Hargreaves Lansdown plc Group

Interim Report and Condensed Financial Statements
6 months ended 31 December 2007

Embargoed: For release at 7am, 12 February 2008

Contents

The Interim Report and Condensed Financial Statements have been prepared solely to provide additional information to shareholders as a body to assess the current position and future potential of the Group, and it should not be relied on by any other party or for any other purpose. The Interim management report contains forward-looking statements which have been made in good faith based on the information available to them up to the time of their 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 2007 Annual Report, underlying such forward-looking information.

Highlights to 31 December 2007

- Revenue increased by 33% at £57.8 million
- Total assets under administration(**) up 45% at £10.9bn
- Underlying operating profit(*) up 58% at £27.2m
- Underlying operating profit margin up from 40% to 47%
- Underlying diluted earnings per share(***) up 75% at 4.2p
- Interim dividend of 3.065p per share
- SIPP product continues to demonstrate growth

	Six months ended 31 December 2007	Six months ended 31 December 2006	**Increase %**	Year to 30 June 2007
Revenue	**£57.8m**	£43.3m	**33%**	£98.8m
Proportion of recurring revenue	**73%**	66%	**7 pts**	65%
Underlying operating profit (*)	**£27.2m**	£17.2m	**58%**	£40.7m
Underlying operating profit margin	**47%**	40%	**7 pts**	41%
Total assets under administration (**)	**£10.9 bn**	£7.5 bn	**45%**	£10.2 bn
Underlying diluted earnings per share (***)	**4.2p**	2.4p	**75%**	6.4p

(*) Operating profit before exceptional administrative expenses
(**) Includes £697 million of Hargreaves Lansdown plc shares held in Vantage as at 31 December 2007 (30 June 2007: £805 million)
(***) Based upon earnings before exceptional administrative expenses and investment gains, and the full issued share capital

Commenting on the results, Peter Hargreaves, Chief Executive said:

“In the last six months, Hargreaves Lansdown continued to deliver growth across the business. I’m delighted that we achieved an increase in both revenue and profits during a period of market volatility and investor uncertainty. These results demonstrate the resilience of our business model and the belief of our clients in our service and advice.”

“By continuing to talk to and listen to our clients we have won new business and again achieved good retention rates. This success has been built upon by the provision of first class information, a robust platform and a unique cost effective scalable direct marketing model.”

Interim management report

Chairman's and Chief Executive's statement

This is our first half-yearly report as a public company. We are pleased to report that despite market turbulence and reduced investor confidence we have attracted net positive inflows of client assets during each month of the period under review. Our businesses which offer advice continued to expand as more investors continued to seek this expertise. We are consequently delighted to report an improved profit over the comparative period a year ago.

The two main drivers of profit are our ability to gather and retain assets plus the performance of the stock market itself. Historically the last six months of our financial year represent the best opportunity for asset gathering. We shall continue to target new money but this year it will be important for us to facilitate the transfer to us of assets held by investors with other providers. We hope this strategy will expand our client base and increase our assets under administration. We have in the past demonstrated our ability in achieving this. It is the accumulation of assets during the last six months of our trading year (i.e. to 30 June) which has the greatest effect on our future profits. Since the end of our first six months trading we still continue to attract positive flows.

We would remind shareholders that much of the client assets we hold are held in the main three tax shelters available to UK taxpayers namely the PEP, ISA and SIPP. We therefore expect lower redemptions than the majority of the businesses in the private client arena. The challenge will be to find the right investment propositions for our clients during the period leading up to the end of the tax year, a challenge that we relish and for which we feel fully equipped.

It is pleasing to report a good performance during the first six months of this financial year. The team responsible for the performance of our multi-manager propositions should be applauded for receiving the accolade of various awards for investment performance and research. Other parts of the business have similarly been singled out with various awards during the year. We believe that we are more than fulfilling our requirements under both the TCF (Treating Clients Fairly) initiative and MiFID (Markets in Financial Instruments Directive) regulation brought in by the Financial Services Authority.

The Board is very pleased to be able to announce that it has been joined by Jonathan Davis as non executive director on 1 February 2008. We are confident that the Board and your Company will benefit significantly from Jonathan's contribution.

Finally we would mention that during the period under review we have sealed our future accommodation requirements whereby we hope we will be in a position to move at the end of 2009.

In summary although the current conditions are not ideal, this is an opportunity for us to improve our market share and build for the future. We look forward to the challenge.

Financial Review

Certain figures contained in this report have been subjected to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column contained in this document may not conform exactly to the total figure given for that column.

