

**Hargreaves Lansdown plc Group**

**Interim Report and  
Condensed Consolidated Financial Statements  
6 months ended 31 December 2009**

**Embargoed: for release at 0700h, 10 February 2010**

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*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 2009 Annual Report, underlying such forward-looking information.*

## Highlights to 31 December 2009

- Strong growth
- Total net business inflows of £1.4 billion, up 56% over first half last year
- Total assets under administration up 58% at £15.6 billion
- Active Vantage clients increased by 18,000 since 30 June 2009
- Revenue increased by 14% to £74.6 million
- Adjusted profit\* before tax up 16% at £43.1 million
- Total interim dividend of 9.6 pence per share

	Six months ended 31 December 2009	Six months ended 31 December 2008	Change %	Year to 30 June 2009
Revenue	£74.6m	£65.6 m	+14%	£132.8 m
Proportion of recurring revenue	71%	72%	-1 pts.	70%
Adjusted profit* before tax	£43.1m	£37.3m	+16%	£74.5 m
Profit before tax	£39.8m	£36.5m	+9%	£73.1m
Adjusted operating profit* margin	57%	54%	+3 pts	54%
Total assets under administration	£15.6 bn	£9.9 bn	+58%	£11.9 bn
Adjusted* diluted earnings per share	6.6p	5.7p	+16%	11.5p
Diluted earnings per share	6.0p	5.5p	+9%	11.0p
Net business inflows	£1.4 bn	£0.9 bn	+56%	£2.0bn

\*Adjusted profit excludes one-off costs relating to new offices, as detailed in the Financial Review.

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

Our reputation with investors for quality of information and unsurpassed service has generated real momentum to the business. The esteem we have created in our field is without parallel. This has resulted in us recruiting new clients and business at ever increasing volumes. A situation that has enabled us to once again increase our profits despite the huge negative effect of the current low interest rate regime. We are confident that we can continue to grow our business and its profits, but investment markets will still have a material effect on that growth.

### About us:

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

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

### For further information please contact:

**Hargreaves Lansdown**  
Peter Hargreaves, Chief Executive  
Ben Yearsley, Media and Investor Relations

**+44 (0)117 988 9967**

# Interim Management Report

Unless otherwise stated, all figures below refer to the six months ended 31 December 2009 ("H1 2010"). Comparative figures are for the six months ended 31 December 2008 ("H1 2009")

## Chief Executive's Statement

The first six months' trading of the current financial year have been gratifying. This is a period where it can be complex to reconcile the actual performance of the business with the improvement in profitability.

In our first six months we have enjoyed substantial inflows of client funds and at the same time we have seen substantial new interest in the services we offer. During this time we have recruited 25,000 new clients (H1 2009: 17,000).

The increase in stock markets worldwide together with the £1.4 billion new inflows has increased the funds within our administration to £15.6 billion (31 December 2008: £9.9 billion).

The above figures all would indicate significant improvement in profit. Indeed I am pleased to report that the adjusted profit before tax is £5.8 million ahead of the same six month period last year (H1 2010: £43.1 million, H1 2009: £37.3 million). This represents a 16% improvement over last year. The reason this figure is difficult to reconcile with the performance of the business is that the interest earned on deposits has had a significant effect on this period's trading profit. Twelve months ago a combination of the interest rates that were available and those which we had locked into were on average more than three times higher than current rates. During the next six months the effect of the lower interest rates will continue to present a challenge to maintaining our comparative profits. It shall represent a loss of income until we see rising interest rates.

On a more positive note, it is our view that the increased amount that investors can place within an ISA (£10,200 for investors aged over 50) and the fear of increasing taxes will improve the flow of funds into our service. I am very encouraged by the inflows during this first six months and, providing markets remain firm, there is every chance we shall again improve our business during the second six months. Clearly the most important matter during that period will be the level of markets although one cloud is how much the inevitable general election will affect client sentiment. During previous general elections we have experienced client paralysis during the hustings. The eventual election result will also have a significant effect on investors and for that matter the stock market.

In summary we look forward to the next six months. The performance of our business will depend as much on our own skill and innovations as many external effects. Interest rates, the fear of higher taxes, stock markets, world events and our industry's response to the Retail Distribution Review will all play their part. The impending general election will also test us. In the past it has been during such times that we have flourished and improved our market share.

## Financial Review

### Summary of Results

	Unaudited 6 months ended 31 December 2009 £' million	Unaudited 6 months ended 31 December 2008 £' million	Audited Year to 30 June 2009 £'million
Revenue	74.6	65.6	132.8
Administrative expenses	(31.9)	(29.9)	(61.6)
One-off administrative expenses	(3.3)	(0.8)	(1.4)
Operating profit	39.4	34.9	69.8
Non operating income – investment revenue and other gains	0.4	1.6	3.3
Profit before taxation			
- before one-off expenses	43.1	37.3	74.5
- after one-off expenses	39.8	36.5	73.1
Taxation	(11.8)	(10.6)	(21.0)
Profit after taxation	<b>28.0</b>	<b>25.9</b>	<b>52.1</b>

# Interim Management Report

## Segmental reporting

This year the Group is required to comply with the requirements of the new accounting standard IFRS 8 "Operating Segments". As a result, previously published information within the Financial Review will reflect a number of restatements when presented as comparative information in the Group's interim and full year results. The accounting standard requires the identification of those segments which are regularly reviewed by the chief operating decision maker, being the Board, and the disclosure of profit and revenue used by the chief operating decision maker. The implementation of IFRS 8 has no effect on amounts presented on the face of the Income Statement or the Balance Sheet.

