Hargreaves Lansdown plc

Interim Report and
Condensed Consolidated Financial Statements
6 months ended 31 December 2013

Embargoed: for release at 0700h, 5 February 2014

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 2013 Annual Report, underlying such forward-looking information.

Unless otherwise stated, all figures below refer to the six months ended 31 December 2013 ("H1 2014"). Comparative figures are for the six months ended 31 December 2012 ("H1 2013"). 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.

Interim Management Report

Hargreaves Lansdown plc
Interim results for the six months ended 31 December 2013

"We are pleased that Hargreaves Lansdown's results once again show substantial growth in new clients, assets, revenue and profit. Assets under Administration now exceed £43 billion, up a staggering £13 billion (43%) from just one year ago.

We also welcomed 77,000 new clients during the period, easily the most for any 6 months in our history, and more than the first 6 months of 2011, 2012 and 2013 combined. Profits rose 11% despite the effects of a low interest rate environment, reflecting our success.

We continue to work hard to provide high quality, attractive and comprehensive investing services to UK retail investors to help them grow their wealth. With continued low interest rates on cash for savers, reduced access to financial advice and a need to save for the future, our results show our high quality low cost investing service is more essential than ever.

I would like to thank our clients for their continued support and recommendation, for which we remain grateful and determined to continue to repay their confidence."

Ian Gorham, Chief Executive

Hargreaves Lansdown plc ("HL" or "the Group") today announces interim results for the six month period ended 31 December 2013.

Highlights

- Continued growth with record revenue (up 13% to £158.4m) and record profit before tax (up 11% to £104.1m)
- Total net business inflows for the 6 months of £2.80 billion, up 70% (H1 2013: £1.65bn)
- Total assets under administration of £43.4 billion (up 43% on 31 December 2012 and 19% on 30 June 2013)
- Continued growth in active client numbers, now 584,000, an increase of 77,000 since 30 June 2013 (H1 2013: 21,000)
- Interim dividend up 11% to 7.0 pence per share (H1 2013: 6.3 pence)

Financial highlights	**Unaudited 6 months ended 31 December 2013**	Unaudited 6 months ended 31 December 2012	**Change %**	Audited year to 30 June 2013
Revenue	**£158.4m**	£140.3m	**+13%**	£292.4m
Proportion of recurring revenue	**79%**	81%	**-2.0 pts**	80%
Profit before tax	**£104.1m**	£93.7m	**+11%**	£195.2m
Operating profit margin	**65.2%**	65.6%	**-0.4 pts**	65.8%
Total assets under administration	**£43.4bn**	£30.4bn	**+43%**	£36.4bn
Diluted earnings per share	**17.0p**	15.0p	**+13%**	31.4p
Interim dividend per share	**7.0p**	6.3p	**+11%**	6.3p
Net business inflows	**£2.80bn**	£1.65bn	**+70%**	£5.1bn

About us:

The Hargreaves Lansdown Group (the "Group") is the UK's largest direct to investor "Investment Supermarket". The Group provides the UK investing public with access to a wide choice of investments and attracts high quality earnings derived from the value of investments under administration or management, primarily through its market leading Vantage service.

Our success can be attributed to good value pricing, innovative marketing, excellent research and information and high retention of clients through the provision of first class service. The company employs a unique direct marketing model which is cost effective, scalable and affords a high profit margin despite giving clients access to low cost investing.

Interim Management Report

Unlike a traditional asset manager, the broad choice of investments and products available through the Group and the diversity of services mean that a client's assets usually stay within the Hargreaves Lansdown stable available through Vantage. Even if a client chooses to switch investments or into different asset classes or products, the wide choice, from equity to cash management facilities, means the client assets under administration are usually retained.

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Investor and analyst presentation

Hargreaves Lansdown will be hosting an investor and analyst presentation at 9.00am on 5th February 2014 following the release of the results for the half year ended 31 December 2013. Access is by invitation only. Slides accompanying the analyst presentation will be available this morning at www.hl.co.uk/investor-relations and an audio recording of the analyst presentation will be available by close of day.

Chief Executive's Statement

Trading

When we presented our interim trading results twelve months ago I reported that for the first time our assets under administration had passed £30 billion. We are pleased to report that figure has grown by 43% to £43.4 billion.

During the six month period most parts of the business have reported record figures. Client recruitment has surpassed all expectations justifying our commitment to our investment supermarket and digital media strategic initiatives. We now count 584,000 investors as active clients, an increase of 77,000 (15%) in just 6 months (H1 2013: 21,000).

Some of these new investors, about 27,000, have currently confined their activity only to the Royal Mail float. We expect many of them will become wider investors in future. We have recruited more new clients in these six months than we did in the first 6 months of the financial years 2011, 2012 and 2013 combined. It has been an exceptional period.

Markets have been helpful during the period with the FTSE All Share Index rising 9.7% and throughout the world we have seen the majority of markets reporting worthwhile gains, continuing to encourage the equity investor with both capital growth and income well in excess of that achievable on cash deposits.

We have not rested on our laurels. New initiatives continue apace. In addition to various service improvements to information and trading functions, we have launched our app for the iPad, which has proved exceptionally popular with our clients. It has attracted 37,000 downloads since launch on 10 December 2013. Already 7% of all share trades come through our "HL Live" apps and our commitment to digital media remains a core part of our strategy.

