Hargreaves Lansdown plc

Interim Report and
Condensed Consolidated Financial Statements
6 months ended 31 December 2015

Embargoed: for release at 0700h, 3 February 2016

Interim Management Report

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 2015 Annual Report, underlying such forward-looking information.

Unless otherwise stated, all figures below refer to the six months ended 31 December 2015 ("H1 2016"). Comparative figures are for the six months ended 31 December 2014 ("H1 2015"). 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.

Hargreaves Lansdown plc
Interim results for the six months ended 31 December 2015

Hargreaves Lansdown plc ("HL" or "the Group") today announces interim results for the six month period ended 31 December 2015.

Highlights

- Strong net new business inflows for the 6 months of £2.77 billion, up 23% (H1 2015: £2.25bn).
- Continued growth in active client numbers, now 783,000, an increase of 47,000 since 30 June 2015 (H1 2015: 23,000).
- Assets under administration at a record level, up 7% since 30 June 2015 to £58.8 billion (against a backdrop of a fall in the FTSE All Share of 3.5%).
- Both client and asset retention improved to 94.5% and 93.9% (H1 2015: 93.1% and 93.1% respectively).
- Net revenue up 10% and profit before tax up 6% on H1 2015.
- Interim dividend up 7% to 7.8 pence per share (H1 2015: 7.3p)

"Against a backdrop of fluctuating stock markets, Hargreaves Lansdown has continued to be the most popular destination for UK retail investors, with excellent new business for the period. In particular the pension freedoms continue to attract huge interest as we prepare for the important tax year-end period."

Ian Gorham
Chief Executive

Financial highlights	**Unaudited 6 months ended 31 December 2015**	Unaudited 6 months ended 31 December 2014	**Change %**	Audited year to 30 June 2015
	(H1 2016)	(H1 2015)		(FY 2015)
Net revenue*	**£158.8m**	£144.1m	**+10%**	£294.2m
Operating profit margin (on net revenue)	**67.9%**	70.7%	**-2.8 pts**	67.3%
Profit before tax	**£108.1m**	£101.9m	**+6%**	£199.0m
Total assets under administration	**£58.8bn**	£49.1bn	**+20%**	£55.2bn
Diluted earnings per share	**18.3p**	16.8p	**+9%**	33.1p
Interim dividend per share	**7.80p**	7.30p	**+7%**	7.30p
Net business inflows	**£2.77bn**	£2.25bn	**+23%**	£6.1bn

*** Net revenue is total revenue less commission payable / loyalty bonus.**

About us:

Hargreaves Lansdown operates the UK's largest direct to investor investment service administering over £58 billion of investments in ISA, SIPP and Investment accounts for 783,000 active clients. We have been helping clients choose and manage their investments since 1981 and provide self-directed, advisory and third party arrangement services for individuals and corporates. Hargreaves Lansdown has built a respected reputation with clients and the wider investment industry and works tirelessly to maintain and improve the lot of retail investors. Our aim is to be the UK's number 1 choice for savings and investments.

Our success is built around a high quality client service tailored to investor needs, and ensuring that our clients have access to information to support them with making their own investment decisions. Our knowledgeable and helpful staff, technology and experience enable us to provide an efficient and convenient service to our clients. The business model is highly scalable and has a strong track record of delivering growth and value for our shareholders and clients alike.

We are proud of our success and are committed to delivering continued value and service in the years ahead to both clients and shareholders.

Interim Management Report

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Analyst presentation

Hargreaves Lansdown will be hosting an analyst presentation at 9.00am on 3rd February 2016 following the release of these results for the half year ended 31 December 2015. Access is by invitation only. A conference call facility will also be in place with the following participant dial-in numbers – UK 0800 368 0649, UK (local) 020 3059 8125 and all other locations +44 20 3059 8125. A recording of the results presentation will be made available this morning at www.hl.co.uk/investor-relations following the presentation to the analysts.

Chief Executive's Statement

Trading and overview

Hargreaves Lansdown has continued to prosper during an unsettled six month period for stock markets, with growth in new clients, assets and profits.

Net new business added during the period was £2.77bn, up 23% compared to the equivalent 6 months last year (H1 2015: £2.25bn). We were also pleased to welcome 47,000 new clients during the period, up 104% on the corresponding period (H1 2015: 23,000). Total active clients now stand at 783,000 and total Assets Under Administration now stand at £58.8 billion (31 Dec 2014: £49.1bn).

These results were achieved against a backdrop of continuing volatility in world stock markets stemming from various macroeconomic concerns and weak commodity prices. The FTSE All Share index ended 3.5% down for the six months at 3444.26. Typically falling stock markets have a high correlation with reduced propensity to invest amongst retail investors. However, despite the weak markets our ISA and Fund & Share account new business has remained robust during the period. New pension freedoms have proven particularly attractive to clients, with Vantage SIPP net new business up 73% over the six months.

Client and asset retention remained excellent in the period increasing to 94.5% and 93.9% respectively (H1 2015: both 93.1%). Client satisfaction remained high with research indicating an increasing Net Promoter Score℠ over the past 15 months to 53.7%[1] in November 2015. Recent data from The Platforum showed Hargreaves Lansdown's market share continues to increase year-on-year and currently stands at 35.7% as at 30 September 2015 (30 September 2014: 33.6%).

The majority of Hargreaves Lansdown's income is derived from fees related to client assets, so lower stock markets can reduce short-term income. However, despite lower markets, net revenue increased by 10%, driven by additional new clients and assets, growth in our multi-manager funds and stabilisation of interest receivable on cash.