Summary of Results

	Unaudited 6 months ended 31 December 2007	**Audited 6 months ended 31 December 2006**	**Audited Year to 30 June 2007**
	£' million	**£'million**	**£'million**
Revenue	57.8	43.3	98.8
Underlying administrative expenses	(30.6)	(26.2)	(58.1)
Operating profit before exceptional administrative expenses	27.2	17.2	40.7
Exceptional administrative expenses	-	(0.3)	(29.6)
Operating profit	27.2	16.8	11.0
Non operating income – investment revenue and other gains	1.5	3.7	13.4
Profit before taxation	28.7	20.5	24.4
Taxation	(8.5)	(6.4)	(7.4)
Profit after taxation	**20.1**	**14.1**	**17.0**

Interim management report, continued

Assets Under Administration

During the period, the FTSE All Share has fallen by 3.45 per cent from 3,404.14 to 3,286.67. Despite the less than favourable market conditions, Hargreaves Lansdown has increased its total assets under administration from £10.2 billion as at 30 June 2007 to £10.9 billion as at 31 December 2007, an increase of approximately 7%. This can be broken down as follows:

	31 December 2007	30 September 2007	30 June 2007
	£'billion	£'billion	£'billion
Assets Under Administration (AUA)			
Vantage (*)	9.8	9.5	9.1
Other	0.2	0.2	0.2
AUA Total	**10.0**	**9.7**	**9.3**
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	0.9	0.8	0.8
Multi-manager funds excluding PMS	0.5	0.5	0.5
AUM Total	**1.4**	**1.3**	**1.3**
Less: Multi-manager funds included in both AUA and AUM	**(0.5)**	**(0.5)**	**(0.5)**
Total Assets Under Administration	**10.9**	**10.6**	**10.2**

(*) 31 December 2007 figure includes £697m of shares in Hargreaves Lansdown plc (30 June 2007 £805m)

The value of assets held within the Vantage service, the Group's direct-to-private investor fund supermarket and wrap platform, increased from £9.1 billion as at 30 June 2007 to £9.8 billion as at 31 December 2007. This can be attributed to £0.9 billion net business inflows which have more than compensated for the £0.2 billion negative impact of the market during the period. The products generating the majority of new business growth in the period were the Vantage SIPP and the Vantage Fund and Share Account. As at the 31 December 2007, the value of the Vantage PEP was £2.2 billion, (30 June 2007: £2.2 billion) the Vantage ISA was £2.9 billion (30 June 2007: £2.8 billion), the Vantage SIPP was £1.8 billion (30 June 2007: £1.4 billion) and the Vantage Fund and Share Account was £2.9 billion (30 June 2007: £2.7 billion). The number of active Vantage clients at 31 December 2007 was around 227,000 compared with 218,000 as at 30 June 2007.

The composition of assets across the whole of Vantage changed during the period. As at 31 December 2007, Vantage was made up of 24% equities (30 June 2007: 25%), 66% funds (30 June 2007: 66%) and 10% cash (30 June 2007: 9%).

The value of assets held in our managed services, namely our Portfolio Management Service and our range of multi-manager funds, was £1.4 billion as at 31 December 2007, an increase of 8% from the value at 30 June 2007, including £0.5 billion of Hargreaves Lansdown multi-manager funds administered through Vantage.

Revenue

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Increase %
	£'million	£'million	
Vantage	34.2	22.4	+ 53%
Advisory	7.0	5.2	+ 35%
Discretionary	5.1	3.2	+ 59%
Third Party	7.9	8.6	- 8%
Stockbroking	2.7	2.9	- 7%
Central Services	0.8	1.0	- 20%
Total Revenue	**57.8**	**43.3**	**+ 33%**

Whilst the FTSE All Share has fallen by 3.45 per cent in the period since 30 June 2007, in the six months to 31 December 2007 the value of total assets under administration has increased by almost 7% and our revenue has increased by 33%. This illustrates that a significant element of the Group's progress arises from strong organic growth.

The main thrust of the improved performance in the first half came from the Group's Vantage, Advisory and Discretionary divisions. These have achieved strong revenue growth in the first half of the year compared to the same period last year as a result of higher average asset values during the period. These areas accounted for 80% of revenue for the six months ended 31 December 2007 (71% of revenue for the six months ended 31 December 2006) and continue to drive the business forward by generating recurring higher quality earnings for the Group.

In addition to higher management fees based upon assets held in our Portfolio Management Service, our Advisory division has made a strong start to the year generally and continues to seek out good quality, experienced advisers to add to its team.

Revenue from the Third Party Business division has fallen by 8% for the first six months compared to the same period last year. As previously advised, the revenue from third party investments is expected to continue its gradual decline as more clients choose to transfer their assets onto the Vantage platform. The nature of revenue earned on corporate solutions business is such that the inflow will depend largely on the timing of when schemes are implemented throughout the year. The first six months revenue from the corporate solutions business is down on the same period last year but the pipeline of prospective business still remains positive. Whilst strong annuity sales in the first six months has boosted revenue from third party life and pensions business, the revenue from personal pensions continues to decline in favour of the Vantage SIPP. We have now scaled back our marketing activity in relation to term assurance.