Our long term Corporate Vantage proposition has attracted another 16 new schemes with a further 12 committed. The total number of employees funding into these pension arrangements is now over 32,000 with over £793 million in assets. Hargreaves Lansdown Advisory Services, our subsidiary company of independent financial practitioners who advise their clients on a fee basis, have also attracted £405 million of new client investments in the six months, a substantial increase. Our own Multi-Manager Funds have also seen a record increase of £676m to stand at £3.8 billion.

Of particular excitement is the ever increasing number of people who are finding Hargreaves Lansdown. As an example, around 118,000 people, approximately 18.5% of the UK public who invested in Royal Mail shares, did so through Hargreaves Lansdown. This seismic effect on the UK investing environment confirms our position as the leading Investment Supermarket in the UK. We saw days when up to 60,000 people tried to call Hargreaves Lansdown, and during the two key weeks of the Royal Mail flotation our website received 3.5 million hits. Visits to our website in the last 12 months stand at a remarkable 59 million, up 73% on the corresponding 12 months last year.

Finally, we received national corporate recognition when amongst other awards, our peers in major companies voted us Britain's Most Admired Company in two categories, "speciality and other finance" and "innovation." Whilst it is humbling to be recognised by peers and to be an established FTSE 100 company, we are clear that our success is based on focusing on servicing clients, whom we thank for their continued support and their patience during certain periods of the extraordinary Royal Mail flotation. We are resolved to continue providing them with excellent service. We have been delighted to be able to recently announce reductions in the cost of investing for the majority of clients and that we have been able to negotiate the best funds at the best prices, further increasing clients' wealth. My thanks also go to my colleagues for their continued hard work and professionalism.

Interim Management Report

Regulation

We have completed a huge undertaking to create our new Retail Distribution Review ("RDR") framework, including an investment of over £8m per annum in lower investing costs for clients. We have negotiated hard with fund companies to offer the best proposition we can for investors. The average annual management charge for a fund on our Wealth 150 list will be 0.65% from 1 March 2014, compared to the standard average retail price for the same funds of 0.76%. For 27 selected Wealth 150 funds (Wealth 150+) the average annual management charge will be 0.54%. Along with a new highly competitive charging tariff, Hargreaves Lansdown has thus positioned itself as the primary investment supermarket in the UK, and the gateway to the best funds at the best prices.

The combination of our investment in reduced charges alongside much reduced management charges we have negotiated with the investment groups, plus the best information and service, makes investing through Hargreaves Lansdown more compelling than ever.

Although our client recruitment and business volumes are encouraging we are mindful that RDR is a change that may take time for retail investors to adjust to. Whilst we are pleased at the initial success of our transition, and we consider that long term it improves our model and the deal for investors, we shall monitor things carefully and adjust if necessary. We estimate 80% of our clients will be better off or no worse off from the RDR tariff changes we have made and with the lower cost funds we have negotiated many more will have the potential to be better off. It is the nature of such changes that it is impossible to design things exactly as all clients would wish. However, substantial research and analysis went into preparing the changes, including analysing client preferences for charging methods and overall initial client reaction to our changes appears to be positive.

Current trading and outlook

Whilst we have had an excellent first half, the second half of our trading year is perennially the stronger half, including as it does the tax year end, which acts as a natural incentive for clients to use tax allowances. This year may turn out to be a little unusual, given the exceptional Royal Mail event that occurred in the first half of the year, but there is no doubt the second half of the year will again be key to our full year performance. January 2014 has delivered a positive start.

It should be noted our earnings have a direct relationship with the value of the investments within our administration; therefore the level of world stock markets has an effect on profits outside of our control.

The difficulties faced by the UK banking sector resulted in unusually high LIBOR rates in 2012 and the first part of the last financial year. These rates boosted the interest revenue earned on cash deposits. The last six months has continued to see the government lending money to banks on cheap terms (the Funding for Lending Scheme) and commensurately lower rates for savers as banks have slashed the interest rates paid to their loyal UK savers. This continuing scenario now makes equity investment even more attractive, as the yields available on equities and bonds far outstrip those available on cash. However, in the short term, in addition to reducing the interest rates payable to UK savers, it will also reduce revenue from cash margin across the savings and investment industry, including that received by Hargreaves Lansdown. Interest rate drag is the primary reason that our profit, whilst being up a healthy 11%, lags the 43% growth in our assets under administration.

If interest rates remain low, then a profit impact will continue to be felt as our term deposits will be gradually replaced at significantly lower rates. However, in due course the drag should cease as the effect of comparison with substantially higher rates obtained in the financial year 2012 and early 2013 washes through. Whilst the outlook for interest rates remains low in the short term, as the economy recovers it is possible rates may rise. We also recognise the substantial cash sums we now hold on behalf of our ever increasing client base. We have therefore also commissioned a review of possibilities for increasing our cash services to clients in both the short and long term.

We announced our new RDR pricing on 15 January 2014, covered above. We also have several exciting new initiatives and innovations due for launch in the coming 6 months to further position our services as the best value in the market. Our trading game, "The Big Deal," seems popular with over 30,000 players, many of them not previously known to us. We will fully analyse the results of this activity upon completion in June.

