7,946	11,930
Current assets				
Trade and other receivables	15	131,661	88,998	104,174
Cash and cash equivalents	15	98,452	77,996	71,245
Investments	14	2,335	2,158	2,322
Current tax assets		12	21	33
		232,460	169,173	177,774
Total assets		247,036	177,119	189,704
Current liabilities				
Trade and other payables	16	132,277	83,673	108,692
Current tax liabilities		16,381	11,902	14,061
		148,658	95,575	122,753
Net current assets		83,802	73,598	55,021
Non-current liabilities				
Provisions		523	746	898
Total liabilities		149,181	96,321	123,651
Net assets		97,855	80,798	66,053
Equity				
Share capital	17	1,897	1,897	1,897
Share premium account		8	8	8
Investment revaluation reserve		118	107	91
Capital redemption reserve		12	12	12
Shares held by Employee Benefit Trust		(16,600)	(10,938)	(14,505)
EBT reserve		10,157	10,599	10,166
Retained earnings		102,287	79,183	68,445
Equity, attributable to equity shareholders of the parent		97,879	80,868	66,114
Non-controlling interests		(24)	(70)	(61)
Total equity		97,855	80,798	66,053

The condensed consolidated financial statements of Hargreaves Lansdown Plc, registered number 02122142, were approved by the board of directors on 9 February 2011, signed on its behalf and authorised for issue by:

T P Taylor
Group Finance Director

Condensed Consolidated Statement of Cash Flows

	Note	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
		£'000	£'000	£'000
Net cash from operating activities, after tax	18	39,876	25,273	71,530
Investing activities				
Interest received		638	463	804
Dividends received from investments		2	-	50
Proceeds on disposal of available-for-sale investments		-	-	228
Proceeds on disposal of plant and equipment		8	-	102
Purchases of property, plant and equipment		(517)	(2,783)	(7,834)
Purchase of intangible fixed assets		(144)	(132)	(263)
Sale of investments		15	408	-
Net cash from/(used in) investing activities		2	(2,044)	(6,913)
Financing activities				
Purchase of own shares		(2,156)	-	(3,590)
Proceeds on sale of own shares		52	26	62
Dividends paid		(10,567)	(32,675)	(77,260)
Net cash used in financing activities		(12,671)	(32,649)	(80,788)
Net increase/(decrease) in cash and cash equivalents		27,207	(9,420)	(16,171)
Cash and cash equivalents at beginning of period		71,245	87,416	87,416
Cash and cash equivalents at end of period		98,452	77,996	71,245

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The Interim Financial Statements for the 6 months to 31 December 2010 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the disclosure requirements of the Listing Rules. The Interim Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

The financial information contained in these Interim Financial Statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. However, the information has been reviewed by the company's auditors, Deloitte LLP, and their report appears at the front of this document. The financial information for the year ended 30 June 2010 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by Deloitte LLP and delivered to the Registrar of Companies. Copies are available on-line at www.H-L.co.uk. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by the way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The same accounting policies, methods of computation and presentation have been followed in the preparation of the Interim Financial Statements for the six months ended 31 December 2010 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2010.

2. Seasonality of operations

A high proportion of the Group's revenue is derived from the value of assets under administration or management in either the Vantage Service or the Portfolio Management Service (PMS). The values of these assets are influenced predominantly by new business volumes, the stock market and client withdrawals. Of these factors, new business within Vantage tends to be seasonal with greater inflows in the second half of the financial year between January and June. This can be attributed to the timing of the UK tax year-end and the fact that many individuals review their investments around this time. The receipt of new business into PMS is less seasonal than this as a result of being distributed through our Financial Practitioners. In this instance, the inflow of business is also influenced by the timing of when advisers meet with clients.

As new business only accounts for a smaller proportion of asset values and because of other revenue streams and market effects, overall Group revenue is less seasonal than new business inflows. In the year ended 30 June 2010, 53% of revenue was earned during the second half of the year.

3. Segment information

The Group is organised into three business segments, namely the Vantage Division, the Discretionary and Managed Division and the Third Party/Other Services Division. This is based upon the Group's internal organisation and management structure and is the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. The CODM has been identified as the Board of Executive Directors.

The 'Vantage' division represents all activities relating to the Vantage service, our direct to investor fund supermarket and wrap service.

The 'Discretionary and Managed' division is focused on the provision of managed services such as our Portfolio Management Service (PMS) and range of Multi-Manager funds.

The 'Third Party/Other Services' division includes activities relating to the broking of third party investments and pensions, certificated share dealing and other niche services such as currency, CFD's and spread betting. In this division, clients investments are not administered within the Group.

The 'Group' segment contains items that are shared by the Group as a whole and cannot be reasonably allocated to other operating segments.