The Stockbroking division has made a positive start to the year, boosted by higher levels of trading activity often associated with a more volatile market, offset by the effect of the cessation of a third party dealing contract terminated by the Group in November 2006 which previously accounted for annual revenues of approximately £2 million.

Finally, revenue from the Central Services division includes interest on the Group's own money which has increased due to higher cash balances held during the period compared to the previous year, and higher interest rates available during the period. In the six months ending 31 December 2006, revenue also includes the effect of a £0.5 million timing difference in the accounting of the employee Share Incentive Plan, which is the primary cause of the decrease in Central Services income for the six months to 31 December 2007.

Underlying Administrative Expenses

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Increase %
	£'million	£'million	
Staff costs	17.9	15.4	+ 16%
Commission payable	5.2	4.5	+ 16%
Marketing costs	2.8	2.4	+ 17%
Depreciation, amortisation and financial costs	0.5	0.2	+ 150%
Other costs	4.1	3.6	+ 14%
	30.6	**26.2**	

Underlying administrative expenses were well controlled during the period. They increased by 17% in the six months ended 31 December 2007 compared to the same period in the previous financial year. The Group's largest expense is staff costs which increased by 16%. The average number of staff during the six months ended 31 December 2007 was 651, an increase of 10% against an average of 592 for the comparative period. The remainder of the increase in staff costs can be explained by higher bonus payments associated with the revenue and profit growth of the Group.

Commission payable includes the share of renewal commission which the Group receives on funds held in Vantage which is rebated back to clients as a cash loyalty bonus (except with respect to those funds held in the SIPP). It increased by 16%, from £4.5 million to £5.2 million. The rate of growth in commission payable is less that the increase in renewal commission primarily because of the growth in assets held within the SIPP on which no loyalty is paid.

The Group increased its marketing spend by 17% from £2.4 million to £2.8 million. This includes the cost of sending information to existing and potential clients, including the Group's flagship publication, the Investment Times. These costs also include an element of media advertising, postage, stationary and the cost of corresponding with clients. The increase simply reflects a greater level of marketing activity in the six months ended 31 December 2007 compared to the same period in the previous financial year.

As the majority of our platform development is undertaken in-house, the capital expenditure of the business remains fairly low, resulting in a small depreciation charge. The charge for depreciation, amortisation and financial costs for the period increased from £0.2 million to £0.5 million. The substantial 150% increase is the result of a credit of £0.2m applied in the six months ended 31 December 2006 following an over-provision for financial costs in the year ended 30 June 2006.

Other administration costs and overheads include items such as building costs and utility costs, dealing costs, irrecoverable VAT, compliance costs, insurance, professional services, computer maintenance and external administration charges. These costs increased by 14% from £3.6 million to £4.1 million. The increase can partly be attributed to a greater spend on legal and professional costs in relation to the Group's new property, which has a target occupation date of December 2009.

Exceptional administrative expenses

There were no exceptional administrative costs incurred in the six months ended 31 December 2007. The £0.3 million of exceptional costs incurred during the comparative period were legal costs associated with the flotation of the Group.

Interim management report, continued

Non operating income

Non operating income fell by 59% from £3.7 million to £1.5 million. This can be attributed to the sale of investments in the six months ended 31 December 2006 which gave rise to £3.2 million of gains and dividends received on investments no longer held in the later period. This drop was offset by an increase in investment revenues in relation to interest received on the Group's cash balances which were higher during the six months ended 31 December 2007.

Taxation

Taxation increased from £6.4 million to £8.5 million. The higher charge can predominantly be attributed to an increase in pre-tax profits.

Earnings per share (EPS)

The basic diluted EPS increased from 3.0 pence to 4.2 pence. However the directors consider that the most relevant EPS calculation to be the underlying diluted earnings per share. This is calculated as the earnings for the year, adjusted to exclude the net effect of exceptional administration expenses and investment gains, divided by the total number of shares in issue, including those held by the Employee Benefit Trust (EBT). Underlying diluted EPS increased by 75%, from 2.4 pence to 4.2 pence.

Dividend

We have previously advised Shareholders that the Board will pay an interim dividend in March 2008, and we are pleased to declare that an interim dividend of 3.065 pence per share will be paid on 28 March 2008 amounting to a total dividend of £14.16 million. We plan to declare a second dividend in late August 2008, at the same time as our preliminary results announcement, payable in September 2008.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trust (the "EBT") has agreed to waive all dividends.

Capital expenditure and cash flow

Capital expenditure remained fairly low at £0.6 million for the six months ended 31 December 2007, compared with £0.9 million for the same period in the previous financial year. The majority of capital expenditure related to computer hardware and software.