Hargreaves Lansdown is the UK's no.1 investment supermarket with an estimated 32% of the UK market share (Source: The Platform Direct Platform Guide Issue 4, February 2014). Recent research proved Hargreaves Lansdown is both the dominant and fastest growing company in an exciting market. As we continue to grow we remain focused on our mission "to help investors make more of their investments by providing the best information, the best service and the best prices." Hargreaves Lansdown is well placed to deliver long term future growth through focusing on the needs of investors.

Board changes

On 25 October 2013 Hargreaves Lansdown announced that Jonathan Bloomer stood down as a non-executive director from the Board of Hargreaves Lansdown plc at the Group's Annual General Meeting. At the same time Shirley Garrood was appointed as an independent non-executive director and as Chairman of the Audit Committee. We thank Jonathan for his contribution to the company during the past 7 years and we are delighted to welcome Shirley to the Board. The Board now comprises eight directors, including five non-executive directors, all of whom are independent. This more than satisfies the requirements of the UK Corporate Governance Code, and we believe we have a strong and diverse Board in place.

Ian Gorham
Chief Executive

Financial Review

Financial performance

The Group achieved a profit before tax of £104.1m, an 11% increase compared to H1 2013, consequent to increased levels of AUA. Revenue for the six months to 31 December 2013 was up 13%. Costs increased primarily because of the impact of the SIPP loyalty bonus and also from operations being scaled up to deal with the increased business volumes and to progress the various strategic initiatives including the forthcoming implementation of the Retail Distribution Review. As a result the operating margin declined slightly to 65.2% (H1 2013: 65.6%). A lower rate of corporation tax meant that the diluted earnings per share increased by comparatively more than the profit before tax measure, with a 13% increase from 15.0 pence to 17.0 pence per share.

	% movement	Unaudited 6 months ended 31 December 2013 (H1 2014) £'million	Unaudited 6 months ended 31 December 2012 (H1 2013) £'million	Audited Year to 30 June 2013 (FY 2013) £'million
Revenue	+13%	158.4	140.3	292.4
Administrative expenses	+17%	(55.2)	(47.0)	(100.4)
FSCS levy		-	(1.2)	0.5
Operating profit	+12%	103.2	92.1	192.5
Investment revenue and other gains		0.9	1.6	2.7
Profit before taxation	+11%	104.1	93.7	195.2
Taxation		(23.5)	(22.5)	(46.2)
Profit after taxation	+13%	80.6	71.2	149.0

Revenue

The Vantage division recorded a 12% increase in revenue thanks to record levels of organic growth, in the form of net new business from record client recruitment, along with new business from existing clients in the current period and previous year. An improvement in markets has also been beneficial, with the average level of the FTSE All-Share index being 16.7% higher during the six months to 31 December 2013 compared to H1 2013. Offsetting these positive factors has been the reduction in cash deposit rates which as expected has seen interest revenue on client money fall significantly from £34.5 million in the comparative 2013 period to £17.7 million for the period under review. For the second half of the financial year low deposit rates are still creating a headwind and assuming the Bank of England base rate remains unchanged, we expect the revenue margin on cash balances to continue to fall before levelling out.

The Discretionary division has performed strongly with revenue up 42%. Increased renewal income and management fees resulting from the increase in AUA were the key drivers. As many Independent Financial Advisers and high street banks have been exiting the advice market on the back of new regulatory rules such as the Retail Distribution Review, Hargreaves Lansdown has increased its number of financial advisors by 19%. On average there were 92 in the period compared to 77 in the comparative period. The increased adviser numbers have helped drive a 103% increase in net new business introduced into PMS. Net new business amounted to £201 million (H1 2013: £99.0 million).

The Third Party and Other Services division saw an 11% decrease in revenue. Revenue from currency services, CFDs and spreadbetting increased. However, as previously highlighted Hargreaves Lansdown has been moving away from acting as an intermediary for third party pension and investment schemes, therefore a reduction in this commission income is to be expected.

Revenue by division:	Unaudited 6 months ended 31 December 2013 £'million	Unaudited 6 months ended 31 December 2012 £'million	% increase
Vantage	123.3	109.9	+12%
Discretionary and Managed	21.8	15.4	+42%
Third Party & Other Services	13.4	15.0	-11%
Total Revenue	**158.4**	**140.3**	**+13%**

Assets Under Administration (AUA) and new business inflows

During the period the value of total AUA has increased by 19% to £43.4 billion. The Group achieved net new business inflows of £2.8 billion, and the positive impact of the market and other growth factors increased client assets by a further £4.2 billion. Total assets under administration can be broken down as follows:

	31 December 2013 £'billion	31 December 2012 £'billion	30 June 2013 £'billion
Vantage Assets Under Administration (AUA)	**40.9**	**28.5**	**34.2**
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	2.5	1.8	2.1
Multi-manager funds held outside of PMS	1.6	0.9	1.2
AUM Total	**4.1**	**2.8**	**3.3**
Less: Multi-manager funds (AUM) included in Vantage AUA	(1.5)	(0.9)	(1.2)
Total Assets Under Administration	**43.4**	**30.4**	**36.4**

Net new business in the Vantage ISA, SIPP and other Vantage nominee accounts was £0.6 billion, £0.8 billion and £1.1 billion respectively (H1 2013: £0.4 billion, £0.7 billion, £0.4 billion). The increase in new business was attributable to an increased number of Vantage clients (up by 15% since June 2013) combined with new subscriptions and transfer business from existing clients. Client and asset retention both remained very high for the period. Net new business generated within PMS was £201 million (H1 2013: £99 million.)

