Hargreaves Lansdown plc

Interim Report and
Condensed Consolidated Financial Statements
6 months ended 31 December 2014

Embargoed: for release at 0700h, 4 February 2015

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 2014 Annual Report, underlying such forward-looking information.

Unless otherwise stated, all figures below refer to the six months ended 31 December 2014 ("H1 2015"). Comparative figures are for the six months ended 31 December 2013 ("H1 2014"). Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row.

Hargreaves Lansdown plc
Interim results for the six months ended 31 December 2014

Hargreaves Lansdown plc ("HL" or "the Group") today announces interim results for the six month period ended 31 December 2014.

Highlights

- Continued growth, with assets under administration at record levels (up 4.7% since 30 June 2014 to £49.1 bn).
- Total net business inflows for the 6 months of £2.25 billion (H1 2014: £2.80bn).
- Strong new business performance in a sluggish retail environment where UK Net Retail Fund Sales fell 34%[1] and the FTSE All Share index fell 1.9%.
- Continued growth in active client numbers, now 675,000, an increase of 23,000 since 30 June 2014 (H1 2014: 77,000, H1 2014 excluding new clients from Royal Mail share offer: 45,000).
- Both client and asset retention remained excellent at 93.1% (H1 2014: 93.3% and 92.3% respectively). Client satisfaction also remains high at 94.4%.
- Interim dividend up 4% to 7.3 pence per share (H1 2014: 7.0p)

"In a muted 6 months for both stock markets and retail investing, Hargreaves Lansdown has managed to buck the trend with £2.25 billion of net new assets and further growth in clients to 675,000. We now look forward to the important tax year end period, and the introduction of exciting new pension freedoms on 6 April 2015."

Ian Gorham
Chief Executive

Financial highlights

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	**Change %**	Audited year to 30 June 2014
	(H1 2015)	(H1 2014)		(FY 2014)
Net revenue*	**£144.1m**	£142.2m	**+1%**	£291.9m
Operating profit margin (on net revenue)	**70.7%**	72.6%	**-1.9 pts**	71.3%
Profit before tax	**£101.9m**	£104.1m	**-2%**	£209.8m
Total assets under administration	**£49.1bn**	£43.4bn	**+13%**	£46.9bn
Diluted earnings per share	**16.8p**	17.0p	**-1%**	34.2p
Interim dividend per share	**7.30p**	7.0p	**+4%**	7.0p
Net business inflows	**£2.25bn**	£2.80bn	**-20%**	£6.4bn

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

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.

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.

Interim Management Report

Contacts:

Hargreaves Lansdown
For media enquiries:
Ian Gorham, Chief Executive
Danny Cox, Head of Communications 07989 672071

For analyst enquiries:
Ian Gorham, Chief Executive
Simon Cleveland, Interim Chief Financial Officer
James Found, Head of Investor Relations

Investor and analyst presentation

Hargreaves Lansdown will be hosting an investor and analyst presentation at 9.00am on 4th February 2015 following the release of these results for the half year ended 31 December 2014. Access to the presentation is by invitation only. A conference call facility will also be in place with the following participant dial-in numbers – UK 0800 368 0649, UK (local) 020 3059 8125 and all other locations +44 20 3059 8125. A recording of the results presentation will be made available this morning at www.hl.co.uk/investor-relations following the presentation to the analysts.

Chief Executive's Statement

Trading and overview

"We are pleased that Hargreaves Lansdown's results once again show substantial growth in new clients and assets, during a muted six months for stock markets and retail investing.

Net new assets added during the period were £2.25 billion (2014: £2.80 bn), taking total Assets Under Administration close to the landmark £50 billion at £49.1 billion.

We also welcomed 23,000 new clients during the period. (2014: 77,000, H1 2014 ex-Royal mail share offer: 45,000).

The corresponding period last year enjoyed the dual boost of both rising stock markets and interest created by the Royal Mail Share offer. New asset and client growth has remained excellent, even without these important stimuli this year. The direction of stock markets particularly affects investing confidence and in the six months to 31 December 2014 the FTSE All Share Index fell 1.9% (H1 2014: rose 9.7%).

Whilst Hargreaves Lansdown's net new business of £2.25 billion was 20% lower for the period, by comparison IMA UK net retail fund sales fell 34% for the 6 months to 31 December 2014[1]. Hargreaves Lansdown equity dealing volumes[2] rose 0.3% while London Stock Exchange (LSE) retail share dealing volumes fell. This data suggests Hargreaves Lansdown business activity continued to perform well compared to the wider retail investing market during the period. Recent data from The Platforum showed Hargreaves Lansdown's market share continues to increase year-on-year. Both client and asset retention also remained excellent at 93.1% (H1 2014: 93.3% and 92.3% respectively). Client satisfaction remained high at 94.4%[3].

Profit before tax fell 2% to £101.9 million (H1 2014: £104.1m). Revenue was improved by additional clients, assets and growth in our multi-manager funds. This growth was tempered by the effect of lower interest rates on client cash and reduced revenue on client fund assets held on the Vantage platform as a result of the reduced charges for clients introduced in March 2014. As expected these factors have had a short-term impact on profit growth. The impact from lower interest rates will continue for the rest of the 2015 financial year. The impact of the new fund charges will annualise in March 2015. The 2016 financial year will therefore see the comparative effect of these factors abate.