Cost increases in the period reflect the investment being made in a number of our new enhancements, including new staff to develop our HL Savings cash deposit and peer to peer business, investment in various other initiatives and improvements to our service described below.

Profit before tax for the period rose 6% to £108.1m (H1 2015: £101.9m).

Existing services and initiatives

Clients enjoy significant benefits when investing in funds through Hargreaves Lansdown. The average annual management charge for a fund on our Wealth 150 list is 0.74%, and for funds on our Wealth 150+ list 0.64%. This is significantly lower than the standard average retail price for the same Wealth 150 funds of 0.86%. Investing through Hargreaves Lansdown is more compelling than ever.

The company benefited from net new flows of £369m into our HL Multi Manager Funds, up 35% on the same period last year (H1 2015: £274m). The launch of new funds and our Portfolio+ simple investing service have been helpful in this regard. Our 8 HL Multi Manager Funds now hold combined assets of £5.9 billion (30 June 2015: £5.6bn, 31 Dec 2014: £4.7bn).

Our Corporate Vantage service welcomed 32 new live schemes (H1 2015: 9 schemes), with total members now at 59,000 holding £1.5billion (H1 2015: £1.1bn) in assets and contributing £218 million in annual contributions (H1 2015: £169m).

We also launched various client service enhancements during the period, including our Stock Screener tool and various improvements to mobile and website functionality, which have contributed to another period of significant growth in our digital presence. As a result our website and apps were visited 44.9 million times, up 22% on the same period last year.

New initiatives

HL Savings, our planned new cash deposit service, supported by a new marketplace lending (peer to peer) service remains on track with a target launch date of Autumn 2016. We continue to believe these services can be delivered without recourse to a banking licence.

Following the success of the three multi-manager fund launches last year we intend to launch a further two new multi-manager funds later this year, a HL Strategic Assets fund and a HL High Income fund.

Interim Management Report

With mobile technology forming a key part of our strategy, we have also commenced a project to launch a new generation of enhanced HL Live iPhone and Android apps, which we expect to bring to market in the next 6 to 9 months. Whilst our current mobile apps win awards, we believe advances in technology offer an opportunity to further enhance our clients' mobile experience.

Regulation

The changes we announced on 15 January 2014 and implemented on 1 March 2014 addressing the requirements of the Retail Distribution Review (RDR) have now been successfully in place for approaching two years. We do not see any further work required in this area, nor any current regulatory initiatives expected to materially impact trading results.

Outlook

Many of our charges are based on levels of client assets and trading, with 80% of our income now coming from recurring sources. The level of our earnings has a direct relationship with the value of the investments within our administration. Therefore the level of world stock markets can have an effect on profits outside of our control.

Progressively lower interest rates have been a recurring theme since 2012, reducing income over that time. These falls have now abated and we do not therefore expect interest income to fall further. For the rest of the financial year 2016 the Directors expect interest rate income to continue in the previously guided range of 0.50% to 0.60%.

We currently have no plans for changes to pricing of our services that would materially affect revenue or profit.

The second half of our trading year is perennially the stronger half for new business, including as it does the tax year-end, which acts as a natural incentive for clients to use tax allowances. Levels of new business will be partly dependent on investor sentiment and levels of stock markets.

Dividend

Hargreaves Lansdown continues to demonstrate strong growth in both profit, assets and clients whilst retaining the capacity to continually deliver new initiatives. Given profit growth and the confidence that we have in our business model, in accordance with our dividend policy the Directors have therefore recommended a 7% rise in the interim dividend to 7.8 pence per share. This reflects the Group's long-term earnings opportunity and excellent cash flow potential.

Board changes

During the period, the Board welcomed Jayne Styles as a new independent non-executive director and Chairman of the Investment Committee. On 1st February our new Chief Financial Officer (CFO), Chris Hill, joined the Board having received regulatory approval. Our diverse Board now comprises 7 directors, two of whom are executive and five independent non-executive directors (including the Chairman), with 29% being women. We thank Simon Cleveland, a Partner from Deloitte LLP who has acted as interim CFO since December 2014, for his excellent contribution as he now hands over to Chris Hill as planned.

I would like to thank our clients for their continued support and recommendation, for which we remain grateful. My thanks also go to my colleagues at Hargreaves Lansdown for their continued hard work and professionalism.

Ian Gorham
Chief Executive

1 *Net Promoter, NPS, and the NPS-related emoticons are registered service marks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld.*

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Financial Review

Financial performance

	% movement	Unaudited 6 months ended 31 December 2015 (H1 2016) £'million	Unaudited 6 months ended 31 December 2014 (H1 2015) £'million	Audited Year to 30 June 2015 (FY 2015) £'million
Revenue	+2%	200.7	197.2	395.1
Commission payable / loyalty bonus	-21%	(41.9)	(53.1)	(100.9)
Net revenue	+10%	158.8	144.1	294.2
Other operating costs	+19%	(51.0)	(43.0)	(91.7)
FSCS levy	-	-	0.3	(4.4)
Operating profit	+6%	107.8	101.4	198.1
Non-operating income	-40%	0.3	0.5	1.0
Profit before taxation	+6%	108.1	101.9	199.0
Taxation	-2%	(21.2)	(21.7)	(41.8)
Profit after taxation	+8%	86.9	80.1	157.2

Net revenue for the six months to 31 December 2015 rose 10% driven by the growth effects of additional clients and assets. Key recurring revenue streams are dependent on asset valuations and with AUA growing from £49.1 billion to £58.8 billion over the last 12 months we have benefitted from continued asset gathering and good client retention. Although AUA has risen, previously trailed slight revenue margin reduction and slower growth in share dealing during a period of lower stock markets have tempered overall net revenue growth.