The average subscription in the Vantage Stocks and Share ISA increased by 11%, with a 77% increase to the number of clients subscribing. The average new contribution into a Vantage SIPP so far this year has reduced by 17%, with 24% more clients contributing to their SIPP than in H1 2013.

As at 31 December 2013, the value of assets within the Vantage ISA was £15.4 billion (30 June 2013: £13.6 billion), Vantage SIPP was £12.1 billion (30 June 2013: £10.4 billion) and other Vantage nominee accounts was £13.4 billion (30 June 2013: £10.2 billion).

Clients have decreased their cash weightings during the period as investor sentiment has continued to improve and world markets rallied. The composition of assets across the whole of Vantage at 31 December 2013 was 8% cash (30 June 2013: 10%), 54% investment funds (30 June 2013: 56%) and 38% stocks, shares and other (30 June 2013: 34%).

The overall revenue margin earned on Vantage AUA decreased from 81bps to 64bps, wholly as a result of lower interest rates earned on deposits during the six month period (as noted above).

Total administrative expenses

Operating expenses increased by 17% to £55.2 million. The most significant increase related to loyalty bonuses, which makes up the vast majority of commission payable, where they not only increased in line with the rise in value of the related client assets but also saw the impact of loyalty bonuses being paid out in the SIPP of £4.3 million compared to nil in the comparative period.

Staff costs increased by 5% as a result of pay increases combined with increased staff numbers. Staff numbers have increased as we continue to recruit specialist resource ensuring we are committed to expanding the business and delivering our long term initiatives. The average number of staff (full-time equivalents, including directors) during the six months ended 31 December 2013 was 752 (H1 2013: 693). As at 31 December 2013 we employed 790 staff. Despite the increase in staff numbers the compensation ratio (ratio of staff costs to revenue) has actually fallen by 1.2% to 16.2%.

We continue to maintain a strong focus on cost control and efficiency, whilst balancing the need for continual investment to ensure the business is geared up for further growth and maintaining our position as the UK's leading direct to consumer platform.

	Unaudited 6 months ended 31 December 2013 £'million	Unaudited 6 months ended 31 December 2012 £'million	Increase %
Staff costs	25.6	24.4	+5%
Commission payable	16.2	9.0	+80%
Marketing and distribution costs	4.5	5.6	-20%
Office running costs	2.0	2.1	-5%
Depreciation, amortisation and financial costs	1.3	1.3	-
Other costs	5.6	4.6	+22%
Operating expenses	55.2	47.0	+17%
FSCS levy	-	1.2	-100%
Total administrative expenses	**55.2**	**48.2**	**+15%**

Taxation

The charge for taxation in the income statement increased in line with higher profits to £23.5 million from £22.5 million. The effective tax rate fell from 23.9% in H1 2013 to 22.6% in the current period. The reduction in the effective tax rate is a result of the standard UK corporation tax rate falling from 24% to 23% as from 1 April 2013. In total, taxation of £3.5 million has also been credited directly to equity and relates to share-based payments.

Dividend

The Board has declared an interim dividend of 7.0 pence per share (H1 2013: 6.3 pence). The interim dividend will be paid on 11 April 2014 to all shareholders on the register at 14 March 2014. This amounts to a total interim dividend of £32.9 million.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trusts (the “EBTs”) have agreed to waive all dividends. As at 31 December 2013 the EBTs held 3,972,374 shares.

Capital expenditure

Capital expenditure totalled £2.6 million for the six months ended 31 December 2013, compared with £1.2 million for the same period in the previous financial year. The increase compared to last year 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 114% in H1 2014 compared to 100% in H1 2013.

Group cash balances excluding restricted cash totalled £169.0 million at the end of the period. The only significant cash outflow from profits has been the final and special dividends totalling £109.1 million paid during September 2013.

The Group continues to hold a level of capital that provides significant headroom over the regulatory minimum. At 31 December 2013, the regulated companies had Tier 1 capital of £71 million which provided excess regulatory capital of approximately £62 million. Further disclosures are published in the Pillar 3 document on the Group's website at www.hl.co.uk.

Related party transactions

No related party transactions that materially affect the financial position or performance of the Group have taken place during the period, and there have been no material changes to the related party transactions described in the last Annual Report and Accounts.

Going concern

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

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group were detailed on pages 25 to 27 of the Group’s Annual Report and Financial Statements 2013, a copy of which is available on the Group’s website www.hl.co.uk. These are not expected to change in the second half of the 2014 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 has been prepared in accordance with IAS 34 Interim Financial Reporting;

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

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

On behalf of the Board

Tracey Taylor
Chief Financial Officer
4 February 2014

Independent Review Report to Hargreaves Lansdown plc

Introduction

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 2013, which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Cash Flows and related notes. 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct 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. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

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 2013 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 Conduct Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

31 Great George Street, Bristol

4 February 2014

Condensed Consolidated Income Statement

	Note	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
		£'000	£'000	£'000
Revenue	8	158,412	140,314	292,403
Total operating income		158,412	140,314	292,403
Administrative expenses		(55,219)	(46,986)	(100,475)
FSCS costs*		-	(1,240)	532
Operating profit		103,193	92,088	192,460
Investment revenues	9	900	1,438	2,879
Other gains and losses	10	1	182	(155)
Profit before tax		104,094	93,708	195,184
Tax	11	(23,453)	(22,469)	(46,195)
Profit for the period		80,641	71,239	148,989
Attributable to:				
Equity holders of the Company		80,297	70,837	148,391
Non-controlling interest		344	402	598
		80,641	71,239	148,989
Earnings per share (pence)	13			
Basic earnings per share		17.1	15.1	31.7
Diluted earnings per share		17.0	15.0	31.4

* FSCS costs are those relating to the running of and the levies issued under the Financial Services Compensation Scheme. For the year ended 30 June 2013 a refund was received relating to payments made in earlier years.