Existing services and initiatives

Hargreaves Lansdown's progression in digital services and online presence continues apace. During the six months our website and apps were visited 36.7 million times (up 14% on the same period in 2013). Digital distribution continues to play an increasing part in our development. Our HL Live apps for iPad, iPhone and Android mobile have now been downloaded 300,000 times since launch. Our commitment to digital media distribution remains a core part of our strategy.

Our long term Corporate Vantage proposition has attracted another 9 new schemes with a further 8 committed. The total number of employees in these pension arrangements is now over 48,000 with over £1.1 billion in assets and £169 million in annual premiums.

Our own Multi-Manager Funds have seen growth of £422 million to stand at £4.7 billion. In January 2015 our sixth Multi-Manager Fund ("Hargreaves Lansdown Multi-Manager UK Growth Fund") was launched attracting an initial £162 million. In the coming months another two Multi-Manager funds will be launched providing further diversity to our fund range.

New initiatives

We are delighted that our first new fund for five years, the Hargreaves Lansdown Multi-manager UK Growth Fund, attracted £162 million at launch. The public has demonstrated a clear demand for Hargreaves Lansdown's fund management services in addition to our Vantage and other services. We look forward to the future launch of further additional Hargreaves Lansdown funds to meet client demand.

In response to the new Pension freedoms announced in the UK budget, Hargreaves Lansdown will launch the "Hargreaves Lansdown Retirement Planner" in April 2015. This initiative aims to take advantage of our position as both a major provider of drawdown services and independent annuity broker, providing clients with flexible pension choices. We expect the package of tools, income functionality, help and advice to be very popular given that over 143,000 people have asked Hargreaves Lansdown for information about pensions in the last six months. The service is expected to be ready for 6 April 2015, with enhancements scheduled in subsequent months.

We are also pleased to announce exciting plans for extensive new cash management services, supported by a new marketplace lending (peer to peer) service. Work on these initiatives has already commenced, and will connect clients with more cash and savings options, allowing clients to actively manage their cash savings through Hargreaves Lansdown. Cash savings deposits have not previously been a target market for the group and represent a substantial opportunity. These services will take time to develop (at least 18 to 24 months) but should substantially add to client assets held with Hargreaves Lansdown, and group income, in due course. We continue to believe these services can be delivered without recourse to a banking licence.

Regulation

The changes we announced on 15 January 2014 and implemented on 1 March 2014 addressing the requirements of the Retail Distribution Review (RDR) have now been in place for approaching one year. We are pleased clients seem to have accepted these changes. We are also pleased the majority of clients are paying less for fund investing as a result. Our data shows the client environment has now normalised, with minimal helpdesk contact from clients on this subject and continued high client and asset retention. We do not see any material further work required in this area.

Clients now enjoy significant benefits when investing in funds through Hargreaves Lansdown. The average annual management charge for a fund on our Wealth 150 list is 0.65%, and on the Wealth 150+ list 0.55%. This is significantly lower than the standard average retail price for the same Wealth 150 funds of 0.74%. Our investment in reduced charges for our Vantage service combined with reduced fund management charges plus leading information and service, makes investing through Hargreaves Lansdown more compelling than ever.

We are also delighted to have our IT and management resource once again fully engaged on new developments after two years during which significant resources have been diverted to implementing the RDR changes.

As highlighted in our 2014 annual report, on 1 July 2014 the Financial Conduct Authority made industry wide regulatory changes which meant that client money could not be placed on term deposit beyond 30 days. As term deposit rates are typically higher than instant access rates this affects both the interest rates we can offer clients and Hargreaves Lansdown can retain. As over half client cash is held in our pensions product (SIPP) work is currently in progress to amend SIPP cash to trustee arrangements, which should offer similar security for clients but allow for term deposits. The work on these arrangements is well advanced. Pending final legal reviews and the required client communication requirements we hope to make this change in the near term.

Outlook

Whilst we are satisfied with the first half of our year, the second half of our trading year is perennially the stronger half for new business, including as it does the tax year end, which acts as a natural incentive for clients to use tax allowances.

The coming six months will also see a general election in May 2015. Data suggests the last general election had limited effect on our business volumes. We believe whilst the event creates some detrimental uncertainty in the election month itself, history suggests this is balanced by retail investor enthusiasm in the months prior to the election to invest under the status quo before being exposed to the vagaries of a newly empowered government.

It should be noted many of our charges are based on levels of client assets and trading. Whilst 77% of our income now comes from recurring sources, the level of our earnings has a direct relationship with the value of the investments within our administration. Therefore the level of world stock markets has an effect on profits outside of our control.

Progressively lower interest rates for savers has been a recurring theme since 2012. This continuing scenario makes equity investment even more attractive, as the yields available on equities and bonds far outstrip those now available on cash. However, interest rates continue to reduce across the savings and investment industry, including that received by Hargreaves Lansdown which when combined with the reduced revenue on funds has meant our profit growth has lagged the growth in our assets under administration in the short term.

Whilst the outlook for interest rates remains low in the short term, as the economy recovers it is possible rates may rise. The Directors expect interest rate income to continue in the previously guided range of 0.50% to 0.60% for the rest of the 2015 financial year.