The Board monitors the business organised into three segments: Vantage, Discretionary and Third Party/Other Services. The results of these segments are published within the interim management report. In previous Financial Reviews we have provided the results of five divisions. The key differences are:

- The Securities Management account and other legacy nominee services are now reported within the Vantage business (previously within a separate Stockbroking division);
- Other stockbroking services - certificated dealing services, CFD's and Foreign Exchange services – are now reported within the Third Party/Other Services segment (previously within a separate Stockbroking division);
- All advisory business transacted is now reported within the segment to which the business relates, either Vantage, Discretionary or Third Party/Other Services, rather than in a separate Advisory division;
- Central Services activities, namely banking services and data services, are now reported within the Third Party/Other Services segment.

## Assets Under Administration (AUA)

During the period, the FTSE All-Share has risen by 27 per cent from 2,172.08 to 2,760.80. The value of Hargreaves Lansdown's total assets under administration has grown by 31 per cent from £11.9 billion as at 30 June 2009 to £15.6 billion as at 31 December 2009. Total assets under administration can be broken down as follows:

	31 December 2009	31 December 2008	30 June 2009
	£'billion	£'billion	£'billion
<b>Vantage Assets Under Administration (AUA)<sup>1</sup></b>	<b>14.4</b>	<b>9.0</b>	<b>10.9</b>
<b>Assets Under Administration and Management (AUM)</b>			
Portfolio Management Service (PMS)	1.2	0.9	1.0
Multi-manager funds held outside of PMS	0.5	0.3	0.4
<b>AUM Total</b>	<b>1.7</b>	<b>1.2</b>	<b>1.4</b>
<b>Less: Multi-manager funds (AUM) included in Vantage (AUA)</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Total Assets Under Administration</b>	<b>15.6</b>	<b>9.9</b>	<b>11.9</b>

<sup>1</sup> Vantage AUA includes £0.1 bn of assets (June 2009: £0.2 bn) previously classified as 'Other AUA' (6,000 active clients)

The value of assets under administration held within the Vantage service, the Group's direct-to-private investor fund supermarket and wrap platform, increased from £10.9 billion as at 30 June 2009 to £14.4 billion as at 31 December 2009. This can be attributed to £1.3 billion net new business inflows (H1 2009: £0.8 billion) and the £2.2 billion positive impact of the market and other growth factors during the period. Net new business generated within the Vantage ISA increased significantly to £0.4 billion (H1 2009: £0.1 billion) assisted by £30 million additional contributions resulting from the increased ISA allowance for people aged over 50. As at 31 December 2009, the value held within the Vantage ISA was £6.2 billion, (30 June 2009: £4.8 billion), within the Vantage SIPP was £3.8 billion (30 June 2009: £2.9 billion) and within other Vantage nominee accounts was £4.4 billion (30 June 2009: £3.2 billion). The number of active Vantage clients at 31 December 2009 was 300,000 compared with 282,000 as at 30 June 2009, including 6,000 clients in legacy nominee services.

Clients have decreased their cash weightings during the period. The composition of assets across the whole of Vantage at 31 December 2009 was 27% stocks and shares (30 June 2009: 25%), 61% investment funds (30 June 2009: 59%) and 12% cash (30 June 2009: 16%).

The value of assets held in our managed services, namely our Portfolio Management Service and our range of multi-manager funds, was £1.75 billion as at 31 December 2009, up 26 per cent from £1.39 billion at 30 June 2009, including £0.5 billion of Hargreaves Lansdown multi-manager funds administered through Vantage. The increase can be attributed to the £0.25 billion positive impact of the market during the period and £0.11 billion of net new business which predominantly relates to the Portfolio Management Service.

## Interim Management Report

### Revenue

Whilst the FTSE All-Share index has risen by 25 per cent in the last twelve months, the average level has been just 4 per cent higher during the six months to 31 December 2009 than in the six months ended 31 December 2008. In comparison, the Group's revenue has increased by 14 per cent.

	Unaudited 6 months ended 31 December 2009 £'million	Unaudited 6 months ended 31 December 2008 £'million	Increase %
<b>Vantage</b>	51.3	42.0	+22%
<b>Discretionary</b>	11.5	9.9	+16%
<b>Third Party &amp; Other Services</b>	11.8	13.7	-14%
<b>Total Revenue</b>	<b>74.6</b>	<b>65.6</b>	<b>+14%</b>

During the current financial year the predominant factor affecting profits is the significant difference between current interest rates and those prevailing during the previous financial year. This single factor has created a significant headwind on the current year's profitability in comparison to previous years. Whilst interest rates remain low this will have a continuing effect on profitability although the comparative effect will be most felt in the current year, primarily during the second half.

Performance from the Group's **Vantage** service has again been good. The number of clients using this service has increased by 16 per cent over the last twelve months. Despite the headwind of significantly lower income from interest rate margins (H1 2010: 109 bps, H1 2009: 189 bps), we have increased revenue from the Vantage service by 22 per cent from £42.0 million to £51.3 million. This increase was primarily created by the assets (AUA) being on average 40 per cent higher in value than in H1 2009. The increased dealing volumes during the spring and summer months have continued throughout the autumn, with overall equity dealing volumes 87 per cent higher than in H1 2009.