After the balance sheet date, the directors declared an ordinary interim dividend of 7.0 pence per share payable on 11 April 2014 to shareholders on the register at 14 March 2014.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	£'000	£'000	£'000
Profit for the period	80,641	71,239	148,989
Other comprehensive income for the period:-			
Items that may be classified subsequently to profit or loss:			
Decrease in fair value of available-for-sale investments	-	(160)	(160)
Total comprehensive income for the financial period	80,641	71,079	148,829
Attributable to:			
Equity holders of the Company	80,297	70,677	148,231
Non-controlling interest	344	402	598
	80,641	71,079	148,829

Condensed Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company									
	Share capital	Share premium account	Investment revaluation reserve	Capital redemption reserve	Shares held by EBT reserve	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total equity**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 1 July 2012	1,897	8	160	12	(14,029)	10,014	158,932	**156,994**	425	**157,419**
Profit for the period	-	-	-	-	-	-	70,837	**70,837**	402	**71,239**
Other comprehensive income:										
Net fair value gains on available-for-sale assets	-	-	(160)	-	-	-	-	**(160)**	-	**(160)**
Employee Benefit Trust:										
Shares sold during the period	-	-	-	-	2,970	-	-	**2,970**	-	**2,970**
Shares acquired in the year	-	-	-	-	(8,655)	-	-	**(8,655)**	-	**(8,655)**
EBT share sale net of tax	-	-	-	-	-	3,159	-	**3,159**	-	**3,159**
Employee share option scheme:										
Share-based payments expense	-	-	-	-	-	-	1,139	**1,139**	-	**1,139**
Current tax effect of share-based payments	-	-	-	-	-	-	76	**76**	-	**76**
Deferred tax effect of share-based payments	-	-	-	-	-	-	1,376	**1,376**	-	**1,376**
Dividend paid	-	-	-	-	-	-	(81,712)	**(81,712)**	-	**(81,712)**
At 31 December 2012	1,897	8	-	12	(19,714)	13,173	150,648	**146,024**	827	**146,851**
At 1 July 2013	1,897	8	-	12	(21,457)	13,648	202,514	**196,622**	523	**197,145**
Profit for the period	-	-	-	-	-	-	80,297	**80,297**	344	**80,641**
Other comprehensive income:										
Net fair value gains on available-for-sale assets	-	-	-	-	-	-	-	**-**	-	**-**
Employee Benefit Trust:										
Shares sold during the period	-	-	-	-	6,536	-	-	**6,536**	-	**6,536**
Shares acquired in the year	-	-	-	-	-	-	-	**-**	-	**-**
EBT share sale net of tax	-	-	-	-	-	629	-	**629**	-	**629**
Employee share option scheme:										
Share-based payments expense	-	-	-	-	-	-	1,036	**1,036**	-	**1,036**
Current tax effect of share-based payments	-	-	-	-	-	-	2,333	**2,333**	-	**2,333**
Deferred tax effect of share-based payments	-	-	-	-	-	-	1,121	**1,121**	-	**1,121**
Dividend paid	-	-	-	-	-	-	(109,089)	**(109,089)**	-	**(109,089)**
At 31 December 2013	1,897	8	-	12	(14,921)	14,277	178,212	**179,485**	867	**180,352**

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

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

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

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

The EBT reserve represents the cumulative (loss)/gain on disposal of investments held by the Hargreaves Lansdown EBT. The reserve is not distributable by the 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 25% shareholding in Library Information Services Limited, a subsidiary of the Company.

Condensed Consolidated Balance Sheet

	Note	Unaudited at 31 December 2013	Unaudited at 31 December 2012 *	Audited at 30 June 2013 *
	Note	£'000	£'000	£'000
Assets:				
Non-current assets				
Goodwill		1,333	1,333	1,333
Other intangible assets		1,120	396	686
Property, plant and equipment		10,842	5,563	9,737
Deferred tax assets		7,156	4,657	6,988
		20,451	11,949	18,744
Current assets				
Trade and other receivables	15	323,096	181,542	284,215
Cash and cash equivalents	15	169,109	133,110	177,754
Investments	14	608	985	613
Current tax assets		26	17	26
		492,839	315,654	462,608
Total assets		513,290	327,603	481,352
Liabilities:				
Current liabilities				
Trade and other payables	16	312,542	157,648	259,945
Current tax liabilities		20,059	22,827	23,858
		332,601	180,475	283,803
Net current assets		160,238	135,179	178,805
Non-current liabilities				
Provisions		337	277	404
Total liabilities		332,938	180,752	284,207
Net assets		180,352	146,851	197,145
Equity				
Share capital	17	1,897	1,897	1,897
Share premium account		8	8	8
Investment revaluation reserve		-	-	-
Capital redemption reserve		12	12	12
Shares held by Employee Benefit Trust reserve		(14,921)	(19,714)	(21,457)
EBT reserve		14,277	13,173	13,648
Retained earnings		178,212	150,648	202,514
Total equity, attributable to equity shareholders of the parent		179,485	146,024	196,622
Non-controlling interests		867	827	523
Total equity		180,352	146,851	197,145

* The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this change is disclosed in Note 1.