The Group was highly cash generative during the period with no significant outgoings from underlying profits. There were no exceptional inflows during the period. The Group's own cash balances increased by £19.5 million from £32.9 million to £52.4 million during the period. This includes £13.7 million of cash held within the EBT. 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 2007, this balance was £11.8 million lower than the value as at 30 June 2007. This is the primary reason why the increase in cash and cash equivalents quoted on the cash flow is only £7.7 million despite the higher profitability and strong cash generation of the business.

Net assets, capital requirement and treasury policy

The Group net assets increased from £44.5 million at 30 June 2007 to £65.9 million at 31 December 2007. The Group has four subsidiary companies which are authorised and regulated by the Financial Services Authority. From 1 January 2007, the Group's regulated companies have been subject to the transitional provisions of the Capital Requirements Directive (CRD). At 31 December 2007, the Group had Tier 1 capital of £27 million which provided excess regulatory capital of approximately £18 million using the transitional rules.

The Group has no borrowings and deposits its liquid funds with selected financial institutions which maintain a long term credit rating of AA- or better. 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 credit 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.

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 13 and 14 of the Group's Annual Report and Financial Statements 2007, 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.

Other significant events

We have agreed the terms of our new leasehold premises with a target occupation date of December 2009. We currently occupy five premises. The new premises will replace all of these offices and accommodate in the region of a thousand staff, compared to 644 employed as at 31 December 2007. We believe that a single site will be extremely beneficial for us in terms of efficiency gains, improving communication and harmonising the culture which has been a key element in the Group's success to date.

Interim management report, continued

Library Information Services Limited is a subsidiary of the Company. On 30 November 2007 the Company disposed of shares in the subsidiary to Stuart Louden (a director of the subsidiary) representing 15% of the share capital. The Company owns the remaining 85%. Further details of this transaction are shown in note 27 to the interim financial statements.

We continue to invest resources in the infrastructure of the business in order to maintain our high levels of client service. In particular we have embarked upon further strengthening of our business continuity, both in terms of relocating our secondary computer facilities and amending our business continuity arrangements in advance of the move to the new premises at the end of 2009.

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. This can only be achieved with the hard work and dedication of all our people and we have great pleasure in acknowledging their contribution to the Company's objectives.

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 IAS34;

b) the interim management report includes a fair review of the information required by the Financial Statements Disclosure and Transparency Rules (DTR) 4.2.7R - "indication of important events during the first six months and their impact on the financial statements 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

Stephen Lansdown
Chairman
11 February 2008

Peter Hargreaves
Chief Executive
11 February 2008

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 2007 which comprises the income statement, the balance sheet, the statement of recognised income and expense, the cash flow statement and related notes 1 to 29. 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 Kingdoms' 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 2007 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 & Touche LLP

Chartered Accountants and Registered Auditor

11 February 2008

Bristol, United Kingdom

Condensed Interim Income Statement

	Note	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
		£'000	£'000	£'000
Revenue	10	57,770	43,341	98,769
Total operating income		57,770	43,341	98,769
Administrative expenses		(30,564)	(26,165)	(58,098)
Exceptional administrative expenses	8	-	(336)	(29,628)
Total administrative expenses		(30,564)	(26,501)	(87,726)
Operating profit		27,206	16,840	11,043
Analysed as:				
Operating profit before exceptional administrative expenses		27,206	17,176	40,671
Exceptional administrative expenses	8	-	(336)	(29,628)
Operating profit		27,206	16,840	11,043
Investment revenues	11	1,418	492	1,430
Other gains and losses	12	53	3,196	11,917
Profit before tax		28,677	20,528	24,390
Tax	13	(8,530)	(6,405)	(7,435)
Profit for the period		20,147	14,123	16,955
Attributable to :				
Equity holders of the Company		20,149	14,123	16,955
Minority interest		(2)	-	-
		20,147	14,123	16,955
Dividend per share (pence)	14			
Interim dividend **		-	-	3.00
Total dividend per share		-	-	3.00
Earnings per share (pence)	15			
Basic earnings per share *		4.3	3.2	3.6
Diluted earnings per share *		4.2	3.0	3.6

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

* The directors consider that the underlying earnings per share figures as shown in note 15 represents a more consistent measure of underlying performance as this measure excludes the impact of exceptional items.

** After the balance sheet date, the directors declared an interim dividend of 3.065 pence per share payable on 28 March 2008 to shareholders on the register on 29 February 2008.