The **Discretionary** division has seen an increase in revenue of 16 per cent compared to H1 2009. The overall level of funds under management has increased by 42 per cent to £1.7 billion since 31 December 2008, with the number of clients using PMS increasing by 11 per cent and the value of HL Multi-Manager funds held outside of PMS increasing by 43 per cent to £526 million. The HL Multi-Manager funds have shown strong growth compared to H1 2009 with £0.1 billion net new business and 19 per cent market growth. The managed portfolios within PMS have also performed well, outperforming the relevant IMA indices with average market growth of 18%.

Revenue from the **Third Party and Other Services** division fell by 14 per cent compared to the same period last year. Generally, revenue from third party pensions and investments is set to gradually decline as more clients choose to transfer their assets onto the Vantage platform. The exceptions are income from VCT's and from annuities which in total have remained at a similar level to the previous period at £3.2 million (H1 2009: £3.1 million). Revenue from third party investments, personal pensions and corporate pensions have fallen in aggregate by 11 per cent due primarily to reduced levels of new corporate pensions business. Third party revenue in the first six months of the previous year was boosted by particularly strong volumes of annuity sales and higher levels of income from the implementation of new corporate pension schemes. Income from other services, namely certificated share dealing, CFD's, currency service, banking and data services, fell by £0.6 million to £2.4 million.

### Administrative Expenses

Overall, administrative expenses were increased during the period in response to the increase in business volumes. Included in administrative expenses in the current period is £3.3 million of non-recurring costs relating to the new offices which will be occupied during February 2010, replacing the existing five smaller offices. Excluding these costs, administrative expenses were 7 per cent higher than the same period last year. An additional £0.9 million of associated non-recurring costs, primarily rent on empty properties, will be incurred in the second half of this year.

	Unaudited 6 months ended 31 December 2009 £'million	Unaudited 6 months ended 31 December 2008 £'million	Increase %
Staff costs	18.1	18.4	-2%
Commission payable	5.5	4.3	+28%
Marketing costs	3.6	2.2	+64%
Depreciation, amortisation and financial costs	0.8	0.8	-
Other costs	3.9	4.2	-7%
Expenses before one-off costs	31.9	29.9	+7%
One-off costs related to new offices	3.3	0.8	+313%
<b>Total administrative expenses</b>	<b>35.2</b>	<b>30.7</b>	<b>+15%</b>

## Interim Management Report

The Group's largest expense is staff costs which decreased by 2 per cent. The average number of staff during the six months ended 31 December 2009 was 607 (H1 2009: 608). During the last few months we have been recruiting additional administrative staff to deal with the increased business volumes, and at 31 December 2009 we employed 627 staff.

Commission payable includes the share of renewal commission which the Group receives on funds held in Vantage which is rebated back to clients as a cash loyalty bonus. It increased by 28 per cent, from £4.3 million to £5.5 million.

The Group increased marketing spend by 64 per cent from £2.2 million to £3.6 million, an increase of £1.4 million. This includes the cost of sending information to existing and potential clients. These costs also include an element of media advertising, postage, stationery and the cost of corresponding with clients. There has been an overall increase in the level of client communication and direct marketing activity in the six months ended 31 December 2009 compared to H1 2009. Almost 3 million copies of 'The Investment Times' were distributed in the period, an increase of over 60 per cent, and literature requests received from clients were up by more than 30 per cent. The cost of this increased activity has been reduced by a higher level of client marketing and distribution taking place online or via email.

The charge for depreciation, amortisation and financial costs for the period remained at £0.8 million.

Other costs include items such as building costs and utility costs, dealing costs, irrecoverable VAT, compliance costs, insurance, legal and professional services, computer maintenance and external administration charges. These costs decreased from £4.2 million to £3.9 million. In the next financial year, building costs will increase by approximately £1.5 million due to the relocation of the business to a new larger office during February 2010.

The Group incurred £3.3 million (H1 2009: £0.8 million) in relation to the fit-out of its new offices. These are non-recurring costs, primarily professional fees, and rental costs on vacant properties.

### Investment revenues

Investment revenues decreased by 75 per cent from £1.6 million to £0.4 million. This is attributed to the decrease in interest rates earned on the Group's own cash balances.

### Taxation

The charge for taxation in the income statement increased in line with higher profits to £11.8 million from £10.6 million. There was also an increase to the effective tax rate from 29.1 per cent in H1 2009 to 29.8 per cent in the current period. In total, taxation of £1.0 million has also been credited directly to equity.

### Earnings per share (EPS)

The diluted EPS increased from 5.5 pence to 6.0 pence. Excluding the one-off costs associated with the office move, the adjusted diluted EPS increased from 5.7 pence to 6.6 pence.

### Dividend

A large proportion of shares in the Company are held by private individuals. Given the 10% increase to the top rate of tax taking effect in the next tax year and uncertainty brought by the impending election, the Board has resolved that it is appropriate to pay as much dividend as possible prior to the end of the current tax year. In reaching this decision the Board has considered the regulatory capital requirements, cash requirements and profitability of the Group.

The Board is pleased to declare an interim dividend of 8.0 pence per share and a special dividend of 1.6 pence per share, payable on 26 March 2010 to all shareholders on the register at 12 March 2010. This amounts to a total dividend of £44.6 million.

The Board has not changed its overall dividend policy. The size of this dividend should not be used to forecast what the Company profit may be or to make any assumptions about the amount of further dividends in this current year. The Board intends to make a further dividend declaration at the same time as our preliminary results announcement, with the dividend payable on 29 September 2010.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trusts (the "EBT's") have agreed to waive all dividends. As at 31 December 2009 the EBT's held 9,908,896 shares.