The condensed consolidated financial statements of Hargreaves Lansdown plc, registered number 02122142, were approved by the board of directors on 4 February 2014, signed on its behalf and authorised for issue by:

Tracey Taylor
Chief Financial Officer

Condensed Consolidated Statement of Cash Flows

	Note	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
		£'000	£'000	£'000
Net cash from operating activities, after tax	18	94,951	70,758	150,193
Investing activities				
Interest received		900	1,438	2,769
Dividends received from investments		-	-	110
Proceeds on disposal of investments		6	1,264	1,434
Purchases of property, plant and equipment		(2,017)	(827)	(5,301)
Purchase of intangible fixed assets		(561)	(363)	(915)
Purchase of investments		-	-	(97)
Net cash (used in)/from investing activities		(1,672)	1,512	(2,000)
Financing activities				
Purchase of own shares		-	(8,655)	(11,771)
Proceeds on sale of own shares		7,165	6,130	7,978
Dividends paid		(109,089)	(81,712)	(111,723)
Net cash used in financing activities		(101,924)	(84,237)	(115,516)
Net (decrease)/increase in cash and cash equivalents		(8,645)	(11,967)	32,677
Cash and cash equivalents at beginning of period		177,754	145,077	145,077
Cash and cash equivalents at end of period		169,109	133,110	177,754

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The Interim Financial Statements for the six months to 31 December 2013 have been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the disclosure requirements of the Listing Rules. The Interim Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, and are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

The financial information contained in these Interim Financial Statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. However, the information has been reviewed by the company's auditor, PricewaterhouseCoopers LLP, and their report appears earlier in this document. The financial information for the year ended 30 June 2013 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by Deloitte LLP and delivered to the Registrar of Companies. Copies are available on-line at www.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 2013 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2013 except as described below:

- IFRS 13 'Fair value measurement'. IFRS 13 measurement and disclosure requirements are applicable for the June 2014 year end. The group has included the disclosures required by IAS 34 para 16A(j). See Note 20.
- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The Financial Services Compensation Scheme (FSCS) Levy falls into this category. The application date for this is 1 Jan 2014 but the Group has adopted this early and is already accounting for this on the required basis.
- Delivery versus payment exemptions from the FCA client money rules are not taken by the Group. The related cash balances are at all times held in trust as client money. Client settlement account balances were previously shown as restricted cash. The accounting policy has now been changed to reclassify these balances to trade and other receivables, which better reflects the form of these balances. The impact of this change is to reduce restricted cash by £18 million (31 December 2012: £15 million, 30 June 2013: £20 million) and increase trade and other receivables by an equal and opposite amount. There was no impact on profit before tax.

2. Seasonality of operations

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

As new business only accounts for a small proportion of asset values and because of other revenue streams and market effects, overall Group revenue is less seasonal than new business inflows. In the year ended 30 June 2013, 52% of revenue was earned during the second half of the year.

3. Segment information

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

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

The 'Discretionary and Managed' division is focused on the provision of managed services such as our Portfolio Management Service 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.

3. Segment information (continued)

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 2013 and 2012, 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.

	Vantage	Discretionary and Managed	Third Party/ Other Services	Group	Consolidation Adjustment	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000
6 months ended 31 December 2013						
Revenue from external customers	123,257	21,797	13,358	-	-	**158,412**
Inter-segment revenue	-	3,478	-	-	(3,478)	**-**
Total segment revenue	123,257	25,275	13,358	-	(3,478)	**158,412**
Depreciation and amortisation	753	127	159	-	-	**1,039**
Interest revenue	-	-	-	900	-	**900**
Other gains	-	-	-	1	-	**1**
Reportable segment profit before tax	79,993	15,525	8,017	559	-	**104,094**
Reportable segment assets	281,226	42,857	22,584	194,993	(28,370)	**513,290**
Reportable segment liabilities	(275,426)	(24,385)	(18,317)	(41,028)	26,218	**(332,938)**
Net segment assets	5,800	18,472	4,267	153,965	(2,152)	**180,352**
6 months ended 31 December 2012						
Revenue from external customers	109,912	15,386	15,016	-	-	**140,314**
Inter-segment revenue	-	2,164	-	-	(2,164)	**-**
Total segment revenue	109,912	17,550	15,016	-	(2,164)	**140,314**
Depreciation and amortisation	831	144	216	-	-	**1,191**
Interest revenue	-	-	-	1,438	-	**1,438**
Other gains	-	-	-	182	-	**182**
Reportable segment profit before tax	73,527	10,120	8,754	1,307	-	**93,708**
Reportable segment assets	150,400	18,174	6,200	164,960	(12,131)	**327,603**
Reportable segment liabilities	(121,410)	(11,583)	(12,582)	(45,156)	9,979	**(180,752)**
Net segment assets	28,990	6,591	(6,382)	119,804	(2,152)	**146,851**

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 7.0 pence per share (H1 2013: interim dividend 6.3p) amounting to a total dividend of £32.9 million (2013: £29.5 million) 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.

