Hargreaves Lansdown plc Group

Interim Report and Condensed Financial Statements
6 months ended 31 December 2008

Embargoed: for release at 0700h, 11 February 2009

Contents

The Interim Report and Condensed Financial Statements have been prepared solely to provide additional information to shareholders as a body to assess the current position and future potential of the Group. It should not be relied on by any other party or for any other purpose. The Interim Management Report contains forward-looking statements which have been made in good faith based on the information available to 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 2008 Annual Report, underlying such forward-looking information.

Nothing in this statement should be seen as a promotion or solicitation to buy HL Plc shares. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.

Highlights to 31 December 2008

- Strong results in challenging market conditions
- Revenue increased by 13% to £65.6 million
- Total assets under administration down 9% at £9.9 billion compared to the 33% fall in the FTSE All Share Index since 31 December 2007.
- Operating profit up 28% at £34.9 million
- Operating profit margin up from 47% to 53%
- Diluted earnings per share up 31% at 5.5 pence
- Interim dividend of 3.065 pence per share
- Total net business inflows of £0.9 billion

	Six months ended 31 December 2008	Six months ended 31 December 2007	**Change %**	Year to 30 June 2008
Revenue	**£65.6 m**	£57.8 m	**13%**	£120.3 m
Proportion of recurring revenue	**72%**	73%	**-1 pt**	72%
Operating profit	**£34.9 m**	£27.2 m	**28%**	£57.8m
Operating profit margin	**53%**	47%	**6 pts**	48%
Total assets under administration	**£9.9 bn**	£10.9 bn	**-9%**	£11.1 bn
Diluted earnings per share	**5.5p**	4.2p	**31%**	9.0p

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

“The increased interest in the service we provide for investors is evidenced by the numbers of potential new clients contacting us. 17,000 people became new clients during the six months ended December 31st 2008.”

“The first six months of the current financial year have confirmed the group’s potential for profitability even during extremely adverse circumstances. However, during this period of reporting although we continued to attract new money the bear market reduced the value of the investments held on our Vantage platform.”

“This trading period has confirmed the company is still nimble enough to adapt to changing conditions.”

About us:

The Hargreaves Lansdown Group (the “Group”) distributes investment products and attracts high quality earnings based upon the value of investments under administration or management.

Our success can be attributed to the provision of first class service and information, wide product choice, high retention of clients and a profitable business model which is cost effective, scalable and reduces costs for clients.

For further information please contact:

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

Interim Management Report

Chief Executive's Statement

The first six months' trading has been encouraging when taking into consideration the turbulent market conditions which exist. The group has benefited from its ability to retain clients' assets whether these are held as cash or funds.

Currently we are still growing the business, attracting new clients and increasing our market share. Remarkably we are experiencing an increase in enquiries from potential new clients. Whilst these enquiries have yet to transact business, the volume is encouraging since we already hold contact details of a significant portion of the investment community that we position ourselves to service.

These are encouraging results which demonstrate the resilience of the business model and confirms the ability of the business to improve income even during the worst year for the UK stock market since 1973. During the six month period under review the FTSE All Share Index fell by 22.6% but by gathering assets the value on our platform only fell by 11%.

During periods of declining stock markets in the past we have experienced investor malaise. This time the unprecedented low interest levels on deposits are driving people to find alternative investments. This may however be a short term opportunity; during the aftermath of previous market collapses trading conditions were exceptionally poor. We are therefore prudently only proposing the same interim dividend that we announced twelve months ago, to weight the dividend towards the second half of the year.

In this period we have seen our returns on cash increase, reflecting a combination of an increased proportion of client assets held as cash and the divergence between base rate and LIBOR. The exceptional interest rate environment has also enabled us to provide High Interest Cash Offers to our clients, giving them access to the high interest rates available during the period. Going forward we expect these effects to unwind and returns on cash to reduce due to the low interest rate environment. Our challenge will be to replace the income we have received from cash.

There is a huge opportunity during the period to April 5th 2009. This government has suggested the highest rates of tax will increase by 5% but the massive accumulation of public debt may give all taxpayers the feeling their taxes will rise. Investors should make full use of the tax shelters that are readily available for UK taxpayers predominantly ISAs and SIPPs in which we are a market leader.

The item which seems to be concerning most businesses and observers in the sector is the FSA's proposed Retail Distribution Review. This is not scheduled to come into force until 2012 but there is nothing in the outline proposals that we have seen that would in any way worry or trouble us.

In summary we are cautiously optimistic; the innovative nature of the business will certainly help us to outperform our peers. The next few months will establish whether investors will reallocate their deposit monies into the type of investments in which we specialise. During the next twelve months the performance of the stock market will also be a key driver of our profit.