### Capital expenditure and cash flow

Capital expenditure totalled £2.9 million for the six months ended 31 December 2009, compared with £0.9 million for the same period in the previous financial year. £2.2 million relates to the fit-out of the new offices which we shall occupy during February 2010. The normal ongoing capital expenditure of the business remains fairly low.

The Group's own cash balances totalled £69.9 million at the end of the period. This includes £6.9 million of cash held within the EBT. The only significant cash outflow from underlying profits has been the final and special dividends totalling £32.7 million paid during September 2009. In addition to the Group's own cash, the figure for cash and cash equivalents on the balance sheet includes client cash which is being held on account pending the settlement of transactions. This will vary depending on the level of trading activity around the balance sheet date. As at 31 December 2009, this balance was £8.1 million (31 December 2008: £5.6 million).

# Interim Management Report

## Net assets, capital requirement and treasury policy

The Group net assets increased by 8 per cent from £74.9 million at 31 December 2008 to £80.8 million at 31 December 2009.

Under the Capital Requirements Directive, the Group is required to make Pillar 3 disclosure of additional information on its risk management framework, capital resources and individual risks. These disclosures are published on the Group's website at [www.H-L.co.uk](http://www.H-L.co.uk). The Group has four subsidiary companies which are authorised and regulated by the Financial Services Authority. We continue to hold a level of capital that provides significant headroom over the regulatory minimum. At 31 December 2009, the regulated companies had Tier 1 capital of £27 million which provided excess regulatory capital of approximately £21 million.

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

## Related party transactions

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

## Board changes

As previously announced, Stephen Lansdown stepped down as executive chairman on 1 December 2009, although remains on the Board as an executive director. We were pleased to appoint Michael Evans as non-executive chairman.

## Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 15 to 16 of the Group's Annual Report and Financial Statements 2009, a copy of which is available on the Group's website [www.H-L.co.uk](http://www.H-L.co.uk). These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly reviewed by the Board.

## Going concern

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

## Outlook

Due to the lower interest rate environment during the period, we have experienced reduced margins on cash balances compared to the exceptional rates available during the previous financial year. The reduction will be greater during the second half of the year as the remainder of the better rates that we locked into a year ago fall away. The first half results have demonstrated the resilience of our business model. Impressive new business levels and improved market conditions have more than compensated for the reduced deposit interest.

The pace of regulatory change is likely to increase, especially as Governments and regulators around the world respond to the challenges of the banking crisis. However, we believe that current initiatives in the UK should not have a detrimental effect on our business.

We retain a focus on cost control. This year in particular this will involve keeping infrastructure costs under control while increasing our capacity and further scaling the business. The move to our new office during February 2010 will give us the space to expand and we believe we shall benefit from being under one roof and harmonising the special culture we enjoy. Together with work undertaken to expand the capacity of our IT infrastructure and capabilities of our proprietary systems, we are well placed for our next phase of growth.

We have produced a solid set of interim results. Underlying market conditions are likely to remain uncertain in the second half of the year, but we continue to endeavour to provide our clients with the best service, the best prices and the best information, irrespective of what market conditions prevail. Our staff remain vital to our reputation and our ability to innovate and respond to changing circumstances, and we thank all our members of staff for their hard work and dedication.



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

On behalf of the Board

**Tracey Taylor**  
Group Finance Director

9 February 2010

**Peter Hargreaves**  
Chief Executive

9 February 2010

# Independent Review Report to Hargreaves Lansdown plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

## **Directors' responsibilities**

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

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

## **Our responsibility**

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

## **Scope of Review**

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

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## **Deloitte LLP**

Chartered Accountants and Statutory Auditors

9 February 2010

Bristol, United Kingdom

## Condensed Consolidated Income Statement

		Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	Note	£'000	£'000	£'000
<b>Revenue</b>	8	74,556	65,643	132,845
<b>Total operating income</b>		74,556	65,643	132,845
Administrative expenses		(35,204)	(30,732)	(63,038)
<b>Operating profit</b>		39,352	34,911	69,807
Investment revenues	9	463	1,553	2,534
Other gains and losses	10	(1)	-	740
<b>Profit before tax</b>		39,814	36,464	73,081
Tax	11	(11,847)	(10,611)	(20,968)
<b>Profit for the period</b>		27,967	25,853	52,113
Attributable to :				
Equity holders of the Company		27,967	25,855	52,123
Non-controlling interest		-	(2)	(10)
		27,967	25,853	52,113
<b>Dividend per share (pence) *</b>	12			
2009 Final dividend		4.229	-	-
2009 Special dividend		2.807	-	-
2009 Interim dividend		-	-	3.065
2008 Final dividend		-	2.420	2.420
2008 Special dividend		-	2.324	2.324
Total dividend per share		7.036	4.744	7.809
<b>Earnings per share (pence)</b>	13			
Basic earnings per share		6.0	5.5	11.2
Diluted earnings per share		6.0	5.5	11.1

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

\* After the balance sheet date, the directors declared an ordinary interim dividend of 8.0 pence per share and a special interim dividend of 1.6 pence per share payable on 26 March 2010 to shareholders on the register on 12 March 2010.

## Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Profit for the period</b>	27,967	25,853	52,113
<b>Other comprehensive income for the period:-</b>			
Net increase/(decrease) in fair value of available-for-sale investments	184	-	(77)
<b>Total comprehensive income for the period</b>	28,151	25,853	52,036
<b>Attributable to:-</b>			
Equity holders of the Company	28,151	25,855	52,046
Non-controlling interest	-	(2)	(10)
	28,151	25,853	52,036

## Condensed Consolidated Statement of Changes in Equity

### Attributable to the owners of the Company

	Share capital £'000	Share premium account £'000	Investment revaluation reserve £'000	Capital redemption reserve £'000	Shares held by EBT reserve £'000	EBT reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
<b>At 1 July 2008</b>	1,897	8	-	12	(9,739)	12,053	6,885	59,255	<b>70,371</b>	(60)	<b>70,311</b>
<b>Profit for the period</b>	-	-	-	-	-	-	-	25,855	<b>25,855</b>	(2)	<b>25,853</b>
<b>Employee Benefit Trust:-</b>											
Shares sold during the period	-	-	-	-	1,283	-	-	-	<b>1,283</b>	-	<b>1,283</b>
EBT share sale net of tax	-	-	-	-	-	(1,086)	-	-	<b>(1,086)</b>	-	<b>(1,086)</b>
<b>Employee share option scheme:-</b>											
Share based payments expense	-	-	-	-	-	-	104	-	<b>104</b>	-	<b>104</b>
Deferred tax effect of share based payments	-	-	-	-	-	-	(1,057)	-	<b>(1,057)</b>	-	<b>(1,057)</b>
Tax relief on exercise of share option	-	-	-	-	-	-	1,490	-	<b>1,490</b>	-	<b>1,490</b>
<b>Dividend paid</b>	-	-	-	-	-	-	-	(22,003)	<b>(22,003)</b>	-	<b>(22,003)</b>
<b>At 31 December 2008</b>	<b>1,897</b>	<b>8</b>	<b>-</b>	<b>12</b>	<b>(8,456)</b>	<b>10,967</b>	<b>7,422</b>	<b>63,107</b>	<b>74,957</b>	<b>(62)</b>	<b>74,895</b>
<b>At 1 July 2009</b>	1,897	8	(77)	12	(10,965)	11,118	7,577	75,150	<b>84,720</b>	(70)	<b>84,650</b>
<b>Profit for the period</b>	-	-	-	-	-	-	-	27,967	<b>27,967</b>	-	<b>27,967</b>
<b>Other comprehensive income:-</b>											
Net fair value gains on available-for-sale assets	-	-	184	-	-	-	-	-	<b>184</b>	-	<b>184</b>
<b>Employee Benefit Trust:-</b>											
Shares sold during the period	-	-	-	-	27	-	-	-	<b>27</b>	-	<b>27</b>
EBT share sale net of tax	-	-	-	-	-	(519)	-	-	<b>(519)</b>	-	<b>(519)</b>
<b>Employee share option scheme:-</b>											
Share based payments expense	-	-	-	-	-	-	129	-	<b>129</b>	-	<b>129</b>
Deferred tax effect of share based payments	-	-	-	-	-	-	1,054	-	<b>1,054</b>	-	<b>1,054</b>
Tax relief on exercise of share option	-	-	-	-	-	-	(19)	-	<b>(19)</b>	-	<b>(19)</b>
<b>Dividend paid</b>	-	-	-	-	-	-	-	(32,675)	<b>(32,675)</b>	-	<b>(32,675)</b>
<b>Reserves transfer</b>	-	-	-	-	-	-	(8,741)	8,741	-	-	-
<b>At 31 December 2009</b>	<b>1,897</b>	<b>8</b>	<b>107</b>	<b>12</b>	<b>(10,938)</b>	<b>10,599</b>	<b>-</b>	<b>79,183</b>	<b>80,868</b>	<b>(70)</b>	<b>80,798</b>

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

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

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

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

## Condensed Consolidated Balance Sheet

		Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	Note	£'000	£'000	£'000
<b>Non-current assets</b>				
Goodwill		1,333	1,333	1,333
Other intangible assets		235	235	237
Property, plant and equipment		3,931	2,258	1,791
Deferred tax assets		2,447	1,909	1,826
		7,946	5,735	5,187
<b>Current assets</b>				
Trade and other receivables	15	88,998	63,995	75,417
Cash and cash equivalents	15	77,996	72,192	87,416
Investments	14	2,158	2,204	2,382
Current tax assets		21	25	21
		169,173	138,416	165,236
<b>Total assets</b>		<b>177,119</b>	<b>144,151</b>	<b>170,423</b>
<b>Current liabilities</b>				
Trade and other payables	16	83,673	57,905	75,992
Current tax liabilities		11,902	10,494	8,997
		95,575	68,399	84,989
<b>Net current assets</b>		<b>73,598</b>	<b>70,017</b>	<b>80,247</b>
<b>Non-current liabilities</b>				
Provisions		746	857	784
<b>Total liabilities</b>		<b>96,321</b>	<b>69,256</b>	<b>85,773</b>
<b>Net assets</b>		<b>80,798</b>	<b>74,895</b>	<b>84,650</b>
<b>Equity</b>				
Share capital	17	1,897	1,897	1,897
Share premium account		8	8	8
Investment revaluation reserve		107	-	(77)
Capital redemption reserve		12	12	12
Shares held by Employee Benefit Trust		(10,938)	(8,456)	(10,965)
EBT reserve		10,599	10,967	11,118
Share option reserve		-	7,422	7,577
Retained earnings		79,183	63,107	75,150
<b>Equity, attributable to equity shareholders of the parent</b>		<b>80,868</b>	<b>74,957</b>	<b>84,720</b>
Non-controlling interests		(70)	(62)	(70)
<b>Total equity</b>		<b>80,798</b>	<b>74,895</b>	<b>84,650</b>