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

Capital expenditure

During the six months ended 31 December 2013, the Group acquired property, plant, equipment and software assets with a cost of £2.6 million (H1 2013: £1.2 million, year to 30 June 2013: £6.2 million).

Capital commitment

At the balance sheet date, the Group had capital commitments of £0.4 million for IT server equipment (31 December 2012: nil, 30 June 2013: £1.4 million).

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 25 to 27 of the Group's Annual Report and Financial Statements 2013, 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.

Industry risks

- Fluctuations in the capital markets adversely affecting trading activity and /or the value of the Group's assets under administration.
- Damage to the Group's reputation.
- Changing markets and increased competition.
- Regulatory changes – in particular the Retail Distribution Review, which ultimately changes the way in which investment platforms earn some of their revenues has led to a change in the tariff charged by Hargreaves Lansdown to its clients. The new tariffs were announced on 15 January 2014 and will be implemented as from 1 March 2014. Although the tariff has been carefully thought out, paying due regard to the preferences of clients, it is too early to say what the ultimate client reaction will be and any impact on revenues. On the basis that most clients will have access to cheaper fund investments and will pay lower charges overall we anticipate that there will not be a material impact to net revenues.

Operational risks

- Errors, breakdowns or security breaches in respect of the Group's information, data, software or information technology systems.
- Business continuity.
- Performance of in-house managed funds.

Financial risks

- Risk of a decline in earnings due to a decline in interest rates or regulatory changes affecting interest income.

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 2013 the value of such assets on the Group balance sheet was £169 million (at 31 December 2012: £133 million). A 100bps (1%) 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.

Notes to the Condensed Consolidated Financial Statements

7. Staff numbers

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

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	No.	**No.**	**No.**
Employees	752	693	731

8. Revenue

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

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	£'000	**£'000**	**£'000**
Recurring income	125,317	114,345	233,008
Transactional income	30,150	22,642	53,371
Other income	2,945	3,327	6,024
Total operating income from services	158,412	140,314	292,403

9. Investment revenues

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	£'000	**£'000**	**£'000**
Interest on Group bank deposits	900	1,438	2,769
Dividends from equity investment	-	-	110
	900	1,438	2,879

10. Other gains and losses

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	£'000	**£'000**	**£'000**
Gain/(loss) on disposal of investments	1	182	(155)

11. Tax

	Unaudited 6 months ended 31 December 2013 £'000	Unaudited 6 months ended 31 December 2012 £'000	Audited Year to 30 June 2013 £'000

The tax charge for the period is based on the anticipated effective rate of tax for the year to 30 June 2014 of 22.60% (30 June 2013: 23.86%).

Current tax	22,500	22,811	46,698
Deferred tax	953	(342)	(503)
	23,453	22,469	46,195

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

	Unaudited 6 months ended 31 December 2013 £'000	Unaudited 6 months ended 31 December 2012 £'000	Audited Year to 30 June 2013 £'000
Deferred tax relating to share-based payments	1,121	1,376	3,546
Current tax relief on exercise of share options	2,333	76	482
	3,454	1,452	4,028

12. Dividends paid

	Unaudited 6 months ended 31 December 2013 £'000	Unaudited 6 months ended 31 December 2012 £'000	Audited Year to 30 June 2013 £'000
Amounts paid and recognised as distributions to equity holders in the period:			
2013 Final dividend of 14.38p per share	67,355	-	-
2013 Special dividend of 8.91p per share	41,734	-	-
2013 Interim dividend of 6.3p per share	-	-	29,511
2012 Final dividend of 10.65p per share	-	49,756	49,756
2012 Special dividend of 6.84p per share	-	31,956	31,956
Total	109,089	81,712	111,223

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 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust (HL EBT)	3,972,374	6,235,370	5,923,930
Representing % of called-up share capital	0.84%	1.31%	1.25%

Notes to the Condensed Consolidated Financial Statements

13. 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 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 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
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 Company	80,297	70,837	148,391
Earnings for the purpose of basic and diluted EPS	80,297	70,837	148,391
Number of shares	**Number**	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of diluted EPS	473,452,845	471,324,485	471,923,756
Shares held by HL EBT which have not vested unconditionally with employees	(3,601,185)	(3,747,563)	(3,981,223)
Weighted average number of ordinary shares for the purposes of basic EPS	469,851,660	467,576,923	467,942,533
Earnings per share	**Pence**	**Pence**	**Pence**
Basic EPS	17.1	15.1	31.7
Diluted EPS	17.0	15.0	31.4

14. Investments

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	£'000	**£'000**	**£'000**
At beginning of period	613	2,228	2,228
Sales	(5)	(1,264)	(1,712)
Purchases	-	-	97
Net increase in value of available-for-sale investments	-	21	-
At end of period	608	985	613
Comprising:			
Current asset investment - UK listed securities valued at quoted market price	344	244	349
Current asset investment - Unlisted securities valued at cost	264	741	264

£344,000 (31 December 2012: £244,000, 30 June 2013: £349,000) of investments are classified as held at fair value through profit and loss and £264,000 (31 December 2012: £741,000, 30 June 2013: £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 the revaluation gains and losses reflected in the investment revaluation reserve until sale when the cumulative gain or loss is transferred to the income statement. If a fair value cannot be reliably calculated by reference to a quoted market price or other method of valuation, available-for-sale investments are included at cost where the directors believe that this is not significantly different to fair value, with a fair value adjustment recognised upon disposal of the investment.