Dividend Policy

The Hargreaves Lansdown group continues to demonstrate strong growth in both assets and clients whilst continually delivering new initiatives. Given the confidence that we have in our business model, in accordance with the stated progressive dividend policy, the Directors have therefore recommended a 4% rise in the interim dividend to 7.30 pence per share that reflects the Group’s long-term earnings opportunity and excellent cash flow potential.

Board changes

On 5 December 2014 Hargreaves Lansdown announced that after 15 years at Hargreaves Lansdown Tracey Taylor had decided to stand down as Chief Financial Officer and from the Board of Hargreaves Lansdown plc from 5 December 2014. Tracey will remain with the group until 17 February 2015 to complete certain projects and is contracted to the Group until 30 June 2015 to assist the Company with an orderly transition and handover of responsibilities. Simon Cleveland, a Partner from Deloitte, is acting as interim Chief Financial Officer until a permanent replacement is found. The Board has commenced the search for a new permanent Chief Financial Officer.

The Board currently comprises 7 directors, which includes the Chairman and four independent non-executive directors. This more than satisfies the requirements of the UK Corporate Governance Code, and we believe we have a strong and diverse Board in place.

Thanks

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

Interim Management Report

Ian Gorham
Chief Executive

1 Investment Management Association (IMA) Net UK Retail Fund Sales.
2 Adjusted for changes to minimum reinvestment levels made as part of the Retail Distribution Review changes.
3 August 2014 Hargreaves Lansdown client survey of 9,371 respondents, where service was voted good, very good or excellent.

Financial Review

Financial performance

	% movement	Unaudited 6 months ended 31 December 2014 (H1 2015) £'million	Unaudited 6 months ended 31 December 2013 (H1 2014) £'million	Audited Year to 30 June 2014 (FY 2014) £'million
Total revenue	+24%	197.2	158.4	358.4
Commission payable / loyalty bonus	+228%	(53.1)	(16.2)	(66.5)
Net revenue	+1%	144.1	142.2	291.9
Other operating costs	+10%	(43.0)	(39.0)	(83.1)
FSCS levy	-	0.3	-	(0.8)
Operating profit	-2%	101.4	103.2	208.0
Investment revenue and other gains	-44%	0.5	0.9	1.8
Profit before taxation	-2%	101.9	104.1	209.8
Taxation	-8%	(21.7)	(23.5)	(47.1)
Profit after taxation	-	80.1	80.6	162.7

Net revenue for the six months to 31 December 2014 was up 1% and can be categorised by the growth effects of additional clients and assets, offset by the headwinds of the nil market growth already mentioned, the effect of lower interest rates on client cash, and the reduced revenue on client fund assets as a result of the tiered platform fees and the significantly increased client loyalty bonuses introduced in March 2014.

In terms of the new tariff introduced in response to the Retail Distribution Review, which was implemented on 1 March 2014, the revenue margin derived from the funds held by Vantage clients reduced from 60bps to 47bps, in line with expectations. Total revenue from investment funds held by Vantage clients significantly increased as a new platform fee was introduced ranging from 45bps down to nil depending on the value of funds held in their various accounts. At the same time commission income is still being received from the fund management groups on funds purchased by clients before the RDR implementation date. Where we still receive commission on these pre RDR or "legacy funds" the vast majority is now passed back to our clients in the form of a significantly higher loyalty bonus. The overall impact is a reduction of Net Revenue and hence margin earned on funds compared to the prior year of £10.5 million.

The second key factor impacting revenue and profits has been the continued fall in the interest rate earned on client money which in particular has been affected by the FCAs Policy Statement PS14/9 which restricted the use of term deposits for client money as from 1 July 2014. As client money held on term deposit matured post 1 July 2014 we have only been able to place short-term deposits earning lower rates. Combined with a fall in the underlying deposit rates offered by our banking counterparties this has led to the margin on cash falling from 100bps to 62bps for the six months to 31 December 2014. In revenue terms this has been a £4.8 million reduction compared to the same six month period last year.

Offsetting the above two factors is significant growth in Assets Under Administration which again, despite having no stock market assistance in the period to boost growth, have on average been 18% higher. This in turn has driven increased revenue.

Other operating costs have increased by £4.0 million so that overall profit before tax fell by 2% to £101.9 million. A lower rate of corporation tax meant that the diluted earnings per share decreased by comparatively less than the profit before tax measure, with a 1% decrease from 17.0 pence to 16.8 pence per share.

Total operating costs

Total operating costs are made up of various elements:

Commission payable is primarily the portion of renewal income which the Group receives on investment funds held in Vantage which is rebated to clients as a "loyalty bonus". Following the implementation of the RDR in March 2014 the amounts paid back to clients were significantly increased to effectively compensate them for the introduction of a new platform fee. Hence the 228% increase in commission payable shown below.

Interim Management Report

Other than commission payable, staff costs remain our largest cost and they actually fell by 0.4%. The average number of staff (full-time equivalents, including directors) during the six months ended 31 December 2014 was 881 (H1 2014: 752). As at 31 December 2014 we employed 904 staff. The increase in staff numbers has led to an increase of 4.9% in salary and bonus costs but this has been more than offset by a reduction in staff costs relating to share options awarded. The compensation ratio (ratio of staff costs to net revenue) has fallen marginally from 18.0% to 17.7%.

Staff numbers have increased as we continue to recruit specialist resource in areas such as IT, financial advice, web marketing and Funds Library ensuring we are committed to expanding the business and delivering our long term initiatives. Additional staff have also been recruited in order to provide our first rate service to an ever growing client base.