The financial statements were approved by the board of directors on 9 February 2010 and signed on its behalf by:

**T P Taylor**  
Group Finance Director

**P K Hargreaves**  
Chief Executive

Company registered number:- 02122142

## Condensed Consolidated Statement of Cash Flows

		Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	Note	£'000	£'000	£'000
<b>Net cash from operating activities, after tax</b>	18	25,273	25,924	56,951
<b>Investing activities</b>				
Interest received		463	1,553	2,438
Dividends received from investments		-	-	96
Proceeds on disposal of available-for-sale investments		-	-	748
Purchases of property, plant and equipment		(2,783)	(640)	(1,007)
Purchase of intangible fixed assets		(132)	(17)	(345)
Acquisition of available-for-sale investments		-	(774)	(1,317)
Sale/(acquisition) of investments		408	(288)	-
<b>Net cash (used in)/from investing activities</b>		(2,044)	(166)	613
<b>Financing activities</b>				
Purchase of own shares		-	-	(3,832)
Proceeds on sale of own shares		26	196	1,671
Dividends paid		(32,675)	(22,003)	(36,228)
<b>Net cash used in financing activities</b>		(32,649)	(21,807)	(38,389)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(9,420)	3,951	19,175
<b>Cash and cash equivalents at beginning of period</b>		87,416	68,241	68,241
<b>Cash and cash equivalents at end of period</b>		77,996	72,192	87,416

# Notes to the Condensed Consolidated Financial Statements

## 1. Basis of preparation

The Interim Financial Statements for the 6 months to 31 December 2009 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the disclosure requirements of the Listing Rules. The Interim Financial Statements have been prepared on the historical cost basis 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 435 of the Companies Act 2006. However, the information has been reviewed by the company's auditors, Deloitte LLP, and their report appears at the front of this document. The financial information for the year ended 30 June 2009 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by Deloitte LLP and delivered to the Registrar of Companies. Copies are available on-line at [www.H-L.co.uk](http://www.H-L.co.uk). The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by the way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The same accounting policies, methods of computation and presentation have been followed in the preparation of the Interim Financial Statements for the six months ended 31 December 2009 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2009, except as described below.

### *Changes in accounting policy*

In the current financial year, the Group has adopted International Financial Reporting Standard 8 "Operating Segments" and International Accounting Standard 1 "Presentation of Financial Statements" (revised 2007).

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach. As the nature of the services provided, the regulatory environment, the customer base and distribution channels for each division are the same, the consolidated entity operates in one business segment for the purposes of IAS 14 and hence no additional business segmental analysis were shown in the 2009 accounts. The comparatives in note 3 are presented in accordance with IFRS 8.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented.

## 2. Seasonality of operations

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

As new business only accounts for a smaller proportion of asset values and because of other revenue streams and market effects, overall Group revenue is less seasonal than new business inflows. In the year ended 30 June 2009, 51% of revenue was earned during the second half of the year.

## 3. Segment information

In 2009, the Group adopted IFRS 8 "Operating Segments". The impact of this accounting standard is purely presentational.

At 31 December 2009, the Group is organised into three business segments, namely the Vantage Division, the Discretionary 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' division is focused on the provision of managed services such as our Portfolio Management Service (PMS) and range of Multi-Manager funds.



## Notes to the Condensed Consolidated Financial Statements

### 3. Segment information (continued)

The 'Third Party/Other Services' division includes activities relating to the broking of third party investments and pensions, certificated share dealing and other niche services such as currency, CFD's and spreadbetting. 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 2009 and 2008, these comprise cash and cash equivalents, short term investments, tax-related and other assets or liabilities.

	Vantage £'000	Discretionary £'000	Third Party/ Other Services £'000	Group £'000	Consolidation Adjustment £'000	Consolidated £'000
<b>6 months ended 31 December 2009</b>						
Revenue from external customers	51,265	11,504	11,786	1	-	<b>74,556</b>
Inter-segment revenue	-	1,192	-	-	(1,192)	-
Total segment revenue	<b>51,265</b>	<b>12,696</b>	<b>11,786</b>	<b>1</b>	<b>(1,192)</b>	<b>74,556</b>
Depreciation and amortisation	401	131	232	13	-	<b>777</b>
Interest revenue	-	-	-	463	-	<b>463</b>
Reportable segment profit before tax	<b>28,675</b>	<b>5,749</b>	<b>5,073</b>	<b>317</b>	-	<b>39,814</b>
Reportable segment assets	75,095	9,101	8,466	89,893	(5,436)	<b>177,119</b>
Reportable segment liabilities	(65,406)	(5,576)	(6,860)	(21,289)	2,810	<b>(96,321)</b>
Net segment assets	<b>9,689</b>	<b>3,525</b>	<b>1,606</b>	<b>68,604</b>	<b>(2,626)</b>	<b>80,798</b>
<b>6 months ended 31 December 2008</b>						
Revenue from external customers	42,021	9,938	13,682	2	-	<b>65,643</b>
Inter-segment revenue	-	931	-	-	(931)	-
Total segment revenue	<b>42,021</b>	<b>10,869</b>	<b>13,682</b>	<b>2</b>	<b>(931)</b>	<b>65,643</b>
Depreciation and amortisation	254	131	317	53	-	<b>755</b>
Interest revenue	-	-	-	1,553	-	<b>1,553</b>
Reportable segment profit before tax	<b>24,934</b>	<b>4,026</b>	<b>6,110</b>	<b>1,394</b>	-	<b>36,464</b>
Reportable segment assets	46,941	5,529	12,199	82,161	(2,679)	<b>144,151</b>
Reportable segment liabilities	(35,359)	(3,493)	(11,882)	(19,050)	528	<b>(69,256)</b>
Net segment assets	<b>11,582</b>	<b>2,036</b>	<b>317</b>	<b>63,111</b>	<b>(2,151)</b>	<b>74,895</b>

#### 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.

## Notes to the Condensed Consolidated Financial Statements

### 4. Material events after interim period end

After the interim balance sheet date, an ordinary interim dividend of 8.0 pence per share (2009: 3.065 pence) and special interim dividend of 1.6 pence per share (2009: nil) amounting to a total dividend of £44.6 million (2009: £14.22 million) was declared by the Directors. These financial statements do not reflect this dividend payable.