Financial Review

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

Summary of Results

	Unaudited 6 months ended 31 December 2008	**Unaudited 6 months ended 31 December 2007**	**Audited Year to 30 June 2008**
	£' million	**£'million**	**£'million**
Revenue	65.6	57.8	120.3
Administrative expenses	(30.7)	(30.6)	(62.6)
Operating profit	34.9	27.2	57.8
Non operating income – investment revenue and other gains	1.6	1.5	3.2
Profit before taxation	36.5	28.7	60.9
Taxation	(10.6)	(8.5)	(18.5)
Profit after taxation	**25.9**	**20.1**	**42.4**

Assets Under Administration (AUA)

During the period, the FTSE All Share has fallen by 22.6 per cent from 2,855.69 to 2,209.29. Against these turbulent market conditions, the value of Hargreaves Lansdown's total assets under administration has fallen from £11.1 billion as at 30 June 2008 to £9.9 billion as at 31 December 2008, a decrease of approximately 11%. Total assets under administration can be broken down as follows:

	31 December 2008 £'billion	30 September 2008 £'billion	30 June 2008 £'billion
Assets Under Administration (AUA)			
Vantage	8.9	9.3	10.0
Other	0.1	0.1	0.2
AUA Total	**9.0**	**9.4**	**10.2**
Assets Under Administration and Management (AUM)			
Portfolio Management Service (PMS)	0.9	0.9	0.9
Multi-manager funds excluding PMS	0.3	0.4	0.4
AUM Total	**1.2**	**1.3**	**1.4**
Less: Multi-manager funds included in both AUA and AUM	**(0.3)**	**(0.4)**	**(0.4)**
Total Assets Under Administration	**9.9**	**10.3**	**11.1**

The value of assets held within the Vantage service, the Group's direct-to-private investor fund supermarket and wrap platform, decreased from £10.0 billion as at 30 June 2008 to £8.9 billion as at 31 December 2008. This can be attributed to £0.8 billion net business inflows (31 December 2007: £0.9 billion) which have helped to offset the £2.0 billion negative impact of the market during the period, and other positive growth factors with a value of £0.1 billion, such as retained investment income. As in the previous period, the product generating the majority of new business growth in the period was the Vantage SIPP. As at 31 December 2008, the value of the Vantage PEP/ISA was £4.2 billion, (30 June 2008: £5.0 billion), the Vantage SIPP was £2.2 billion (30 June 2008: £2.3 billion) and the Vantage Fund and Share Account was £2.5 billion (30 June 2008: £2.7 billion). The number of active Vantage clients at 31 December 2008 was around 252,000 compared with 245,000 as at 30 June 2008.

Clients have further increased their cash weightings during the period. The composition of assets across the whole of Vantage changed during the period. As at 31 December 2008, Vantage was made up of 24% equities (30 June 2008: 23%), 58% funds (30 June 2008: 63%) and 18% cash (30 June 2008: 14%).

The value of assets held in our managed services, namely our Portfolio Management Service and our range of multi-manager funds, was £1.23 billion as at 31 December 2008, down 10% from £1.37 billion at 30 June 2008, including £0.35 billion of Hargreaves Lansdown multi-manager funds administered through Vantage. The negative impact of the market during the period is partially offset by £0.1 billion of net new business which predominantly relates to the Portfolio Management Service.

Revenue

	Unaudited 6 months ended 31 December 2008 £'million	Unaudited 6 months ended 31 December 2007 £'million	Increase %
Vantage	41.0	34.2	+20%
Advisory	6.8	7.0	-3%
Discretionary	5.0	5.1	-2%
Third Party	9.5	7.9	+20%
Stockbroking	2.1	2.7	-22%
Central Services	1.2	0.8	+50%
Total Revenue	**65.6**	**57.8**	**+13%**

Whilst the FTSE All Share Index has fallen by 22.6 per cent in the period since 30 June 2008, in the six months to 31 December 2008 the value of total assets under administration has decreased by only 11% and our revenue has increased by 13%. This illustrates the resilience of the business model.

Interim Management Report (continued)

The main thrust of the improved performance in the first half came from the Group's **Vantage** division. The Vantage division has benefited from the exceptional environment for improving the interest return on cash. As in the previous financial year, this has resulted from a combination of higher proportions of client assets held as cash and the divergence between base rates and LIBOR. This effect is temporary and the increased margin is expected to unwind during the second half of the current financial year. However, the increased interest rates obtained by the Group have been passed on to clients in the form of high interest cash offers available to clients during the period in addition to improving the margin in the Vantage division, assisting with the retention of AUA. At 31 December 2008 clients had placed £0.4 billion of cash within our high interest cash offerings. The extent of the decrease to margins on cash that we expect to see in the second half of the financial year is dependent on market conditions. However, we do expect it to decrease, and if base rate approaches zero, the margin could be well below that of recent years.