Marketing and distribution costs are up £1.0 million as a result of an increase in mailing and publication costs combined with the volume of communications to an increased number of clients. In addition advertising costs and transfer incentives are up on the prior year.

Other costs are up by £2.0 million driven primarily by increases in IT costs of £1.0 million, data costs of £0.3 million and irrecoverable VAT of £0.3 million. The increased staff numbers and their related software requirements along with increased spend on IT security and improved IT infrastructure have caused the increase in IT costs. Data costs are up because of the implementation of live price feeds and a wider range of data feeds which all enhance client service. These cost increases in turn give rise to a cost in the form of irrecoverable VAT.

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. As usual such investment will primarily be in the form of additional staff and expenses.

	Unaudited 6 months ended 31 December 2014	**Unaudited 6 months ended 31 December 2013**	**Increase/decrease**
	£'million	**£'million**	**%**
Commission payable/loyalty bonus	53.1	16.2	+228%
Other operating costs:			
Staff costs	25.5	25.6	-0.4%
Marketing and distribution costs	5.5	4.5	+22%
Office running costs	2.2	2.0	+10%
Depreciation, amortisation and financial costs	2.2	1.3	+69%
Other costs	7.6	5.6	+36%
Other operating costs	43.0	39.0	+10%
FSCS levy	(0.3)	-	-
Total operating costs	**95.9**	**55.2**	**+74%**

Divisional performance

The underlying performance of the Vantage service remained robust with a continued focus on client service improvements ensuring we attracted new clients and retained existing ones. The comparative period was boosted in terms of net new clients and net new business by various IPOs and in particular the Royal Mail which added circa 32,000 new clients and circa £150 million of net new business. Strong market growth and relatively high investor confidence led to record levels of net new business and clients in the first half of last year. These factors have not been repeated in the current year.

The current financial year started slowly following a strong end to the 2014 financial year helped by the TSB IPO and the Woodford fund launch. Our first quarter was subdued as investor confidence fell and various economic and geo-political concerns contributed to falls in world stock markets. These factors have extended into the second quarter, with some improvement in December. Over the six month period the FTSE All-Share index fell 1.9%. Despite this we have continued to deliver a first class service and attract significant volumes of net new business and numbers of net new clients. Although both measures are down on last year's record levels they are up by 43% and 11% respectively on the 2013 year.

The Discretionary and Managed division has continued to grow with revenue up 13%. The value of assets managed by Hargreaves Lansdown through its own range of multi-manager funds and its Portfolio Management Service (PMS) increased by 22% to £5.0 billion (H1 2014: £4.1bn). The key driver of revenue has been the increase in assets managed as they have driven up the associated management fees and ongoing service fees.

The Third Party and Other Services division saw a 14% decrease in revenue. The key reason for the decline has been the reduction in annuity volumes brokered following pension reforms introduced in the March 2014 budget and hence the commission received. The reforms have introduced greater flexibility in terms of how people access their pension savings and as a result the demand for annuities has declined. Annuity income has fallen from £2.5 million to £1.2 million. Revenue from Funds Library has grown by 7% while revenue derived from the various other services such as currency services, CFDs and spreadbetting have broadly been in line with last year. Hargreaves Lansdown continues to move away from acting as an intermediary for third party pension and investment schemes; therefore a reduction in certain commission income is to be expected, to be replaced by fee income more within our control.

Net Revenue by division:	Unaudited 6 months ended 31 December 2014 £'million	Unaudited 6 months ended 31 December 2013 £'million	% increase/decrease
Vantage	108.2	107.2	+1%
Discretionary and Managed	24.5	21.7	+13%
Third Party & Other Services	11.4	13.3	-14%
Total Net Revenue	**144.1**	**142.2**	**+1%**

Assets Under Administration (AUA) and new business inflows

During the period the value of total AUA has increased by 5% to £49.1 billion. The Group achieved net new business inflows of £2.25 billion, and the positive impact of the market and other growth factors was £nil compared to a positive market growth of £4.2 billion in the prior year period. Total assets under administration can be broken down as follows:

	31 December 2014 £'billion	31 December 2013 £'billion	30 June 2014 £'billion
Vantage Assets Under Administration (AUA)	**46.3**	**40.9**	**44.2**
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	2.7	2.5	2.6
Multi-manager funds held outside of PMS	2.3	1.6	1.9
AUM Total	**5.0**	**4.1**	**4.5**
Less: Multi-manager funds (AUM) included in Vantage AUA	(2.2)	(1.5)	(1.9)
Total Assets Under Administration	**49.1**	**43.4**	**46.9**

Net new business in the Vantage ISA, SIPP and other Vantage nominee accounts was £0.8 billion, £0.7 billion and £0.7 billion respectively (H1 2014: £0.6bn, £0.8bn, £1.1bn). New business was driven by 23,000 net new Vantage clients combined with new subscriptions and transfer business from existing clients. Client and asset retention for the period were both 93.1% compared to 93.3% and 92.3% respectively for the last financial year.

The average subscription in the Vantage Stocks and Share ISA increased by 10%, with a 14% increase to the number of clients subscribing. The average new contribution into a Vantage SIPP so far this year has increased by 4%, with 21% more clients contributing to their SIPP than in H1 2014.