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

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

#### *Capital expenditure*

During the six months ended 31 December 2009, the Group acquired property, plant, equipment and software assets with a cost of £2.9 million (31 December 2008: £0.9 million, 30 June 2009: £1.5 million).

#### *Capital commitment*

At the balance sheet date, the Group had £2.1 million of capital commitments relating to the fit out of the new offices.

### 6. Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 15 to 16 of the Group's Annual Report and Financial Statements 2009, a copy of which is available on the Group's website [www.H-L.co.uk](http://www.H-L.co.uk). These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly considered by the Board.

The Group is exposed to interest rate risk, the risk of sustaining losses from adverse movements in interest bearing assets. These assets comprise cash and cash equivalents. At 31 December 2009 the value of such assets on the Group balance sheet was £78 million (at 31 December 2008: £72 million). A 100bps (1%) move in interest rates, in isolation, would not have a material impact on the Group balance sheet or results. This exposure is continually monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are also made for varying periods of between one day and six months depending on the immediate cash requirements of the Group and earn interest at the respective fixed term deposit rates. As a source of revenue is based on the value of client cash under administration, the Group has an indirect exposure to interest rate risk on cash balances held for clients. These balances are not on the Group balance sheet.

### 7. Staff numbers

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

	<b>Unaudited 6 months ended 31 December 2009</b>	<b>Unaudited 6 months ended 31 December 2008</b>	<b>Audited Year to 30 June 2009</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Operating and support functions	448	445	447
Administrative functions	159	163	160
	<hr/>	<hr/>	<hr/>
	607	608	607

## Notes to the Condensed Consolidated Financial Statements

### 8. Revenue

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

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Revenue from services:</b>			
Fees and commission income	63,327	48,897	99,578
Interest and similar income	10,120	15,854	31,142
Subscriptions and sundry charges	1,109	892	2,125
<b>Total operating income</b>	<b>74,556</b>	<b>65,643</b>	<b>132,845</b>

### 9. Investment revenues

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
Interest on bank deposits	463	1,553	2,438
Dividends from equity investment	-	-	96
	<b>463</b>	<b>1,553</b>	<b>2,534</b>

### 10. Other gains and losses

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
Gain on disposal of investments	-	-	740
Loss on disposal of non-current assets	(1)	-	-
	<b>(1)</b>	<b>-</b>	<b>740</b>

## Notes to the Condensed Consolidated Financial Statements

### 11. Tax

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
The tax charge for the period is based on the anticipated effective rate of tax for the year to 30 June 2010 of 29% (30 June 2009: 28%).			
Current tax	11,413	10,224	21,262
Deferred tax	434	387	(294)
	<hr/> 11,847	<hr/> 10,611	<hr/> 20,968

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

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
Deferred tax relating to share based payments	1,054	(1,057)	(1,821)
Current tax relief on exercise of share options	(19)	1,490	2,329
	<hr/> 1,035	<hr/> 433	<hr/> 508

### 12. Dividends paid

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Amounts paid and recognised as distributions to equity holders in the period:</b>			
2009 Final dividend of 4.229p per share	19,640	-	-
2009 Special dividend of 2.807p per share	13,035	-	-
2009 Interim dividend of 3.065p per share	-	-	14,225
2008 Final dividend of 2.42p per share	-	11,224	11,224
2008 Special dividend of 2.324p per share	-	10,779	10,779

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 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust (HL EBT)	9,908,896	10,262,061	9,762,032
Representing % of called-up share capital	2.09%	2.16%	2.06%

## Notes to the Condensed Consolidated Financial Statements

### 13. Earnings per share

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

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

Underlying basic earnings per share and underlying diluted earnings per share are calculated as for basic and diluted earnings per share, but using an adjusted earnings figure such that the profit attributable to equity holders of the Company is stated before investment gains. The directors consider that the underlying earnings per share represent a more consistent measure of underlying performance.

	Unaudited 6 months ended 31 December 2009 £'000	Unaudited 6 months ended 31 December 2008 £'000	Audited Year to 30 June 2009 £'000
<b>Earnings (all from continuing operations)</b>			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Company	27,967	25,855	52,123
Other gains and losses	1	-	(740)
Tax on other gains and losses	-	-	48
<b>Earnings for the purpose of underlying basic and underlying diluted earnings per share</b>	<b>27,968</b>	<b>25,855</b>	<b>51,431</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of diluted earnings per share	468,511,905	469,502,136	469,318,665
Shares held by HL EBT which have not vested unconditionally with employees	3,919,586	3,163,071	3,077,285
<b>Weighted average number of ordinary shares for the purposes of basic earnings per share</b>	<b>464,592,319</b>	<b>466,339,065</b>	<b>466,241,380</b>
	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Basic earnings per share	6.0	5.5	11.2
Diluted earnings per share	6.0	5.5	11.1
Underlying basic earnings per share	6.0	5.5	11.0
Underlying diluted earnings per share	6.0	5.5	11.0