Revenue margin on funds held on the Vantage platform fell slightly, in line with our expectations to 0.45% (H1: 2015 0.47%). As highlighted previously, renewal commission on funds and the related client loyalty bonuses will cease from April 2016 as stipulated under the rules of the Retail Distribution Review (known as "the sunset clause"). Therefore from 6 April 2016 the sole revenue received from funds held by clients will be the tiered platform fee which we anticipate to be 0.42%-0.43% per annum.

The revenue margin on client cash held was 0.55% (H1 2015: 0.62%) which is in the middle of the range of 0.50%-0.60% we indicated for this year in September 2015 when we presented our last full-year results. Assuming no changes to Bank of England base rate we consider our guidance of 0.5%-0.6% margin for the full year remains valid.

Revenue margin on shares and other stock is made up of management fees applied to shares held in the ISA and SIPP, as well as stockbroking commissions on equity deals. Margin fell to 0.27% (H1 2015: 0.31%) as client driven equity deals (excluding automated deals such as dividend reinvestments and regular savings deals) rose 2.7% to 1.28 million despite Vantage active clients being on average 99,000 higher this period. This comparative slowdown in the propensity of clients to deal, in a period of lower markets, combined with the value of shares and other stock being on average 21% higher at £19.0 billion results in a reduced reported revenue margin for this activity.

A lower standard rate of UK corporation tax meant that the diluted earnings per share increased by more than profit before tax, showing a 9% increase from 16.8 pence to 18.3 pence per share.

This period has seen significant investment relating to the development of our HL Savings cash deposit and peer to peer initiatives and also investment in various other initiatives and improvements to our service, all of which will help achieve future growth and serve to maintain and enhance the client service and security of our platform. Further details on operating costs are shown below. This investment means that the 10% increase in net revenue translates into an increase in profit before tax of 6%.

Total operating costs

Total operating costs are made up of various elements as per the table below:

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Increase/decrease
	£'million	£'million	%
Commission payable/loyalty bonus	41.9	53.1	-21%
Other operating costs:			
Staff costs	30.3	25.5	+19%
Marketing and distribution costs	5.5	5.5	-
Office running costs	2.3	2.2	+5%
Depreciation, amortisation and financial costs	2.8	2.2	+27%
Other costs	10.1	7.6	+33%
Other operating costs	51.0	43.0	+19%
FSCS levy	-	(0.3)	-100%
Total operating costs	**92.9**	**95.9**	**-3%**

Commission payable
Commission payable is primarily the portion of renewal income which the Group receives on investment funds held in Vantage which is rebated to clients as a "loyalty bonus". Commission payable decreased by 21% as post the Retail Distribution Review (RDR), clients progressively converted to and purchased the unbundled share classes of funds on which no loyalty bonus is payable. Lower stock markets also reduce loyalty bonus payable.

Staff Costs
Staff costs increased by 19% (£4.8m) on the comparative half year, and increased 10% on H2 2015 (£27.6m).

As previously announced we are developing a new digital cash deposit service and a P2P platform due for launch in autumn 2016 ("HL Savings"). Investment in expertise related to this service related to some of the staff cost increase.

The average number of staff (full-time equivalents, including directors) during the six months ended 31 December 2015 was 964 (H1 2015: 881, FY 2015: 910). As at 31 December 2015 we employed 985 staff. Staff costs have increased as follows:

	£m
Additional staff for HL Savings	+1.5
Digital and IT staff	+0.5
One-off restructuring costs	+0.5
Share option costs	+0.4
Other staff cost increases	+1.9
Total	**+4.8**

Staff numbers and costs have increased in line with our strategic plans and our commitment to delivering a first rate service to our growing client base which will see us maintain our position as the UK's leading direct to client investment platform.

Marketing and distribution
Marketing and distribution costs remained at levels comparable to last year despite achieving significant uplifts in new clients and new business. As we exploit digital marketing opportunities we reduce spend on traditional paper based marketing. Included in these costs is an amount relating to the acquisition of clients and assets from JP Morgan and Jupiter.

Depreciation, amortisation and financial
Depreciation, amortisation and financial costs have increased by £0.6 million as a result of increased capital spend in recent years on essential hardware and software.

Other costs
Other costs rose by £2.5 million, split across three areas: strategic initiatives £0.3 million, one-off costs £0.3 million and other areas £1.9 million. Of these other areas, the predominant increase was due to the implementation of a new system for processing foreign exchange on overseas equity deals – meaning revenue is now presented gross, whereas previously a net amount was shown. This accounts for £0.8 million of the other cost increase. The balance of the increase is attributed to irrecoverable VAT (£0.4m), increased IT maintenance (£0.3m) and other costs (£0.4m).

Operating costs rose reflecting an investment in the future of the business. Tight cost control on the "business as usual" expenditure continues to be a key focus of our business.

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Divisional performance

Net Revenue by division:	Unaudited 6 months ended 31 December 2015 £'million	Unaudited 6 months ended 31 December 2014 £'million	% increase/decrease
Vantage	119.3	108.2	+10%
Discretionary and Managed	29.1	24.5	+19%
Third Party & Other Services	10.4	11.4	-9%
Total Net Revenue	**158.8**	**144.1**	**+10%**

Vantage
Despite a difficult period for stock markets, continued growth in Vantage net new business and net new clients helped deliver a 10% increase in net revenue. We experienced a record first half net new business of £2.73 billion (H1 2015: £2.21bn) and attracted 47,000 net new clients.