As at 31 December 2014, the value of assets within the Vantage ISA was £18.1 billion (30 June 2014: £17.1bn), Vantage SIPP was £14.3 billion (30 June 2014: £13.4bn) and other Vantage nominee accounts was £13.9 billion (30 June 2014: £13.8bn).

Although world markets have been fairly volatile in the period and various macroeconomic and geo-political issues remain clients have maintained their investment weightings much the same during the period. The composition of assets across the whole of Vantage at 31 December 2014 was 9% cash (30 June 2014: 9%), 56% investment funds (30 June 2014: 55%) and 35% stocks, shares and other (30 June 2014: 36%).

The overall net revenue margin earned on AUA held on the Vantage platform in the first half of the year was 45bps (H1 2014: 56bps). The decrease has been driven by the fall in the cash margin and the reduction in revenue earned on funds as we have made fund investments cheaper to hold for our clients as part of the new post RDR pricing.

Taxation

The charge for taxation in the income statement decreased from £23.5 million to £21.7 million because of lower standard corporation tax rates which were charged on marginally lower profits. The estimated effective tax rate fell from 22.6% in H1 2013 to 20.75% in the current period. The standard UK corporation tax rate fell from 23% to 21% as from 1 April 2014 and will fall to 20% as from 1 April 2015. In total, taxation of £1.2 million has also been charged directly to equity and relates to share-based payments.

Dividend

The Board has declared an interim dividend of 7.3 pence per share (H1 2014: 7.0p). The interim dividend will be paid on 10 April 2015 to all shareholders on the register at 13 March 2015. This amounts to a total interim dividend of £34.4 million.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trusts (the "EBTs") have agreed to waive all dividends. As at 31 December 2014 the EBTs held 3,448,348 shares.

Capital expenditure

Capital expenditure totalled £2.4 million for the six months ended 31 December 2014, compared with £2.6 million for the same period in the previous financial year. The expenditure relates to the cyclical replacement of hardware and the continuation of the project to enhance the capacity and capability of our key administration systems.

Liquidity and capital resources

The Group is soundly financed with a strong balance sheet and no borrowings. This is an important strength which in addition to being attractive to clients provides both resilience and flexibility. The Group is highly cash generative and the cash conversion ratio measured by the operating cash flows as a percentage of operating profits remained high at 92% in H1 2015 compared to 115% in H1 2014.

Group cash balances excluding restricted cash totalled £149.0 million at the end of the period. The only significant cash outflow from profits has been the final and special dividends totalling £117.7 million paid during September 2014.

The Group continues to hold a level of capital that provides significant headroom over the regulatory minimum. At 31 December 2014, the regulated companies had Tier 1 capital of £91 million which provided excess regulatory capital of approximately £80 million above the Pillar 1 regulatory requirement. Further disclosures are published in the Pillar 3 document on the Group's website at www.hl.co.uk.

Related party transactions

Except for the transaction disclosed in Note 20 to the financial statements no other related party transactions have taken place that materially affect the financial position or performance of the Group and there have been no material changes to the related party transactions described in the last Annual Report and Accounts.

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 23 to 25 of the Group's Annual Report and Financial Statements 2014, a copy of which is available on the Group's website www.hl.co.uk. The key risks and uncertainties have not changed and are highlighted in Note 6 to the financial statements. These are not expected to change in the second half of the 2015 financial year, and they are regularly reviewed by the Board.

Responsibility Statement

The directors confirm that to the best of their knowledge:

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

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

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

A list of current directors is shown on page 25.

On behalf of the Board

Ian Gorham
Chief Executive
3 February 2015

Independent Review Report to Hargreaves Lansdown plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Interim Report and Condensed Consolidated Financial Statements of Hargreaves Lansdown plc for the six months ended 31 December 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Hargreaves Lansdown plc, comprise:

- the condensed consolidated balance sheet as at 31 December 2014;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the notes to the condensed consolidated interim financial statements.

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

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

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Condensed Consolidated Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
31 Great George Street, Bristol
3 February 2015

Condensed Consolidated Income Statement

	Note	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013*	Audited Year to 30 June 2014*
		£'000	£'000	£'000
Revenue	8	197,247	158,412	358,393
Commission payable		(53,145)	(16,166)	(66,526)
Staff costs		(25,496)	(25,576)	(51,280)
Other operating costs		(17,512)	(13,477)	(31,734)
FSCS refund/(costs)**		260	-	(832)
Operating profit		101,354	103,193	208,021
Investment revenues	9	520	900	1,768
Other gains and losses	10	-	1	(3)
Profit before tax		101,874	104,094	209,786
Tax	11	(21,735)	(23,453)	(47,052)
Profit for the period		80,137	80,641	162,734
Attributable to:				
Owners of the parent		79,782	80,297	162,091
Non-controlling interest		355	344	643
		80,137	80,641	162,734
Earnings per share (pence)	13			
Basic earnings per share		16.9	17.1	34.5
Diluted earnings per share		16.8	17.0	34.2

* During the year ended 30June 2014 there was a change in accounting policy which has changed the presentation of operating costs, the H1 2014 comparative has also been restated (see Note 1 to the financial statements).

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

The results relate entirely to continuing operations.