Condensed Interim Statement of Recognised Income and Expenses

	Note	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
		£'000	£'000	£'000
Profit for the period		20,147	14,123	16,955
Increase in fair value of available-for-sale investments, net of tax	21	-	1,342	1,202
Gain on disposal of available-for-sale investments transferred to income statement, net of tax	21	-	(2,236)	(8,351)
Gain/(loss) on sale of shares by EBT, net of tax	24	23	11	12,093
Net income/(expense) recognised directly in equity		23	(883)	4,944
Total recognised income and expense for the period		20,170	13,240	21,899
Attributable to :				
Equity holders of the Company		20,172	13,240	21,899
Minority interest		(2)	-	-
		20,170	13,240	21,899

Condensed Interim Balance Sheet

	Note	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
		£'000	£'000	£'000
Non-current assets				
Goodwill		1,333	1,333	1,333
Other intangible assets		157	95	81
Property, plant and equipment		2,261	2,230	2,249
Deferred tax assets		5,145	2,300	4,978
		8,896	5,958	8,641
Current assets				
Trade and other receivables	17	62,654	51,193	51,533
Cash and cash equivalents	17	55,796	33,658	48,092
Investments	16	1,163	10,791	1,169
		119,613	95,642	100,794
Total assets		128,509	101,600	109,435
Current liabilities				
Trade and other payables	18	55,097	61,717	63,976
Current tax liabilities		6,974	2,720	154
		62,071	64,437	64,130
Net current assets		57,542	31,205	36,664
Non-current liabilities				
Deferred tax liabilities		-	2,484	-
Trade and other payables	18	-	193	281
Provisions		505	445	529
		505	3,122	810
Total liabilities		62,576	67,559	64,940
Net assets		65,933	34,041	44,495
Equity				
Share capital	19	1,897	172	1,897
Share premium account	20	8	1,733	8
Investment revaluation reserve	21	-	6,255	-
Capital redemption reserve	22	12	12	12
Shares held by Employee Benefit Trust	23	(6,638)	(18,200)	(7,552)
EBT reserve	24	12,053	(52)	12,030
Share option reserve	25	7,489	2,637	7,082
Retained earnings	26	51,167	41,484	31,018
Equity, attributable to equity shareholders of the parent		65,988	34,041	44,495
Minority interests	27	(55)	-	-
Total Equity		65,933	34,041	44,495

The financial statements were approved by the board of directors on 11 February 2008 and signed on its behalf by:

S P Lansdown
Chairman
11 February 2008

M J Mulligan
Group Finance Director
11 February 2008

Condensed Interim Cash Flow Statement

	Note	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
		£'000	£'000	£'000
Net cash from operating activities, after tax	28	5,893	15,942	7,741
Investing activities				
Interest received		1,418	375	1,228
Dividends received from investments		-	117	202
Proceeds on disposal of available-for-sale investments		6	2,540	14,281
Purchases of property, plant and equipment		(440)	(902)	(1,437)
Purchase of intangible fixed assets		(108)	(40)	(53)
Acquisition of investments		-	-	(212)
Proceeds on sale of own shares		935	1,631	25,645
Net cash from/(used in) investing activities		1,811	3,721	39,654
Financing activities				
Receipt from repayment of loan		-	250	250
Dividends paid		-	-	(13,298)
Net cash from/(used in) financing activities		-	250	(13,048)
Net increase/(decrease) in cash and cash equivalents		7,704	19,913	34,347
Cash and cash equivalents at beginning of period		48,092	13,745	13,745
Cash and cash equivalents at end of period		55,796	33,658	48,092

Notes to the Interim Condensed Financial Statements

1. Basis of preparation

The Interim Financial Statements for the 6 months to 31 December 2007 have been prepared using accounting policies consistent with International Financial Reporting Standards 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 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 240 of the Companies Act 1985. However, the information has been reviewed by the company's auditors, Deloitte & Touche LLP, and their report appears at the front of this document. The financial information for the year ended 30 June 2007 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by Deloitte & Touche LLP and delivered to the Registrar of Companies. Copies are available on-line at www.H-L.co.uk. The report of the auditors on those statutory accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

2. Significant accounting policies

The following standards and interpretations are effective for the first time for the financial year ending 30 June 2008 and have been adopted by the Group with no significant impact on its consolidated results or financial position for the period:

IFRS 7 – Financial instruments: disclosures (effective for periods beginning on or after 1 January 2007).
IFRIC 10 – Interim financial reporting and impairment (effective for periods beginning on or after 1 November 2006).
IFRIC 11 – Group and treasury share transactions (effective for periods beginning on or after 1 March 2007).

In all other respects, the same accounting policies and methods of computation are followed in the Interim Financial Statements as were followed in the Annual Financial Statements for the year ended 30 June 2007, on which the auditors gave an unqualified report. Such accounting policies have been consistently applied throughout the periods.

3. 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 or the Portfolio Management Service (PMS). The value of these assets are influenced predominantly by new business volumes, the stock market and client withdrawals. Of these factors, new business 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. In the financial years ended 30 June 2007 and 30 June 2006, between 70 and 75 per cent of new Vantage business was received in the second half of the year. 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 their clients.

As new business only accounts for a small proportion of asset values and because of other revenue streams, overall Group revenue is less seasonal than new business inflows. In the years ended 30 June 2007 and 30 June 2006, 56 per cent of revenue was earned during the second half of the year.