During the period, transfers of business from JP Morgan and Jupiter highlighted in the 2015 financial statements were materially completed. These acquisitions are included in the new business and client numbers quoted above and combined have added £264 million of assets and 6,600 new clients. We consider these transactions a success and should further opportunities present themselves we will consider them.

Numerous client service improvements were made during the period including improved functionality for viewing client investment portfolios, launch of a stock screening tool, and investment ensuring our IT platform continues to be robust, efficient and secure. It is pleasing that our client and asset retention ratios have continued to improve, being 94.5% and 93.9% respectively for the period (H1 2015 both 93.1%).

The first quarter of the year saw net new business of £1.40 billion up 47% compared to a somewhat subdued first quarter last year. The second quarter saw a further £1.33 billion of net new business, up 6% on the prior year. The second half of the year is traditionally the busier as it includes the tax year-end. Utilisation of tax allowances by clients and our planned launch of two new multi-manager funds present opportunities for the second half of the year.

Discretionary
The Discretionary and Managed division has continued to grow, with revenue up 19%. The value of assets managed by Hargreaves Lansdown within its own range of multi-manager funds and its Portfolio Management Service (PMS) increased by 24% to £6.2 billion (H1 2015: £5.0bn). The key driver of revenue growth has been management fees, aided by the growth in assets held within the multi-manager funds from £4.7 billion to £5.9 billion. Good fund performance against their benchmark indices, a new investment channel via the Portfolio+ service launched in May 2015 and three new funds launched in February and March 2015 have helped boost assets in the HL fund range.

Third party and other
The Third Party and Other Services division saw a 9% decrease in revenue. The key reason for the decline has been the continued reduction in annuity volumes brokered following pension reforms introduced in the March 2014 budget. The reforms have introduced greater flexibility for people accessing their pension savings and as a result the demand for annuities has declined. Annuity commissions received have therefore fallen from £1.1m to £0.8m. In addition there has been a decrease in initial commissions from third party corporate pension schemes from £0.9m to £0.1m as many schemes cease to pay commission. Revenue from Funds Library has decreased slightly by 6% while revenue derived from the various other services such as currency services, CFDs and spread betting have broadly been in line with last year.

Assets Under Administration (AUA) and new business inflows

During the period the total value of AUA increased by 7% to £58.8 billion. The Group achieved net new business inflows of £2.77 billion, and a positive impact of stock market growth and other factors of £0.9 billion (H1: 2015 £nil), although this relates almost entirely to the increase in value of Hargreaves Lansdown shares held in Vantage. Total assets under administration can be broken down as follows:

	31 December 2015 £'billion	31 December 2014 £'billion	30 June 2015 £'billion
Vantage Assets Under Administration (AUA)	**55.9**	**46.3**	**52.3**
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	2.9	2.7	2.9
Multi-manager funds held outside of PMS	3.3	2.3	2.9
AUM Total	**6.2**	**5.0**	**5.8**
Less: Multi-Manager funds (AUM) included in Vantage AUA	(3.3)	(2.2)	(2.9)
Total Assets Under Administration	**58.8**	**49.1**	**55.2**

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Net new business in the Vantage ISA, SIPP and other Vantage nominee accounts was £0.7 billion, £1.2 billion and £0.8 billion respectively (H1 2015: £0.8bn, £0.7bn, £0.7bn). New business was helped by new assets from 47,000 net new Vantage clients combined with new subscriptions and transfer business from existing clients.

Following the implementation of the pension freedoms in April 2015 inflows of pension assets have been significant. The average new contribution into a Vantage SIPP so far this year has increased by 13%, with 25% more clients contributing to their SIPP than in H1 2015. By comparison, the average subscription in the Vantage Stocks and Shares ISA has decreased by 6%, with a 12% decrease in the number of clients subscribing. Significant market volatility would appear to have impacted client propensity to contribute in the first half of the year but as ever the second half of the year is key for new business into the ISA given the importance of the tax year-end when clients utilise their tax allowances.

As at 31 December 2015, the value of assets within the Vantage ISA was £21.5 billion (30 June 2015: £20.7bn), Vantage SIPP was £17.6 billion (30 June 2015: £16.4bn) and other Vantage nominee accounts was £16.8 billion (30 June 2015: £15.2bn).

Although world markets have been volatile in the period and various macroeconomic and geo-political issues remain, clients largely maintained similar investment weightings during the period. The composition of Vantage assets at 31 December 2015 was 9% cash (30 June 2015: 10%), 55% investment funds (30 June 2015: 56%) and 36% stocks, shares and other (30 June 2015: 34%).

The overall net revenue margin earned on all AUA held on the Vantage platform in the first half of the year was 0.42% (H1 2015: 0.45%). The decrease has been driven by an expected fall in the cash margin relating to the impact of regulatory restrictions on the use of term deposits announced in July 2014 and lower charges and commission on funds. The revenue margin on other assets has declined from 0.31% to 0.27% primarily due to comparatively fewer stockbroking trades compared to the value of client assets held in equities.

Taxation

The charge for taxation in the income statement decreased from £21.7 million to £21.2 million giving an actual effective tax rate of 19.6%. The standard UK corporation tax rate fell from 21% to 20% as from 1 April 2015 and will remain at 20% for the rest of the current financial year. An adjustment in respect of prior year tax and the impact of increased capital allowances and employee share acquisition relief in the period, however, reduced the effective corporation tax rate below the standard 20% to 19.6%. In total, taxation of £3.5 million has also been credited to equity relating to share-based payments.