After the balance sheet date, the directors declared an ordinary interim dividend of 7.30 pence per share payable on 10 April 2015 to shareholders on the register at 13 March 2015.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Profit for the period	80,137	80,641	162,734
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	-	-	-
Total comprehensive income for the financial period	80,137	80,641	162,734
Attributable to:			
Owners of the parent	79,782	80,297	162,091
Non-controlling interest	355	344	643
	80,137	80,641	162,734

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Capital redemption reserve	Shares held by EBT reserve	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total equity**
	---------------------------- Attributable to the owners of the parent						----------------------------		
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 1 July 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**
At 1 July 2014	1,897	8	12	(16,221)	13,545	228,512	**227,753**	591	**228,344**
Profit for the period	-	-	-	-	-	79,782	**79,782**	355	**80,137**
Change to non-controlling interest	-	-	-	-	-	(964)	**(964)**	(103)	**(1,067)**
Other comprehensive income:									
Net fair value gains on available-for-sale assets	-	-	-	-	-	-	**-**	-	**-**
Employee Benefit Trust:									
Shares sold during the period	-	-	-	1,534	-	-	**1,534**	-	**1,534**
Shares acquired in the year	-	-	-	(2,000)	-	-	**(2,000)**	-	**(2,000)**
EBT share sale net of tax	-	-	-	-	126	-	**126**	-	**126**
Employee share option scheme:									
Share-based payments expense	-	-	-	-	-	1,011	**1,011**	-	**1,011**
Current tax effect of share-based payments	-	-	-	-	-	(50)	**(50)**	-	**(50)**
Deferred tax effect of share-based payments	-	-	-	-	-	(1,168)	**(1,168)**	-	**(1,168)**
Dividend paid	-	-	-	-	-	(117,697)	**(117,697)**	-	**(117,697)**
At 31 December 2014	1,897	8	12	(16,687)	13,671	189,426	**188,327**	843	**189,170**

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. The non-controlling interest represents a 22% shareholding in Library Information Services Limited, a subsidiary of the Company.

Condensed Consolidated Balance Sheet

	Note	Unaudited at 31 December 2014 £'000	Unaudited at 31 December 2013 £'000	Audited at 30 June 2014 £'000
Assets:				
Non-current assets				
Goodwill		1,333	1,333	1,333
Other intangible assets		3,544	1,120	2,828
Property, plant and equipment		12,311	10,842	12,679
Deferred tax assets		5,751	7,156	6,750
		22,939	20,451	23,590
Current assets				
Trade and other receivables	15	260,307	323,096	303,863
Cash and cash equivalents	16	153,915	169,109	201,238
Investments	14	582	608	874
Current tax assets		29	26	29
		414,833	492,839	506,004
Total assets		437,772	513,290	529,594
Liabilities:				
Current liabilities				
Trade and other payables	17	226,485	312,542	280,922
Provisions		104	81	32
Current tax liabilities		21,773	20,059	20,049
		248,362	332,682	301,003
Net current assets		166,471	160,157	205,001
Non-current liabilities				
Provisions		240	256	247
Total liabilities		248,602	332,938	301,250
Net assets		189,170	180,352	228,344
Equity				
Share capital	18	1,897	1,897	1,897
Share premium account		8	8	8
Capital redemption reserve		12	12	12
Shares held by Employee Benefit Trust reserve		(16,687)	(14,921)	(16,221)
EBT reserve		13,671	14,277	13,545
Retained earnings		189,426	178,212	228,512
Total equity, attributable to the owners of the parent		188,327	179,485	227,753
Non-controlling interest		843	867	591
Total equity		189,170	180,352	228,344

The condensed consolidated financial statements of Hargreaves Lansdown plc, registered number 02122142, were approved by the board of directors on 3 February 2015, signed on its behalf and authorised for issue by:

Ian Gorham
Chief Executive

Condensed Consolidated Statement of Cash Flows

	Note	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
		£'000	£'000	£'000
Net cash from operating activities				
Cash generated from operations	19	93,614	118,917	213,741
Income tax paid		(20,230)	(23,966)	(46,720)
Net cash from operating activities		73,384	94,951	167,021
Investing activities				
Interest received		520	900	1,646
Dividends received from investments		-	-	122
Proceeds on disposal of investments		292	6	-
Purchases of property, plant and equipment		(1,286)	(2,017)	(5,018)
Purchase of intangible assets		(1,129)	(561)	(2,569)
Purchase of investments		-	-	(262)
Net cash used in investing activities		(1,603)	(1,672)	(6,081)
Financing activities				
Purchase of own shares		(2,000)	-	(4,887)
Proceeds on sale of own shares		1,660	7,165	10,019
Purchase of non-controlling interest in subsidiary		(1,067)	-	-
Dividends paid to owners of the parent		(117,697)	(109,089)	(142,013)
Dividends paid to non-controlling interests		-	-	(575)
Net cash used in financing activities		(119,104)	(101,924)	(137,456)
Net (decrease)/increase in cash and cash equivalents		(47,323)	(8,645)	23,484
Cash and cash equivalents at beginning of period		201,238	177,754	177,754
Cash and cash equivalents at end of period	16	153,915	169,109	201,238

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The Interim Financial Statements for the six months to 31 December 2014 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 2014 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by PricewaterhouseCoopers LLP and delivered to the Registrar of Companies. Copies are available on-line at www.hl.co.uk. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The same accounting policies, methods of computation and presentation have been followed in the preparation of the Interim Financial Statements for the six months ended 31 December 2014 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2014 except as described below:

For the year ending 30 June 2014 the presentation of the income statement was changed from the function of expense to the nature of expense format. The period to 31 December 2013 has subsequently been amended in line with this change of presentation. Following the implementation of the Retail Distribution Review in March 2014 it was felt that this format provided users of the accounts with more useful information.