15. Other financial assets

Trade and other receivables	Unaudited 6 months ended 31 December 2013 £'000	Unaudited 6 months ended 31 December 2012 * £'000	Audited Year to 30 June 2013 * £'000
Trade receivables	307,184	142,425	249,697
Other receivables	710	48	962
Prepayments and accrued income	15,202	39,069	33,556
	323,096	181,542	284,215

* The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this change is disclosed in Note 1.

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 and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £287.5 million (31 December 2012: £127.3 million, 30 June 2013: £231.2 million) are included in trade receivables.

Cash and cash equivalents	Unaudited 6 months ended 31 December 2013 £'000	Unaudited 6 months ended 31 December 2012 * £'000	Audited Year to 30 June 2013 * £'000
Restricted cash - balances held by Hargreaves Lansdown EBT	116	153	37
Group cash and cash equivalent balances	168,993	132,957	177,717
	169,109	133,110	177,754

* The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this change is disclosed in Note 1.

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.

Segregated deposit amounts held by the Group on behalf of clients, in accordance with the client money rules of the Financial Conduct Authority, are not included on the Group's balance sheet. At 31 December 2013 these amounted to £3,505 million (31 December 2012: £3,080 million, 30 June 2013: £3,561 million).

16. Other financial liabilities

Trade and other payables	Unaudited 6 months ended 31 December 2013 £'000	Unaudited 6 months ended 31 December 2012 £'000	Audited Year to 30 June 2013 £'000
Trade payables	285,829	127,097	231,192
Social security and other taxes	5,287	4,407	10,063
Other payables	11,799	11,854	7,311
Accruals and deferred income	9,627	14,290	11,379
	312,542	157,648	259,945

In accordance with market practice and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £285.8 million (31 December 2012: £126.4 million, 30 June 2012: £230.0 million) are included in trade payables. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Notes to the Condensed Consolidated Financial Statements

17. Share capital

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012	Audited Year to 30 June 2013
	£'000	**£'000**	**£'000**
Issued and fully paid:			
Ordinary shares of 0.4p	1,897	1,897	1,897
	Shares	**Shares**	**Shares**
Issued and fully paid:			
Number of ordinary shares of 0.4p	474,318,625	474,318,625	474,318,625

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

18. Notes to the cash flow statement

	Unaudited 6 months ended 31 December 2013	Unaudited 6 months ended 31 December 2012 *	Audited Year to 30 June 2013 *
	£'000	**£'000**	**£'000**
Profit for the period after tax	80,641	71,239	148,989
Adjustments for:			
Investment revenues	(900)	(1,438)	(2,879)
Income tax expense	23,453	22,469	46,195
Depreciation of plant and equipment	909	1,051	1,352
Amortisation of intangible assets	130	140	363
(Profit)/loss on disposal	(1)	(182)	155
Share-based payment expense	1,036	1,139	2,386
(Decrease)/increase in provisions	(68)	-	127
Operating cash flows before movements in working capital	105,200	94,418	196,688
Increase in receivables	(38,881)	(26,294)	(128,967)
Increase in payables	52,598	20,696	122,993
Cash generated by operations	118,917	88,820	190,714
Income taxes paid	(23,966)	(18,062)	(40,521)
Net cash from operating activities after tax	94,951	70,758	150,193

* The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this change is disclosed in Note 1.

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 26 to the 2013 Annual Report.

20. Financial instruments' fair value disclosure

The Group held the following financial instruments at fair value at 31 December 2013. Financial instruments classified as level 3 in the fair value hierarchy is an investment in an equity instrument which does not have a quoted market price in an active market or whose fair value cannot be reliably measured; it is measured at cost which the directors believe is not significantly different to fair value. 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:

Recurring fair value measurements:	**Level 1** (quoted prices for similar instruments) **£'000**	**Level 2** (directly observable market inputs other than Level 1 inputs) **£'000**	**Level 3** (inputs not based on observable market data) **£'000**	**Total** **£'000**
Unaudited at 31 December 2013				
Financial assets at fair value through profit or loss	344	-	-	**344**
Available-for-sale financial assets	-	-	264	**264**
	344	-	264	**608**
Unaudited at 31 December 2012				
Financial assets at fair value through profit or loss	244	-	-	**244**
Available-for-sale financial assets	-	-	741	**741**
	244	-	741	**985**
Audited at 30 June 2013				
Financial assets at fair value through profit or loss	349	-	-	**349**
Available-for-sale financial assets	-	-	264	**264**
	349	-	264	**613**

Directors, Company Secretary, Advisers and Shareholder Information

EXECUTIVE DIRECTORS
Ian Gorham
Peter Hargreaves
Tracey Taylor

NON-EXECUTIVE DIRECTORS
Michael Evans
Chris Barling
Jonathan Bloomer (resigned 25 October 2013)
Dharmash Mistry
Stephen Robertson
Shirley Garrood (appointed 25 October 2013)

COMPANY SECRETARY
Judy Matthews

INDEPENDENT AUDITOR
PricewaterhouseCoopers LLP, Bristol

SOLICITORS
Burges Salmon 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 2013/14

	First dividend (interim)
Ex-dividend date*	12th March 2014
Record date**	14th March 2014
Payment date	11th April 2014

* 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.