Segment expenses are those that are directly attributable to a segment together with the relevant portion of other expenses that can reasonably be allocated to the segment. Gains or losses on the disposal of available-for-sale investments, investment income, interest payable and tax are not allocated by segment.

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items. Corporate assets and liabilities are not included in business segments and are thus unallocated. At 31 December 2010 and 2009, these comprise cash and cash equivalents, short term investments, tax-related and other assets or liabilities.

Consolidation adjustments relate to the elimination of inter-segment revenues, balances and investments in group subsidiaries required on consolidation.

Notes to the Condensed Consolidated Financial Statements

3. Segment information (continued)

	Vantage	Discretionary and Managed	Third Party/ Other Services	Group	Consolidation Adjustment	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000
6 months ended 31 December 2010						
Revenue from external customers	73,355	11,626	11,973	-	-	**96,954**
Inter-segment revenue	-	1,600	-	-	(1,600)	**-**
Total segment revenue	73,355	13,226	11,973	-	(1,600)	**96,954**
Depreciation and amortisation	735	93	166	-	-	**994**
Interest revenue	-	-	-	640	-	**640**
Other gains	-	-	-	2	-	**2**
Reportable segment profit before tax	41,972	7,721	6,136	443	-	**56,272**
Reportable segment assets	113,785	9,278	10,333	118,089	(4,449)	**247,036**
Reportable segment liabilities	(100,390)	(6,640)	(9,768)	(34,680)	2,297	**(149,181)**
Net segment assets	13,395	2,638	565	83,409	(2,152)	**97,855**
6 months ended 31 December 2009						
Revenue from external customers	51,265	11,504	11,786	1	-	**74,556**
Inter-segment revenue	-	1,192	-	-	(1,192)	**-**
Total segment revenue	51,265	12,696	11,786	1	(1,192)	**74,556**
Depreciation and amortisation	401	131	232	13	-	**777**
Interest revenue	-	-	-	463	-	**463**
Other losses	-	-	-	(1)	-	**(1)**
Reportable segment profit before tax	28,675	5,749	5,073	317	-	**39,814**
Reportable segment assets	75,095	9,101	8,466	89,893	(5,436)	**177,119**
Reportable segment liabilities	(65,406)	(5,576)	(6,860)	(21,289)	2,810	**(96,321)**
Net segment assets	9,689	3,525	1,606	68,604	(2,626)	**80,798**

Information about products/services
The group's operating segments are business units that provide different products and services. The breakdown of revenue from external customers for each type of service is therefore the same as the segmental analysis above.

Information about geographical area
All business activities are located within the UK.

Information about major customers
The group does not rely on any individual customer.

4. Material events after interim period end

After the interim balance sheet date, an ordinary interim dividend of 4.5 pence per share (2010: Interim dividend 8.0p and special interim dividend 1.6p) amounting to a total dividend of £20.8 million (2010: £44.6 million) was declared by the Directors. These financial statements do not reflect this dividend payable.

There have been no other material events after the end of the interim period.

Notes to the Condensed Consolidated Financial Statements

5. Changes in capital expenditure and capital commitments since the last annual balance sheet date

Capital expenditure

During the six months ended 31 December 2010, the Group acquired property, plant, equipment and software assets with a cost of £0.7 million (31 December 2009: £2.9 million, 30 June 2010: £8.1 million).

Capital commitment

At the balance sheet date, the Group had £0.3 million of capital commitments relating to new IT equipment.

6. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 15 to 16 of the Group's Annual Report and Financial Statements 2010, a copy of which is available on the Group's website www.H-L.co.uk. These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly considered by the Board.

The Group is exposed to interest rate risk, the risk of sustaining losses from adverse movements in interest bearing assets. These assets comprise cash and cash equivalents. At 31 December 2010 the value of such assets on the Group balance sheet was £98 million (at 31 December 2009: £78 million). A 100bps (1%) move in interest rates, in isolation, would not have a material impact on the Group balance sheet or results. This exposure is continually monitored to ensure that the Group is maximizing its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are also made for varying periods of between one day and 12 months depending on the immediate cash requirements of the Group and earn interest at the respective fixed term deposit rates. As a source of revenue is based on the value of client cash under administration, the Group has an indirect exposure to interest rate risk on cash balances held for clients. These balances are not on the Group balance sheet.