Dividend

The Board has declared an interim dividend of 7.8 pence per share (H1 2015: 7.3p). The interim dividend will be paid on 31 March 2016 to all shareholders on the register at 4 March 2016. This amounts to a total interim dividend of £36.9 million.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trusts (the "EBTs") have agreed to waive all dividends. As at 31 December 2015 the EBTs held 1,098,096 shares.

Capital expenditure

Capital expenditure totalled £3.3 million for the six months ended 31 December 2015, compared with £2.4 million for the same period in the previous financial year. The expenditure relates to the cyclical replacement of hardware and the continuation of the project to enhance the capacity and capability of our key administration systems.

Liquidity and capital resources

The Group is soundly financed with a strong balance sheet and no borrowings. This is an important strength which in addition to being attractive to clients provides both resilience and flexibility. The Group is highly cash generative and the cash conversion ratio measured by the operating cash flows as a percentage of operating profits remained high at 93% in H1 2016 compared to 92% in H1 2015.

Group cash balances excluding restricted cash totalled £165.7 million at the end of the period. The only significant cash outflow from profits has been the final and special dividends totalling £121.4 million paid during September 2015.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. As at 31 December it was £214.7 million (H1 2015: £189.2m) and this capital is managed via the net assets to which it relates. The Group has four subsidiary companies authorised and regulated by the Financial Conduct Authority. These firms have capital resources at a level which satisfies both their regulatory capital requirements and their working capital requirements and, as a group, maintain significant headroom over the regulatory minimum. Further disclosures are published in the Pillar 3 document on the Group's website at www.hl.co.uk.

Related party transactions

Except for the transaction disclosed in Note 19 to the financial statements no other related party transactions have taken place that materially affect the financial position or performance of the Group and there have been no material changes to the related party transactions described in the last Annual Report and Accounts.

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Going concern

Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group were detailed on pages 26 to 27 of the Group's Annual Report and Financial Statements 2015, a copy of which is available on the Group's website www.hl.co.uk. The key risks and uncertainties have not changed and are highlighted in Note 6 to the financial statements. These are not expected to change in the second half of the 2016 financial year, and they are regularly reviewed by the Board.

Responsibility Statement

The directors confirm that to the best of their knowledge:

a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR4.2.4R;

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".

A list of current directors is shown on page 25.

On behalf of the Board

Ian Gorham
Chief Executive
2 February 2016

Independent Review Report to Hargreaves Lansdown plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hargreaves Lansdown plc's condensed consolidated financial statements (the "interim financial statements") in the interim report of Hargreaves Lansdown plc for the 6 month period ended 31 December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 December 2015;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of condensed consolidated financial statements involves

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 enquiries, 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.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

London

2 February 2016

a) The maintenance and integrity of the Hargreaves Lansdown plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

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

Condensed Consolidated Income Statement

	Note	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
		£'000	**£'000**	**£'000**
Revenue	8	200,742	197,247	395,137
Commission payable		(41,941)	(53,145)	(100,949)
Staff costs		(30,308)	(25,496)	(53,117)
Other operating costs		(20,652)	(17,512)	(38,603)
FSCS refund/(costs)**		-	260	(4,417)
Operating profit		107,841	101,354	198,051
Investment revenues	9	269	520	987
Profit before tax		108,110	101,874	199,038
Tax	10	(21,214)	(21,735)	(41,789)
Profit for the period		86,896	80,137	157,249
Attributable to:				
Owners of the parent		86,711	79,782	156,664
Non-controlling interest		185	355	585
		86,896	80,137	157,249
Earnings per share (pence)	12			
Basic earnings per share		18.3	16.9	33.2
Diluted earnings per share		18.3	16.8	33.1

** FSCS costs are those relating to the running of and the levies issued under the Financial Services Compensation Scheme.

The results relate entirely to continuing operations.

After the balance sheet date, the directors declared an ordinary interim dividend of 7.80 pence per share payable on 31 March 2016 to shareholders on the register at 4 March 2016.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Profit for the period	86,896	80,137	157,249
Total comprehensive income for the financial period	86,896	80,137	157,249
Attributable to:			
Owners of the parent	86,711	79,782	156,664
Non-controlling interest	185	355	585
	86,896	80,137	157,249