This has been a challenging period for the **Advisory** division, resulting in a small reduction to income of 3%. The fall in value of funds under management through the discretionary portfolio management service has reduced associated income from management fees. There have also been fewer enquiries for advice as we make it ever easier for clients to manage their own affairs on a discount basis. The number of advisers has fallen from 86 at the start of the period to 76 in line with reduced demand, but the demand is expected to return as investors elsewhere look for help and advice stepping back into the market when confidence increases. An initial consideration of the impact of the FSA's Retail Distribution Review on the Advisory business suggests the impact will be limited as many aspects of our current model already consistent with the theme and objectives of the Review.

The **Discretionary** division has seen a decrease to revenue of just 2% compared to the six month period ending 31 December 2007. Whilst the overall level of funds under management have decreased by 10% to £1.23 billion since 31 December 2007, the value of assets within the Portfolio Management Service has decreased by just 2% due to £0.10 billion of net new business reducing the £0.17 billion negative impact of the market. Multi-manager funds held outside of the managed service have decreased by 25%.

Revenue from the **Third Party Business** division has risen by 20% for the first six months compared to the same period last year. The nature of revenue earned on corporate solutions business is such that the inflow will depend largely on the timing of when schemes are implemented throughout the year. The first six months revenue from the corporate solutions business has increased to £5.0 million compared to £3.2 million for the same period last year. The more difficult economic environment has resulted in a decrease to enquiries and the pipeline of business, however the corporate solutions business does benefit from a significant proportion of income, approximately 75% during the current period, being recurring in nature. Invitations to tender for Group SIPP business are continuing to be received as relationships with employee benefit consultants develop further. Strong annuity sales in the first six months has again boosted revenue from third party life and pensions business, with revenue increasing to £2.3 million from £1.7 million in the same period last year. As previously advised, the revenue from third party investments is expected to continue its gradual decline as more clients choose to transfer their assets onto the Vantage platform and we have seen such revenue decrease from £3.0 million to £2.2 million.

The **Stockbroking** division has seen variable levels of dealing activity throughout the first six months, reflecting the market volatility. The drive to encourage clients to use the lower cost Vantage nominee dealing service in preference is certificated dealing has seen a 40% decrease to equity trading activity in the division. Revenue from other services, including CFD's, spreadbetting and the currency service, has remained at similar level to the previous period. In total revenue in the division has reduced by 22%. The decline in certificated share dealing results in a corresponding increase to Vantage dealing activity. Accordingly, across the Group, dealing activity has increased by 24%, and the proportion of deals undertaken by clients online has increased to around 75% from just over 60% in the six month period to 31 December 2007. The increased proportion of online deals, together with the number of clients opting to receive contract notes and bi-annual statements electronically, has assisted with control of costs.

Finally, revenue from the **Central Services** division includes interest from treasury management which has increased due to higher interest rates available during the period.

Administrative Expenses

	Unaudited 6 months ended 31 December 2008 £'million	Unaudited 6 months ended 31 December 2007 £'million	Increase %
Staff costs	18.4	17.9	3%
Commission payable	4.3	5.2	-17%
Marketing costs	2.2	2.8	-21%
Depreciation, amortisation and financial costs	0.8	0.5	+60%
Other costs	5.0	4.1	+22%
	30.7	**30.6**	**0%**

Administrative expenses were well controlled during the period, showing just a marginal increase compared to the six months ended 31 December 2007.

Interim Management Report (continued)

The Group's largest expense is staff costs which increased by 3%. The average number of staff during the six months ended 31 December 2008 was 608, a decrease of 7% against an average of 651 for the comparative period. The average payroll cost per employee has increased due to a combination of i) pay rises in the previous year and ii) the reduction in staff numbers resulting mainly from a reduction to the number of lower paid seasonal staff employed on temporary contracts.

Commission payable includes the share of renewal commission which the Group receives on funds held in Vantage which is rebated back to clients as a cash loyalty bonus (except with respect to those funds held in the SIPP). It decreased by 17%, from £5.2 million to £4.3 million. The reduction in commission payable is greater than the 15% decrease in Vantage renewal commission primarily because of the relative growth of assets held within the SIPP on which no loyalty bonus is paid.

The Group reduced its marketing spend by 21% from £2.8 million to £2.2 million, a decrease of £0.6 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 2008 compared to the same period in the previous financial year. However the increase has been more than offset by an increased proportion of client marketing taking place via email compared to postal campaigns, and this has contributed to an overall decrease in marketing costs. During the period under review we introduced the facility for clients to opt out of receiving paper valuations and contract notes. Instead these documents are now available in electronic format through our secure website. The financial benefit of these changes is already materialising and the savings will continue to grow as more people and businesses choose to transact business and receive information online.