### 14. Investments

	Unaudited 6 months ended 31 December 2009 £'000	Unaudited 6 months ended 31 December 2008 £'000	Audited Year to 30 June 2009 £'000
At beginning of period	2,382	1,142	1,142
Acquisitions	-	1,062	1,317
Net increase/(decrease) in value of available-for-sale investments	184	-	(77)
Disposals	(408)	-	-
<b>At end of period</b>	<b>2,158</b>	<b>2,204</b>	<b>2,382</b>
<b>Current asset investments</b>	<b>2,158</b>	<b>2,204</b>	<b>2,382</b>

## Notes to the Condensed Consolidated Financial Statements

### 14. Investments (continued)

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
UK listed securities valued at quoted market price	1,417	1,463	1,641
Unlisted securities valued at cost	741	741	741
	2,158	2,204	2,382

£347,000 (31 December 2008: £689,000, 30 June 2009: £717,000) of investments are classified as held at fair value through profit and loss and £1,811,000 (31 December 2008: £1,515,000, 30 June 2009: £1,665,000) 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

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Trade and other receivables</b>			
Trade receivables	78,618	49,359	60,780
Other receivables	343	443	291
Prepayments and accrued income	10,037	14,193	14,346
	88,998	63,995	75,417

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

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	77,996	72,192	87,416
Comprising:			
Restricted cash - client settlement account balances	8,072	5,619	10,231
Restricted cash - balances held by Hargreaves Lansdown EBT	6,886	11,331	6,800
Group cash and cash equivalent balances	63,038	55,242	70,385

Cash and cash equivalents comprise cash held by the Group and institutional cash funds with near-instant access. Included in cash and cash equivalents are amounts of cash held on client settlement accounts as shown above. The amount of client cash held at the balance sheet date was £1,775 million (31 December 2008: £1,642 million, 30 June 2009: £1,785 million).

## Notes to the Condensed Consolidated Financial Statements

### 16. Other financial liabilities

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Trade and other payables</b>			
<b>Current payables</b>			
Trade payables	71,268	47,275	62,601
Social security and other taxes	1,699	1,395	3,423
Other payables	8,179	7,834	8,509
Accruals and deferred income	2,527	1,401	1,459
	<hr/> 83,673	<hr/> 57,905	<hr/> 75,992

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £70.6 million are included in trade payables. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

### 17. Share capital

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Issued and fully paid:</b>			
Ordinary shares of 0.4p	1,897	1,897	1,897
	<hr/>	<hr/>	<hr/>
	Shares	Shares	Shares
<b>Issued and fully paid:</b>			
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.

## Notes to the Condensed Consolidated Financial Statements

### 18. Notes to the cash flow statement

	Unaudited 6 months ended 31 December 2009	Unaudited 6 months ended 31 December 2008	Audited Year to 30 June 2009
	£'000	£'000	£'000
<b>Profit for the period after tax</b>	27,967	25,853	52,113
Adjustments for:			
Investment revenues	(463)	(1,553)	(2,534)
Other losses/(gains)	1	-	(740)
Income tax expense	11,847	10,611	20,968
Depreciation of plant and equipment	644	550	1,350
Amortisation of intangible assets	133	47	399
Share-based payment expense	129	104	184
(Decrease)/increase in provisions	(38)	413	340
<b>Operating cash flows before movements in working capital</b>	40,220	36,025	72,080
(Increase)/decrease in receivables	(13,581)	12,607	1,185
Increase/(decrease) in payables	7,681	(14,203)	3,884
<b>Cash generated by operations</b>	34,320	34,429	77,149
Income taxes paid	(9,047)	(8,505)	(20,198)
<b>Net cash from operating activities after tax</b>	25,273	25,924	56,951

### 19. Related party transactions

The Group has a related party relationship with its subsidiaries, and with its directors and members of the Executive Committee (the "key management personnel"). There were no material changes to the related party transactions during the financial period; transactions are consistent in nature with the disclosure in note 34 to the 2009 Annual Report.



# Directors, Company Secretary, Advisers and Shareholder Information

## EXECUTIVE DIRECTORS

Peter Hargreaves  
Stephen Lansdown  
Tracey Taylor

## NON-EXECUTIVE DIRECTORS

Jonathan Bloomer  
Michael Evans  
Jonathan Davis

## COMPANY SECRETARY

Simon Power

## AUDITORS

Deloitte LLP, Bristol

## SOLICITORS

Burges Salmon LLP, Bristol

## PRINCIPAL BANKERS

Lloyds TSB Bank plc, Bristol

## BROKERS

Citigroup Global Markets Limited  
Numis Securities Limited

## REGISTRARS

Equiniti Limited

## REGISTERED OFFICE

Kendal House  
4 Brighton Mews  
Clifton  
Bristol  
BS8 2NX

## REGISTERED NUMBER

02122142

## WEBSITE

[www.H-L.co.uk](http://www.H-L.co.uk)

## DIVIDEND CALENDAR 2009/10

	First dividend (interim)	Second dividend
Ex-dividend date*	10 <sup>th</sup> March 2010	8 <sup>th</sup> September 2010
Record date**	12 <sup>th</sup> March 2010	10 <sup>th</sup> September 2010
Payment date	26 <sup>th</sup> March 2010	29 <sup>th</sup> September 2010

\* 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.