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Capital redemption reserve	Shares held by EBT reserve	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total equity**
	----- Attributable to the owners of the parent						-----		
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 1 July 2014	1,897	8	12	(16,221)	13,545	228,512	**227,753**	591	**228,344**
Total comprehensive income	-	-	-	-	-	79,782	**79,782**	355	**80,137**
Change to non-controlling interest	-	-	-	-	-	(964)	**(964)**	(103)	**(1,067)**
Employee Benefit Trust:									
Shares sold during the period	-	-	-	1,534	-	-	**1,534**	-	**1,534**
Shares acquired in the period	-	-	-	(2,000)	-	-	**(2,000)**	-	**(2,000)**
EBT share sale	-	-	-	-	126	-	**126**	-	**126**
Employee share option scheme:									
Share-based payments expense	-	-	-	-	-	1,011	**1,011**	-	**1,011**
Current tax effect of share-based payments	-	-	-	-	-	(50)	**(50)**	-	**(50)**
Deferred tax effect of share-based payments	-	-	-	-	-	(1,168)	**(1,168)**	-	**(1,168)**
Dividend paid	-	-	-	-	-	(117,697)	**(117,697)**	-	**(117,697)**
At 31 December 2014	1,897	8	12	(16,687)	13,671	189,426	**188,327**	843	**189,170**
At 1 July 2015	1,897	8	12	(13,018)	12,704	234,963	**236,566**	501	**237,067**
Total comprehensive income	-	-	-	-	-	86,711	**86,711**	185	**86,896**
Employee Benefit Trust:									
Shares sold during the period	-	-	-	8,272	-	-	**8,272**	-	**8,272**
Shares acquired in the period	-	-	-	-	-	-	**-**	-	**-**
EBT share sale	-	-	-	-	(747)	-	**(747)**	-	**(747)**
Employee share option scheme:									
Share-based payments expense	-	-	-	-	-	1,124	**1,124**	-	**1,124**
Current tax effect of share-based payments	-	-	-	-	-	2,446	**2,446**	-	**2,446**
Deferred tax effect of share-based payments	-	-	-	-	-	1,015	**1,015**	-	**1,015**
Dividend paid	-	-	-	-	-	(121,365)	**(121,365)**	-	**(121,365)**
At 31 December 2015	1,897	8	12	(4,746)	11,957	204,894	**214,022**	686	**214,708**

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

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 option schemes.

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

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 22% shareholding in Library Information Services Limited, a subsidiary of the Company.

Condensed Consolidated Balance Sheet

	Note	Unaudited at 31 December 2015	Unaudited at 31 December 2014	Audited at 30 June 2015
		£'000	£'000	£'000
ASSETS:				
Non-current assets				
Goodwill		1,333	1,333	1,333
Other intangible assets		4,946	3,544	4,614
Property, plant and equipment		12,506	12,311	11,990
Deferred tax assets		6,833	5,751	6,118
		25,618	22,939	24,055
Current assets				
Trade and other receivables	14	308,233	260,307	411,705
Cash and cash equivalents	15	181,716	153,915	216,753
Investments	13	727	582	909
Current tax assets		-	29	-
		490,676	414,833	629,367
Total assets		516,294	437,772	653,422
LIABILITIES:				
Current liabilities				
Trade and other payables	16	282,876	226,485	397,262
Provisions		-	104	-
Current tax liabilities		18,478	21,773	18,861
		301,354	248,362	416,123
Net current assets		189,322	166,471	213,244
Non-current liabilities				
Provisions		232	240	232
Total liabilities		301,586	248,602	416,356
Net assets		214,708	189,170	237,067
EQUITY				
Share capital	17	1,897	1,897	1,897
Share premium account		8	8	8
Capital redemption reserve		12	12	12
Shares held by Employee Benefit Trust reserve		(4,746)	(16,687)	(13,018)
EBT reserve		11,957	13,671	12,704
Retained earnings		204,894	189,426	234,963
Total equity, attributable to the owners of the parent		214,022	188,327	236,566
Non-controlling interest		686	843	501
Total equity		214,708	189,170	237,067

The condensed consolidated financial statements of Hargreaves Lansdown plc, registered number 02122142, were approved by the board of directors on 2 February 2016, signed on its behalf and authorised for issue by:

Ian Gorham
Chief Executive

Condensed Consolidated Statement of Cash Flows

	Note	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	Note	£'000	£'000	£'000
Net cash from operating activities				
Cash generated from operations	18	100,546	93,614	212,991
Income tax paid		(18,850)	(20,230)	(41,603)
Net cash generated from operating activities		81,696	73,384	171,388
Investing activities				
Interest received		242	520	896
Dividends received from investments		27	-	91
Proceeds on disposal of investments		182	292	-
Purchase of property, plant and equipment		(2,242)	(1,286)	(2,590)
Purchase of intangible assets		(1,101)	(1,129)	(2,887)
Purchase of non-controlling-interest in subsidiary		-	(1,067)	(1,067)
Purchase of available-for-sale investments		-	-	(35)
Net cash used in investing activities		(2,892)	(2,670)	(5,592)
Financing activities				
Purchase of own shares in EBT		-	(2,000)	(2,000)
Proceeds on sale of own shares in EBT		7,524	1,660	4,362
Dividends paid to owners of the parent		(121,365)	(117,697)	(152,071)
Dividends paid to non-controlling interests		-	-	(572)
Net cash used in financing activities		(113,841)	(118,037)	(150,281)
Net (decrease)/increase in cash and cash equivalents		(35,037)	(47,323)	15,515
Cash and cash equivalents at beginning of period		216,753	201,238	201,238
Cash and cash equivalents at end of period	15	181,716	153,915	216,753

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The Interim Financial Statements for the six months to 31 December 2015 have been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority. 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. Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis in preparing the Interim financial statements.

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 auditor, PricewaterhouseCoopers LLP, and their report appears earlier in this document. The financial information for the year ended 30 June 2015 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by PricewaterhouseCoopers LLP and delivered to the Registrar of Companies. Copies are available on-line at www.hl.co.uk. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor 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 2015 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2015.

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 Advisers. 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 small proportion of asset values and because of other revenue streams and market effects, overall Group net revenue is less seasonal than new business inflows. In the year ended 30 June 2015, 51% 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 Executive Committee.

The 'Vantage' division represents all activities relating to our direct to private investor platform.

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, CFDs 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 2015 and 2014, 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.

PMS platform is provided for Vantage products hence platform fees charged by PMS is included under the Vantage segment.