7. Staff numbers

The average number of employees of the Group (including executive directors) was:

	Unaudited 6 months ended 31 December 2010	**Unaudited 6 months ended 31 December 2009**	**Audited Year to 30 June 2010**
	No.	**No.**	**No.**
Operating and support functions	450	448	465
Administrative functions	176	159	163
	626	607	628

8. Revenue

Revenue represents income receivable from financial services provided to clients, interest on settlement accounts and management fees charged to clients. It relates to services provided in the UK and is stated net of value added tax. An analysis of the Group's revenue is as follows:

	Unaudited 6 months ended 31 December 2010	**Unaudited 6 months ended 31 December 2009**	**Audited Year to 30 June 2010**
Revenue from services:	**£'000**	**£'000**	**£'000**
Fees and charges	80,649	63,327	135,738
Interest and similar income	14,691	10,120	20,521
Subscriptions and sundry charges	1,614	1,109	2,711
Total operating income	96,954	74,556	158,970

9. Investment revenues

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000
Interest on bank deposits	638	463	804
Dividends from equity investment	2	-	50
	640	463	854

10. Other gains and losses

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000
Gain on disposal of non-current assets	2	-	59
Loss on disposal of non-current assets	-	(1)	-
	2	(1)	59

11. Tax

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000

The tax charge for the period is based on the anticipated effective rate of tax for the year to 30 June 2011 of 27.7% (30 June 2010: 29%).

Current tax	15,501	11,413	25,031
Deferred tax	128	434	(11)
	15,629	11,847	25,020

In addition to the amount charged to the income statement, certain tax amounts have been credited/(charged) directly to equity as follows:

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000
Deferred tax relating to share-based payments	3,113	1,054	(1,104)
Current tax relief on exercise of share options	-	(19)	-
Current tax on gain on disposal of shares held by EBT	-	-	(965)
	3,113	1,035	(2,069)

12. **Dividends paid**

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000
Amounts paid and recognised as distributions to equity holders in the period:			
2010 Final dividend of 0.580p per share	2,688	-	-
2010 Special dividend of 1.700p per share	7,879	-	-
2010 Interim special dividend of 1.600p per share	-	-	7,431
2010 Interim dividend of 8.000p per share	-	-	37,154
2009 Final dividend of 4.229p per share	-	19,640	19,640
2009 Special dividend of 2.807p per share	-	13,035	13,035

The Hargreaves Lansdown Employee Benefit Trust (the "EBT"), which held the following number of ordinary shares in Hargreaves Lansdown plc at the date shown, has agreed to waive all dividends.

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust (HL EBT)	11,142,833	9,908,896	10,693,671
Representing % of called-up share capital	2.35%	2.09%	2.25%

13. **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, including ordinary shares held in the EBT reserve which have not vested unconditionally with employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Underlying basic earnings per share and underlying diluted earnings per share are calculated as for basic and diluted earnings per share, but using an underlying earnings figure such that the profit attributable to equity holders of the Company is stated before investment gains, one-off costs relating to the new office and before the additional FSCS levy. The directors consider that the underlying earnings per share represent a more consistent measure of underlying performance.

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
Earnings (all from continuing operations)	£'000	£'000	£'000
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Company	40,606	27,967	61,266
Other gains and losses	(2)	1	(59)
One-off costs relating to the new office	-	3,294	4,429
Tax on one-off costs relating to the new office	-	(415)	(720)
Additional FSCS levy	3,036	-	-
Tax on FSCS levy	(844)	-	-
Earnings for the purpose of underlying basic and underlying diluted earnings per share	42,796	30,847	64,916

13. Earnings per share (continued)

	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted earnings per share	470,183,253	468,511,905	468,417,838
Shares held by HL EBT which have not vested unconditionally with employees	6,634,702	3,919,586	3,944,947
Weighted average number of ordinary shares for the purposes of basic earnings per share	463,548,551	464,592,319	464,472,891

	Pence	Pence	Pence
Basic earnings per share	8.8	6.0	13.2
Diluted earnings per share	8.6	6.0	13.1
Underlying basic earnings per share	9.2	6.6	14.0
Underlying diluted earnings per share	9.1	6.6	13.9

14. Investments

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000
At beginning of period	2,322	2,382	2,382
Sales	(14)	(408)	(228)
Net increase in value of available-for-sale investments	27	184	168
At end of period	2,335	2,158	2,322
Current asset investments	2,335	2,158	2,322

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	£'000	£'000
UK listed securities valued at quoted market price	1,594	1,417	1,581
Unlisted securities valued at cost	741	741	741
	2,335	2,158	2,322

£457,000 (31 December 2009: £347,000, 30 June 2010: £471,000) of investments are classified as held at fair value through profit and loss and £1,878,000 (31 December 2009: £1,811,000, 30 June 2010: £1,851,000) are classified as available-for-sale. Available-for-sale investments have been included at fair value where a fair value can be reliably calculated, with the revaluation gains and losses reflected in the investment revaluation reserve until sale when the cumulative gain or loss is transferred to the income statement. If a fair value cannot be reliably calculated by reference to a quoted market price or other method of valuation, available-for-sale investments are included at cost where the directors believe that this is not significantly different to fair value, with a fair value adjustment recognised upon disposal of the investment.