4. Business and geographical segments

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group is currently organised into different operating divisions, however the nature of the services provided, the regulatory environment, the customer base and distribution channels for each division are the same so that for the purposes of IAS14 Segmental Reporting, the consolidated entity operates in one business segment. The principal activity of the Group is the provision of investment management services. As the Group only operates in one business segment, no additional business segmental analysis has been shown.

All business activities are located within the UK and therefore the Group operates in a single geographical segment.

5. Material events after interim period end

After the interim balance sheet date, an interim dividend of 3.065 pence per share (2007: 3.000 pence) amounting to a dividend of £14.16m (2007: £13.30m) 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 that have not already been reflected in the Interim Financial Statements.

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

Capital expenditure
During the six months ended 31 December 2007, the Group acquired property, plant, equipment and software assets with a cost of £572,000 (31 December 2006: £942,000; 30 June 2007: £1,484,000). Assets with a net book value of £13,000 were disposed of in the six months ended 31 December 2007 (31 December 2006: £nil; 30 June 2007: £10,000), resulting in a £nil gain on disposal (31 December 2006: £nil; 30 June 2007: £nil).

The Group intends to relocate from the current offices to a single new office at the end of 2009. The Group has entered into a lease of new office premises for an initial lease term of 17 years starting in September 2009 with a 15 month rent-free period and a rental cost of £2.7 million per annum.

7. 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 13 and 14 of the Group's Annual Report and Financial Statements 2007, 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.

Key sources of judgements and estimation uncertainty
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed below:

Share based payments
Prior to 15 May 2007 the Company's shares were not listed on a stock exchange and therefore no readily available market price existed for the shares. The share price of share option awards granted prior to 15 May 2007 were based on the latest market value agreed with H.M. Revenue and Customs using an earnings multiples approach based on comparable quoted companies. Share price volatility was estimated as the average of the volatility experienced by a comparable group of quoted companies. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The Company has been required to make various valuation assumptions in order to account for share based payments. Since 15 May 2007, a quoted market price has been available for the Company's shares although no share options have yet been granted since that date.

Indemnity provision
Included within provisions is an amount which represents management's best estimate of the Group's liability to policy lapses resulting in indemnity commission claw-backs. The calculation is based on the volume of indemnified commission and on past experience of policy cancellation.

Staff costs
Included in staff costs is an estimate of the future liability for bonuses and other employee incentive schemes which have been earned but not paid.

8. Exceptional items

Profit for the period has been arrived at after charging the following exceptional items:

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Exceptional administrative expenses comprise	**£'000**	**£'000**	**£'000**
- Flotation costs	-	336	2,612
- Additional directors' remuneration	-	-	27,016

Exceptional items are those significant items that fall within the activities of the Group which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Flotation costs represent costs relating to the Company's Admission to the London Stock Exchange and principally comprise legal and professional fees.

Additional Directors remuneration in the previous financial year represents bonuses totalling £23.95 million (total cost £27.02 million including employers' national insurance) awarded on 5 April 2007 to certain executive directors of the Company and its subsidiaries.

Notes to the Interim Condensed Financial Statements

9. Staff numbers

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

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	No.	No.	No.
Operating and support functions	479	436	456
Administrative functions	173	154	165
	652	590	621

10. Revenue

Revenue principally represents commission 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 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Revenue from services:	**£'000**	**£'000**	**£'000**
Fees and commission income	50,647	38,348	87,509
Interest and similar income	6,536	3,721	8,832
Subscriptions and sundry charges	587	1,272	2,428
Total operating income	57,770	43,341	98,769

11. Investment revenue

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Interest on bank deposits	1,418	375	1,228
Dividends from equity investment	-	117	202
	1,418	492	1,430

12. Other gains and losses

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Gain on disposal of investments	53	3,196	11,917

Notes to the Interim Condensed Financial Statements

13. Tax

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000

The tax charge for the period is based on the anticipated effective rate of tax for the year to 30 June 2008 of 29.5% (30 June 2007: 30%).

Current tax	8,479	6,604	8,241
Deferred tax	51	(199)	(806)
	8,530	6,405	7,435

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

	Note	Unaudited 6 months ended 31 December 2007 £'000	Audited 6 months ended 31 December 2006 £'000	Audited Year to 30 June 2007 £'000
Deferred tax relating to share based payments	25	(218)	(1,282)	(3,352)
Deferred tax on revaluation of the Group's available-for-sale investments	21	-	562	684
Current tax relief on exercise of share options	25	(72)	-	(2,308)
Current tax on gain on disposal of shares held by EBT	24	-	-	1,293
		(290)	(720)	(3,683)

14. Dividends paid

No dividends were paid during the six months to 31 December 2007.