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 net revenue is less seasonal than new business inflows. In the year ended 30 June 2014, 51% of revenue was earned during the second half of the year.

3. Segment information

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

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

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

The 'Third Party/Other Services' division includes activities relating to the broking of third party investments and pensions, certificated share dealing and other niche services such as currency, 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 2014 and 2013, these comprise cash and cash equivalents, short-term investments, tax-related and other assets or liabilities.

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

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

	Vantage	Discretionary and Managed	Third Party/ Other Services	Group	Consolidation Adjustment	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000
6 months ended 31 December 2014						
Net revenue from external customers	108,183	24,511	11,408	-	-	**144,102**
Inter-segment revenue	-	-	-	-	-	**-**
Net segment revenue	108,183	24,511	11,408	-	-	**144,102**
Depreciation and amortisation	1,669	174	224	-	-	**2,067**
Interest revenue	-	-	-	520	-	**520**
Other gains	-	-	-	-	-	**-**
Reportable segment profit before tax	76,489	18,543	6,729	113	-	**101,874**
Reportable segment assets	238,302	13,367	17,680	183,027	(14,604)	**437,772**
Reportable segment liabilities	(155,981)	(10,508)	(12,908)	(40,737)	(28,468)	**(248,602)**
Net segment assets	82,321	2,859	4,772	142,290	(43,072)	**189,170**
6 months ended 31 December 2013						
Net revenue from external customers	107,224	21,691	13,330	-	-	**142,245**
Inter-segment revenue	-	3,478	-	-	(3,478)	**-**
Net segment revenue	107,224	25,169	13,330	-	(3,478)	**142,245**
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**

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 7.3 pence per share (H1 2014: interim dividend 7.0p) amounting to a total dividend of £34.4 million (2014: £32.9m) 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 2014, the Group acquired property, plant, equipment and software assets with a cost of £2.4 million (H1 2014: £2.6m, year to 30 June 2014: £7.6m).

Capital commitment

At the balance sheet date, the Group had no major capital commitments (31 December 2013: £0.4m, 30 June 2014: £0.7m).

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 23 to 25 of the Group's Annual Report and Financial Statements 2014, 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.

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 2014 the value of such assets on the Group balance sheet was £154 million (at 31 December 2013: £169m). A 50bps (0.5%) move in interest rates, in isolation, would therefore, not have a material impact on the Group balance sheet or results. This exposure is continually monitored to ensure that the Group is maximizing its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings.

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

Notes to the Condensed Consolidated Financial Statements

7. Staff numbers

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	No.	No.	No.
Average number of employees of the Group (including executive directors)	881	752	794

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 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Recurring income	164,253	125,317	287,293
Transactional income	29,844	30,150	65,118
Other income	3,150	2,945	5,982
Total operating revenue from services	197,247	158,412	358,393

Recurring income principally comprises renewal income, management fees, platform fees and interest income on client money. Transactional income principally comprises commission earned from stockbroking transactions. Other income principally represents the amount of fees receivable from the provision of Funds Library services.

9. Investment revenues

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Interest on Group bank deposits	520	900	1,646
Dividends from equity investment	-	-	122
	520	900	1,768

10. Other gains and losses

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Gain/(loss) on disposal of investments	-	1	(3)

11. Tax

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000

The tax charge for the period is based on the anticipated effective rate of tax for the year to 30 June 2015 of 20.75% (30 June 2014: 22.60%).

Current tax on profit for the year	21,904	22,983	46,723
Current tax adjustments in respect of prior years	-	(483)	35
Deferred tax on profit for the year	(161)	647	235
Deferred tax adjustments in respect of prior years	(8)	306	59
	21,735	23,453	47,052

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

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Deferred tax relating to share-based payments	1,168	(1,121)	(56)
Current tax relief on exercise of share options	50	(2,333)	(3,848)
	1,218	(3,454)	(3,904)

12. Dividends paid

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Amounts paid and recognised as distributions to equity holders in the period:			
2014 Final dividend of 15.39p per share	72,449	-	-
2014 Special dividend of 9.61p per share	45,248	-	-
2014 Interim dividend of 7.00p per share	-	-	32,924
2013 Final dividend of 14.38p per share	-	67,355	67,355
2013 Special dividend of 8.91p per share	-	41,734	41,734
Total	117,697	109,089	142,013

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 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust (HL EBT)	3,448,348	3,972,374	3,547,124
Representing % of called-up share capital	0.73%	0.84%	0.75%

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

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

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
Earnings (all from continuing operations)	**£'000**	**£'000**	**£'000**
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent Company	79,782	80,297	162,091
Earnings for the purpose of basic and diluted EPS	79,782	80,297	162,091
Number of shares	**Number**	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of diluted EPS	473,554,769	473,452,845	474,365,495
Shares held by HL EBT which have not vested unconditionally with employees	(2,173,676)	(3,601,185)	(4,109,730)
Weighted average number of ordinary shares for the purposes of basic EPS	471,381,093	469,851,660	470,255,765
Earnings per share	**Pence**	**Pence**	**Pence**
Basic EPS	16.9	17.1	34.5
Diluted EPS	16.8	17.0	34.2