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 2015						
Revenue from external customers	161,135	29,197	10,410	-	-	**200,742**
Commission payable	(41,878)	(27)	(36)	-	-	**(41,941)**
Inter-segment revenue	-	-	-	-	-	**-**
Total segment net revenue	119,257	29,170	10,374	-	-	**158,801**
Depreciation and amortisation	1,984	185	326	-	-	**2,495**
Interest revenue	-	-	-	269	-	**269**
Other gains	-	-	-	-	-	**-**
Reportable segment profit before tax	81,494	22,924	4,092	(400)	-	**108,110**
Reportable segment assets	294,377	18,948	12,143	214,231	(23,405)	**516,294**
Reportable segment liabilities	(265,877)	(18,550)	(356)	(36,987)	20,184	**(301,586)**
Net segment assets	28,500	398	11,787	177,244	(3,221)	**214,708**
6 months ended 31 December 2014						
Revenue from external customers	161,289	24,511	11,447	-	-	**197,247**
Commission payable	(53,106)	-	(39)	-	-	**(53,145)**
Inter-segment revenue	-	-	-	-	-	**-**
Total segment net revenue	108,183	24,511	11,408	-	-	**144,102**
Depreciation and amortisation	1,669	174	224	-	-	**2,067**
Interest revenue	-	-	-	520	-	**520**
Other gains	-	-	-	-	-	**-**
Reportable segment profit before tax	76,489	18,543	6,729	113	-	**101,874**
Reportable segment assets	238,302	13,367	17,680	183,027	(14,604)	**437,772**
Reportable segment liabilities	(155,981)	(10,508)	(12,908)	(40,737)	(28,468)	**(248,602)**
Net segment assets	82,321	2,859	4,772	142,290	(43,072)	**189,170**

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 7.8 pence per share (H1 2015: interim dividend 7.3p) amounting to a total dividend of £36.9 million (2015: £34.4m) was declared by the plc 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 2015, the Group acquired property, plant, equipment and software assets with a cost of £3.3 million (H1 2015: £2.4m, year to 30 June 2015: £5.5m).

Capital commitment

At the balance sheet date, the Group had capital commitments of £0.8 million (31 December 2014: £nil, 30 June 2015: £1.6m).

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 26 to 27 of the Group's Annual Report and Financial Statements 2015, a copy of which is available on the Group's website www.hl.co.uk. These remain the principal risks and uncertainties for the second half of this financial year and beyond; the key ones of which are listed below and they are regularly considered by the Board.

Operational risks

- Cybercrime, fraud or security breaches in respect of the Group's information, data, software or information technology systems.
- Business continuity event.
- Changing markets and increased competition.

Financial risks

- Risk of a decline in earnings due to a decline in interest rates or regulatory changes affecting interest income.
- Fluctuations in the capital markets adversely affecting trading activity and /or the value of the Group's assets under administration.

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 2015 the value of such assets on the Group balance sheet was £182 million (at 31 December 2014: £154m). A 50bps (0.5%) move in interest rates, in isolation, would therefore, 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.

As a source of revenue is based on the value of client cash under administration, the Group also has an indirect exposure to interest rate risk on cash balances held for clients. These balances are disclosed in Note 15 and are not on the Group balance sheet.

7. Staff numbers

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	No.	No.	No.
Average number of employees of the Group (including executive directors)	964	881	910

8. Revenue

Revenue represents income receivable from financial services provided to clients, interest income on client money 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:

Notes to the Condensed Consolidated Financial Statements

8. Revenue (continued)

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Recurring income	168,416	164,253	329,900
Transactional income	29,453	29,844	58,816
Other income	2,873	3,150	6,421
Total operating revenue from services	200,742	197,247	395,137

Recurring income principally comprises renewal income, management fees, platform fees and interest income on client money. Transactional income principally comprises commission earned from stockbroking transactions. Other income principally represents the amount of fees receivable from the provision of funds data services and research through Library Information Services Ltd to external parties.

9. Investment revenues

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Interest on bank deposits	242	520	896
Dividends from equity investment	27	-	91
	269	520	987

10. Tax

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000

The tax charge for the period is based on the prevailing effective rate of tax for the year to 30 June 2016 of 20% (30 June 2015: 20.75%).

Current tax - on profit for the period	21,269	21,904	41,749
Current tax - adjustments in respect of prior years	(356)	-	-
Deferred tax	72	(161)	41
Deferred tax - adjustments in respect of prior years	229	(8)	(1)
	21,214	21,735	41,789

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

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Deferred tax relating to share-based payments	(1,015)	1,168	592
Current tax relating to share-based payments	(2,446)	50	(1,305)
	(3,461)	1,218	(713)

Notes to the Condensed Consolidated Financial Statements

11. Dividends paid

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Amounts recognised as distributions to equity holders in the period:			
2015 Final dividend of 14.30p per share	67,515	-	-
2015 Special dividend of 11.40p per share	53,850	-	-
2015 Interim dividend of 7.30p per share	-	-	34,374
2014 Final dividend of 15.39p per share	-	72,449	72,449
2014 Special dividend of 9.61p per share	-	45,248	45,248
Total	121,365	117,697	152,071

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 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust (HL EBT)	1,098,096	3,448,348	2,726,361
Representing % of called-up share capital	0.23%	0.73%	0.57%

12. Earnings per share (EPS)

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 free issue during the period, including ordinary shares held in the EBT reserve which have 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.