Amounts paid and recognised as distributions to equity holders in the period:	Unaudited 6 months ended 31 December 2007 £'000	Audited 6 months ended 31 December 2006 £'000	Audited Year to 30 June 2007 £'000
First interim dividend of 3.000p per share	-	-	13,298
	-	-	13,298

After the balance sheet date, the directors declared an interim dividend of 3.065 pence per share payable on 28 March 2008 to shareholders on the register on 29 February 2008.

Under an arrangement dated 30 June 1997 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 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	12,113,960	37,041,675	14,038,685
Representing % of called-up share capital	2.55%	7.81%	2.96%

15. 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 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 adjusted earnings figure such that the profit attributable to equity holders of the Company is stated before exceptional expenses and other gains and losses. The directors consider that the underlying earnings per share represent a more consistent measure of underlying performance.

The weighted average number of ordinary shares used for the calculation of earnings per share has been adjusted to show the impact of the subdivision of each ordinary share of 10 pence into 25 ordinary shares of 0.4 pence and a 10 for 1 bonus issue which took place on 10 April 2007.

	Unaudited 6 months ended 31 December 2007	**Audited 6 months ended 31 December 2006**	**Audited Year to 30 June 2007**
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 parent	20,149	14,123	16,955
Exceptional administrative expenses	-	336	29,628
Other gains and losses	(53)	(3,196)	(11,917)
Tax on exceptional administrative expenses and other gains and losses	-	(101)	(4,539)
Earnings for the purposes of underlying basic and underlying diluted earnings per share	20,096	11,162	30,127

	Number	**Number**	**Number**
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted earnings per share, being total issued share capital	474,318,625	474,318,625	474,318,625
Shares held by HL EBT which have not vested unconditionally with employees	9,996,185	26,577,925	9,721,460
Weighted average number of ordinary shares for the purposes of basic earnings per share	464,322,440	447,740,700	464,597,165
	Pence	**Pence**	**Pence**
Basic earnings per share	4.3	3.2	3.6
Diluted earnings per share	4.2	3.0	3.6
Underlying basic earnings per share	4.3	2.5	6.5
Underlying diluted earnings per share	4.2	2.4	6.4

The directors consider that the underlying earnings per share figures represent a more consistent measure of underlying performance as this measure excludes the impact of exceptional items and investment gains.

Notes to the Interim Condensed Financial Statements

16. Investments

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Available-for-sale investments	**£'000**	**£'000**	**£'000**
At beginning of period	1,169	13,352	13,352
Revaluation surplus/(deficit) transfer to equity (note 21)	-	1,904	1,886
Net increase in the value of short term trading investments	-	-	212
Disposals	(6)	(4,465)	(14,281)
At end of period	1,163	10,791	1,169
Current asset investments	1,163	10,791	1,169

Current asset available-for-sale investments include the following:

UK listed securities valued at quoted market price	422	10,049	428
Unlisted securities valued at cost	741	742	741
	1,163	10,791	1,169

The fair value of unlisted investments cannot be reliably measured due to the illiquid nature of the investment and absence of a readily available sale price. Unlisted investments are therefore carried at cost.

17. Other financial assets

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Trade and other receivables	**£'000**	**£'000**	**£'000**
Trade receivables	53,711	44,515	45,153
Other receivables	318	2,198	368
Prepayments and accrued income	8,625	4,480	6,012
	62,654	51,193	51,533

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 are included in trade receivables.

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Cash and cash equivalents	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	55,796	33,658	48,092
Comprising:			
Restricted cash - client settlement account balances	3,384	6,164	15,163
Restricted cash - balances held by EBT	13,663	1,793	12,370
Group cash and cash equivalent balances	38,749	25,701	20,559

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.

Notes to the Interim Condensed Financial Statements

18. Other financial liabilities

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
Trade and other payables	**£'000**	**£'000**	**£'000**
Current payables			
Trade payables	45,078	41,950	51,423
Social security and other taxes	1,412	2,556	3,408
Other payables	7,437	15,869	7,718
Accruals and deferred income	1,170	1,342	1,427
	55,097	61,717	63,976
Non-current payables			
Other payables	-	193	281

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in trade payables. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

19. Share capital

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	**£'000**	**£'000**
Authorised:			
525,000,000 ordinary shares of 0.4p each (2006: 2,500,000 ordinary shares of 10p each)	2,100	250	2,100
Issued and fully paid:			
Ordinary shares of 0.4p (2006: 10p each)	1,897	172	1,897
	Shares	**Shares**	**Shares**
Issued and fully paid:			
Number of ordinary shares of 0.4p (2006: 10p each)	474,318,625	1,724,795	474,318,625

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

On 10 April 2007, a bonus issue of 10 shares for every 1 share took place following a sub-division of the ordinary shares of 10 pence each into 25 ordinary shares of 0.4 pence each.