14. Investments

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	**£'000**	**£'000**
At beginning of period	874	613	613
Sales	(292)	(5)	-
Purchases	-	-	261
At end of period	582	608	874
Comprising:			
Current asset investment - UK listed securities valued at quoted market price	318	344	610
Current asset investment - Unlisted securities valued at cost	264	264	264

£318,000 (31 December 2013: £344,000, 30 June 2014: £610,000) of investments are classified as held at fair value through profit and loss and £264,000 (31 December 2013: £264,000, 30 June 2014: £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. Trade and other receivables

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Financial assets:			
Trade receivables	227,366	307,184	262,257
Other receivables	1,352	710	6,039
	228,718	307,894	268,296
Non-financial assets:			
Prepayments and accrued income	31,589	15,202	35,567
	260,307	323,096	303,863

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 £197.5 million (31 December 2013: £287.5m, 30 June 2014: £242.9m) are included in trade receivables.

16. Cash and cash equivalents

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Restricted cash - balances held by Hargreaves Lansdown EBT	4,900	116	4,471
Group cash and cash equivalent balances	149,015	168,993	196,767
	153,915	169,109	201,238

Cash and cash equivalents comprise cash held by the Group and institutional cash funds with near-instant access.

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 2014 these amounted to £4,195 million (31 December 2013: £3,505m, 30 June 2014: £4,109m).

17. Trade and other payables

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	£'000	£'000
Financial liabilities:			
Trade payables	195,531	285,829	242,153
Social security and other taxes	6,061	5,287	11,488
Other payables	16,373	11,799	16,385
	217,965	302,915	270,026
Non-financial liabilities:			
Accruals and deferred income	8,520	9,627	10,896
	226,485	312,542	280,922

In accordance with market practice and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £195.6 million (31 December 2013: £285.8m, 30 June 2013: £241.1m) are included in trade payables. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

18. Share capital

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'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.

19. Notes to the cash flow statement

	Unaudited 6 months ended 31 December 2014	Unaudited 6 months ended 31 December 2013	Audited Year to 30 June 2014
	£'000	**£'000**	**£'000**
Profit for the period after tax	80,137	80,641	162,734
Adjustments for:			
Investment revenues	(520)	(900)	(1,768)
Income tax expense	21,735	23,453	47,052
Depreciation of plant and equipment	1,652	909	2,074
Amortisation of intangible assets	415	130	426
(Profit)/loss on disposal	-	(1)	3
Share-based payment expense	1,011	1,036	2,016
Increase/(decrease) in provisions	65	(68)	(125)
Operating cash flows before movements in working capital	104,495	105,200	212,412
Decrease/(increase) in receivables	43,556	(38,881)	(19,648)
(Decrease)/increase in payables	(54,437)	52,598	20,977
Cash generated from operations	93,614	118,917	213,741

20. Related party transactions

The Group has a related party relationship with its directors and members of the Executive Committee (the "key management personnel").

On 7 November 2014, the Group agreed to purchased 30 shares in its subsidiary, Library Information Services Ltd (LIS), in an arm's length transaction; increasing the Group's share-holding from 75% to 78%. The shares were purchased from Stuart Louden the founder director of LIS and currently the only other shareholder, who is an employee of Hargreaves Lansdown Asset Management Limited. The price paid per share was £35,405. There is no readily available market for these shares and hence a valuation was arrived at based on a multiple of operating profit. The directors of Hargreaves Lansdown plc deemed this to be a fair price in the circumstances. The total amount paid was £1,062,150 and this was settled in cash on 17 December 2014.

There were no other material changes to the related party transactions during the financial period; transactions are consistent in nature with the disclosure in Note 27 to the 2014 Annual Report.

21. Financial instruments' fair value disclosure

The Group held the following financial instruments at fair value at 31 December 2014. 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:

	Unaudited at 31 December 2014	Unaudited at 31 December 2013	Audited at 30 June 2014
	£'000	£'000	£'000
Recurring fair value measurements:			
Financial assets at fair value through profit or loss			
Level 1 Quoted prices for similar instruments	318	344	610
Level 2 Directly observable market inputs other than Level 1 inputs	-	-	-
Level 3 Inputs not based on observable market data	-	-	-
	318	344	610

Directors, Company Secretary, Advisers and Shareholder Information

EXECUTIVE DIRECTORS
Ian Gorham
Peter Hargreaves

NON-EXECUTIVE DIRECTORS
Chris Barling
Michael Evans
Shirley Garrood
Dharmash Mistry
Stephen Robertson

COMPANY SECRETARY
Judy Matthews

INDEPENDENT AUDITOR
PricewaterhouseCoopers LLP, Bristol

SOLICITORS
Burges Salmon LLP, Bristol
Osborne Clarke LLP, Bristol

PRINCIPAL BANKERS
Lloyds Bank plc, Bristol

BROKERS
Barclays
Numis Securities Limited

REGISTRARS
Equiniti Limited

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

REGISTERED NUMBER
02122142

WEBSITE
www.hl.co.uk

DIVIDEND CALENDAR 2014/15

	First dividend (interim)
Ex-dividend date*	12th March 2015
Record date**	13th March 2015
Payment date	10th April 2015

* 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.