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
Earnings (all from continuing operations)	**£'000**	**£'000**	**£'000**
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent Company	86,711	79,782	156,664
Number of shares	**Number**	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of diluted EPS	474,605,164	473,554,769	473,716,102
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	(1,581,090)	(2,173,676)	(2,068,619)
Weighted average number of ordinary shares for the purposes of basic EPS	473,024,074	471,381,093	471,647,483
Earnings per share	**Pence**	**Pence**	**Pence**
Basic EPS	18.3	16.9	33.2
Diluted EPS	18.3	16.8	33.1

13. Investments

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
At beginning of period	909	874	874
Sales	(182)	(292)	-
Purchases	-	-	35
At end of period	727	582	909
Comprising:			
Current asset investment - UK listed securities valued at quoted market price	463	318	645
Current asset investment - Unlisted securities valued at cost	264	264	264

£463,000 (31 December 2014: £318,000, 30 June 2015: £645,000) of investments are classified as held at fair value through profit and loss and £264,000 (31 December 2014: £264,000, 30 June 2015: £264,000) 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 any revaluation gains and losses reflected in an 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, with a fair value adjustment recognised upon disposal of the investment.

14. Trade and other receivables

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Financial assets:			
Trade receivables	271,035	227,366	380,803
Other receivables	899	1,352	1,460
	271,934	228,718	382,263
Non-financial assets:			
Prepayments and accrued income	36,299	31,589	29,442
	308,233	260,307	411,705

Trade and other 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 and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £252.5 million (31 December 2014: £197.5m, 30 June 2015: £363.2m) are included in trade receivables.

15. Cash and cash equivalents

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Restricted cash - balances held by Hargreaves Lansdown EBT	15,985	4,900	7,602
Group cash and cash equivalent balances	165,731	149,015	209,151
	181,716	153,915	216,753

Cash and cash equivalents comprise cash on hand and demand deposits held by the Group that are readily convertible to a known amount of cash. The carrying amount of these assets is approximately equal to their fair value.

15. Cash and cash equivalents (continued)

Segregated deposit amounts held by the Group on behalf of clients, in accordance with the client money rules of the Financial Conduct Authority amounted to £5,125 million (31 December 2014: £4,195m, 30 June 2015: £5,499m). The client retains the beneficial interest in these deposits and accordingly they are not included in the balance sheet of the Group.

16. Trade and other payables

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Financial liabilities:			
Trade payables	251,414	195,531	362,808
Social security and other taxes	5,290	6,061	9,692
Other payables	19,191	16,373	12,176
	275,895	217,965	384,676
Non-financial liabilities:			
Accruals and deferred income	6,981	8,520	12,586
	282,876	226,485	397,262

In accordance with market practice and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £250.0 million (31 December 2014: £195.6m, 30 June 2015: £361.9m) are included in trade payables. Other payables principally comprise amounts owed to clients as a loyalty bonus and to staff as a bonus. Accruals and deferred income principally comprise amounts outstanding for trade purchases and revenue received but not yet earned on group pension schemes where an ongoing service is still being provided.

17. Share capital

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'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 consolidated cash flow statement

	Unaudited 6 months ended 31 December 2015	Unaudited 6 months ended 31 December 2014	Audited Year to 30 June 2015
	£'000	£'000	£'000
Profit for the period after tax	86,896	80,137	157,249
Adjustments for:			
Investment revenues	(269)	(520)	(987)
Income tax expense	21,214	21,735	41,789
Depreciation of plant and equipment	1,726	1,652	3,279
Amortisation of intangible assets	769	415	1,101
(Profit)/loss on disposal	-	-	-
Share-based payment expense	1,124	1,011	2,109
Increase/(decrease) in provisions	-	65	(47)
Operating cash flows before movements in working capital	111,460	104,495	204,493
Decrease/(increase) in receivables	103,472	43,556	(107,842)
(Decrease)/increase in payables	(114,386)	(54,437)	116,340
Cash generated from operations	100,546	93,614	212,991

19. Related party transactions

The Group has a related party relationship 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 2015 Annual Report.

20. Financial instruments' fair value disclosure

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values. Market values have been used to determine the fair value of cash and cash equivalents, and available-for-sale financial assets where there is a quoted market price. Investments in equity instruments which do not have a quoted market price in an active market or whose fair value cannot be reliably measured are measured at cost. There have been no transfers of assets or liabilities between levels of the fair value hierarchy and there are no non-recurring fair value measurements.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

	Unaudited at 31 December 2015	Unaudited at 31 December 2014	Audited at 30 June 2015
	£'000	£'000	£'000
Recurring fair value measurements:			
Financial assets at fair value through profit or loss			
Level 1 Quoted prices for similar instruments	463	318	645
Level 2 Directly observable market inputs other than Level 1 inputs	-	-	-
Level 3 Inputs not based on observable market data	-	-	-
	463	318	645

Directors, Company Secretary, Advisers and Shareholder Information

EXECUTIVE DIRECTORS
Ian Gorham
Chris Hill

NON-EXECUTIVE DIRECTORS
Chris Barling
Michael Evans
Shirley Garrood
Jayne Styles
Stephen Robertson

COMPANY SECRETARY
Judy Matthews

INDEPENDENT AUDITOR
PricewaterhouseCoopers LLP, London

SOLICITORS
Osborne Clarke LLP, Bristol

PRINCIPAL BANKERS
Lloyds Bank plc, Bristol

BROKERS
Barclays
Numis Securities Limited

REGISTRARS
Equiniti Limited

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

REGISTERED NUMBER
02122142

WEBSITE
www.hl.co.uk

DIVIDEND CALENDAR 2015/16

	First dividend (interim)
Ex-dividend date*	3rd March 2016
Record date**	4th March 2016
Payment date	31st March 2016

* 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.