20. Share premium account

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	**£'000**	**£'000**
Balance at beginning of period	8	1,733	1,733
Utilisation of share premium account	-	-	(1,725)
Balance at end of period	8	1,733	8

This reserve represents the difference between the issue price and the nominal value of shares issued.

Notes to the Interim Condensed Financial Statements

21. Investment revaluation reserve	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning of period	-	7,149	7,149
Increase in fair value of available-for-sale investments	-	1,904	1,886
Deferred tax effect of increase in fair value of available-for-sale investments	-	(562)	(684)
Disposal of available-for-sale investments	-	(3,196)	(11,917)
Tax on disposal of available-for-sale investments	-	960	3,566
Balance at end of period	-	6,255	-

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

22. Capital redemption reserve	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning and at end of period	12	12	12

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

23. Shares held by Employee Benefit Trust reserve	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning of period	(7,552)	(19,809)	(19,809)
Shares acquired in the period	-	(12)	(12)
Shares sold	914	1,621	12,269
Balance at end of period	(6,638)	(18,200)	(7,552)

The Shares held by Employee Benefit Trust 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.

24. EBT reserve	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning of period	12,030	(63)	(63)
Gain/(loss) on sale of shares by EBT	23	11	13,386
Tax on sale of shares by EBT	-	-	(1,293)
Balance at end of period	12,053	(52)	12,030

The EBT reserve represents the cumulative gain/(loss) on disposal of investments held by the Hargreaves Lansdown Employee Benefit Trust ("the 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.

25. Share option reserve

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning of period	7,082	914	914
Share based payments expense	117	441	508
Deferred tax effect of share based payments	218	1,282	3,352
Tax relief on exercise of share options	72	-	2,308
Balance at end of period	7,489	2,637	7,082

This reserve represents the effect of share based payments and associated tax.

26. Retained earnings

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning of period	31,018	27,361	27,361
Dividends paid	-	-	(13,298)
Net profit for the period	20,149	14,123	16,955
Balance at end of period	51,167	41,484	31,018

27. Minority interests

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Balance at beginning of period	-	-	-
Share of net liabilities	(53)	-	-
Net loss for the period	(2)	-	-
Balance at end of period	(55)	-	-

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority 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 minority interest's change in equity since that date.

The minority interest represents a 15% shareholding in Library Information Services Limited, a subsidiary of the Company. On 30 November 2007 the Company awarded shares in the subsidiary representing 15% of the share capital to Stuart Louden (a director of the subsidiary) for total consideration of £150, being the directors' assessment of market value. The resulting gain on disposal of £53,000 is shown in note 12. Hargreaves Lansdown plc owns the remaining 85%.

Notes to the Interim Condensed Financial Statements

28. Notes to the cash flow statement

	Unaudited 6 months ended 31 December 2007	Audited 6 months ended 31 December 2006	Audited Year to 30 June 2007
	£'000	£'000	£'000
Profit for the period after tax	20,147	14,123	16,955
Adjustments for:			
Investment revenues	(1,418)	(492)	(1,430)
Other gains and losses	(53)	(3,196)	(11,917)
Income tax expense	8,530	6,405	7,435
Loss on disposal of tangible fixed assets	-	-	10
Depreciation of plant and equipment	428	391	897
Depreciation of intangible assets	32	42	69
Share-based payment expense	406	441	508
Increase/(decrease) in provisions	(24)	(70)	19
Operating cash flows before movements in working capital	28,048	17,644	12,546
Decrease/(increase) in receivables	(11,120)	(3,313)	(5,625)
Increase/(decrease) in payables	(9,158)	3,581	5,979
Cash generated by operations	7,770	17,912	12,900
Income taxes paid	(1,877)	(1,970)	(5,159)
Net cash from operating activities	5,893	15,942	7,741

29. 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.

Directors, Company Secretary, Advisors and Shareholder Information

EXECUTIVE DIRECTORS
Peter Hargreaves
Stephen Lansdown
Martin Mulligan

NON-EXECUTIVE DIRECTORS
Jonathan Bloomer
Michael Evans
Jonathan Davis (appointed 1 February 2008)

COMPANY SECRETARY
Tracey Taylor

AUDITORS
Deloitte & Touche LLP, Bristol

SOLICITORS
Burges Salmon LLP, Bristol

PRINCIPAL BANKERS
Lloyds TSB Bank plc, Bristol

REGISTRARS
Equiniti Limited (formerly Lloyds TSB Registrars)

REGISTERED OFFICE
Kendal House
4 Brighton Mews
Clifton
Bristol
BS8 2NX

Registered number: 2122142

WEBSITE
www.H-L.co.uk

DIVIDEND CALENDAR 2007/08

	First dividend (interim)	Second dividend
Ex-dividend date*	27 February 2008	3 September 2008
Record date**	29 February 2008	5 September 2008
Payment date	28 March 2008	30 September 2008

* 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.