Notes to the Condensed Consolidated Financial Statements

15. Other financial assets

Trade and other receivables	Unaudited 6 months ended 31 December 2010 £'000	Unaudited 6 months ended 31 December 2009 £'000	Audited Year to 30 June 2010 £'000
Trade receivables	113,488	78,618	91,306
Other receivables	429	343	344
Prepayments and accrued income	17,744	10,037	12,524
	131,661	88,998	104,174

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £99.0 million (31 December 2009: £66.7 million, 30 June 2010: £80.3 million) are included in trade receivables.

Cash and cash equivalents	Unaudited 6 months ended 31 December 2010 £'000	Unaudited 6 months ended 31 December 2009 £'000	Audited Year to 30 June 2010 £'000
Cash and cash equivalents	98,452	77,996	71,245
Comprising:			
Restricted cash - client settlement account balances	10,874	8,072	9,729
Restricted cash - balances held by Hargreaves Lansdown EBT	1,160	6,886	3,289
Group cash and cash equivalent balances	86,418	63,038	58,227

Cash and cash equivalents comprise cash held by the Group and institutional cash funds with near-instant access. Included in cash and cash equivalents are amounts of cash held on client settlement accounts as shown above. The amount of client cash held at the balance sheet date was £2,063 million (31 December 2009: £1,775 million, 30 June 2010: £2,071 million).

16. Other financial liabilities

Trade and other payables	Unaudited 6 months ended 31 December 2010 £'000	Unaudited 6 months ended 31 December 2009 £'000	Audited Year to 30 June 2010 £'000
Current payables			
Trade payables	108,046	71,268	91,494
Social security and other taxes	1,828	1,699	3,233
Other payables	8,894	8,179	5,186
Accruals and deferred income	13,509	2,527	8,779
	132,277	83,673	108,692

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £107.4 million (31 December 2009: £70.6 million, 30 June 2010: £88.7 million) are included in trade payables. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

17. Share capital

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	**£'000**	**£'000**
Issued and fully paid:			
Ordinary shares of 0.4p	1,897	1,897	1,897
	Shares	**Shares**	**Shares**
Issued and fully paid:			
Number of ordinary shares of 0.4p	474,318,625	474,318,625	474,318,625

The Company has one class of ordinary shares which carry no right to fixed income.

18. Notes to the cash flow statement

	Unaudited 6 months ended 31 December 2010	Unaudited 6 months ended 31 December 2009	Audited Year to 30 June 2010
	£'000	**£'000**	**£'000**
Profit for the period after tax	40,643	27,967	61,275
Adjustments for:			
Investment revenues	(640)	(463)	(854)
Other (gains)/losses	(2)	1	(59)
Income tax expense	15,629	11,847	25,020
Depreciation of plant and equipment	896	644	2,138
Amortisation of intangible assets	98	133	289
Share-based payment expense	690	129	608
(Decrease)/increase in provisions	(375)	(38)	114
Operating cash flows before movements in working capital	56,939	40,220	88,531
Increase in receivables	(27,487)	(13,581)	(28,757)
Increase in payables	23,585	7,681	32,700
Cash generated by operations	53,037	34,320	92,474
Income taxes paid	(13,161)	(9,047)	(20,944)
Net cash from operating activities after tax	39,876	25,273	71,530

19. Related party transactions

The Group has a related party relationship with its subsidiaries, and with its directors and members of the Executive Committee (the "key management personnel"). There were no material changes to the related party transactions during the financial period; transactions are consistent in nature with the disclosure in note 27 to the 2010 Annual Report.

Directors, Company Secretary, Advisers and Shareholder Information

EXECUTIVE DIRECTORS
Ian Gorham
Peter Hargreaves
Tracey Taylor

NON-EXECUTIVE DIRECTORS
Chris Barling
Jonathan Bloomer
Michael Evans
Stephen Lansdown

COMPANY SECRETARY
Judy Matthews

AUDITORS
Deloitte LLP, Bristol

SOLICITORS
Burges Salmon LLP, Bristol

PRINCIPAL BANKERS
Lloyds TSB Bank plc, Bristol

BROKERS
Citigroup Global Markets Limited
Numis Securities Limited

REGISTRARS
Equiniti Limited

REGISTERED OFFICE
One College Square South
Anchor Road
Bristol
BS1 5HL

REGISTERED NUMBER
02122142

WEBSITE
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DIVIDEND CALENDAR 2010/11

	First dividend (interim)	**Second dividend**
Ex-dividend date*	16th March 2011	8th September 2011
Record date**	18th March 2011	10th September 2011
Payment date	6th April 2011	29th September 2011

* Shares bought on or after the ex-dividend date will not qualify for the dividend.
** Shareholders must be on the Hargreaves Lansdown plc share register on this date to receive the dividend.