The capital expenditure of the business remains fairly low. The charge for depreciation, amortisation and financial costs for the period increased from £0.5 million to £0.8 million. The 60% increase is the result of depreciation on the higher level of capital expenditure during the six months ended 31 December 2008 compared to the previous period, and an impairment review of fixed assets ahead of the move to the new offices at the end of 2009.

Other administration costs and overheads 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 increased from £4.1 million to £5.0 million, the increase includes £0.7 million of professional fees associated with the new Harbourside offices.

Investment revenues

Investment revenues increased marginally by 6% from £1.5 million to £1.6 million. This can be attributed to both the increase in investment revenues in relation to interest received on the Group's cash balances which were higher during the six months ended 31 December 2008, and to the exceptional environment enabling higher interest rates to be obtained on cash balances.

Taxation

The charge for taxation in the income statement increased to £10.6 million from £8.5 million. The higher current tax charge can be attributed to an increase in pre-tax profits, with a small reduction to the effective tax rate from 29.7% for the six months ending 31 December 2007 to 29.1% in the current period.

Taxation has also been charged directly to equity in relation to share based payments. The charge comprises current tax relief of £1.5 million and a deferred tax charge of £1.1 million (31 December 2007: £0.2 million and £0.1 million respectively).

Earnings per share (EPS)

The basic diluted EPS increased from 4.2 pence to 5.5 pence.

Dividend

We have previously advised Shareholders that the Board will pay an interim dividend in March 2009, and we are pleased to declare that an interim dividend of 3.065 pence per share will be paid on 27 March 2009 to all shareholders on the register at 13 March 2009. This amounts to a total interim dividend of £14.16 million. We plan to declare a second dividend at the same time as our preliminary results announcement, payable on 30 September 2009.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trust (the "EBT") has agreed to waive all dividends. As at 31 December 2008 the EBT held 10,262,061 shares.

Capital expenditure and cash flow

Capital expenditure totalled £0.9 million for the six months ended 31 December 2008, compared with £0.6 million for the same period in the previous financial year. The majority of capital expenditure relates to computer hardware and software.

The Group's own cash balances increased by £2.1 million from £64.5 million to £66.6 million during the period. This includes £11.3 million of cash held within the EBT. The only significant cash outflow from underlying profits has been the final and special dividends totalling £22.0 million paid during September 2008. 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 2008, this balance was £1.8 million higher than the value as at 30 June 2008.

Net assets, capital requirement and treasury policy

The Group net assets increased from £70.3 million at 30 June 2008 to £74.9 million at 31 December 2008.

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. 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 2008, the regulated companies had Tier 1 capital of £32 million which provided excess regulatory capital of approximately £26 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 policy is reviewed periodically and currently permits placing of deposits with certain UK banks which are party to the UK Government Credit Guarantee scheme. The Group actively maintains cash balances on short term deposit to ensure that it has sufficient available funds for operations. This policy is designed to ensure that the Group takes no material credit risk. The Group is not exposed to significant foreign exchange translation or transaction risk.

Related party transactions

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

Board changes

As previously announced, Martin Mulligan, finance director, stepped down as an executive director during the year and we were pleased to welcome Tracey Taylor to the board as finance director.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 13 to 15 of the Group's Annual Report and Financial Statements 2008, a copy of which is available on the Group's website www.H-L.co.uk. These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly considered by the Board particularly in light of the current financial crisis and market conditions.

A few of the risks included in the 2008 Annual Report have materialised during the current period and previous financial year, such as market volatility. As previously stated, we have not been immune from the decline in the value of client investments, but the high percentage of assets in tax wrappers and a cash option on our platform have reduced the impact of the current market turbulence on our performance during this period. However, should this volatility continue for a longer period of time, there is an increased risk that investors will lose confidence and that the value of assets being withdrawn from our platform will rise.

The principal risks and uncertainties foreseen will also include the following in the second six months of the year:

The exceptional interest rate environment during the period, in particular the divergence of LIBOR and base rate, has benefitted the Group. However, the current low interest rates and potential for further interest rate cuts creates increased uncertainty and risk of a decline in earnings due to a decline in interest turn.

Outlook

The first half results have demonstrated the resilience of our business model. Against exceptionally challenging market and trading conditions we have produced a solid set of results. Trading conditions are likely to remain challenging into the second half of the year and beyond. Due to the lower interest rate environment we are already experiencing reduced margins on cash balances compared to the exceptional rates available during the previous six months. We continue to endeavour to provide our clients with the best service, the best prices and the best information, irrespective of what market conditions prevail. This can only be achieved with the hard work and dedication of all our staff and we have great pleasure in acknowledging their contribution to the Group's objectives.

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.

Responsibility Statement

The directors confirm that to the best of their knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS34;

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

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

On behalf of the Board

Stephen Lansdown
Chairman
10 February 2009

Peter Hargreaves
Chief Executive
10 February 2009

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 2008 which comprises the Condensed Interim Income Statement, the Condensed Interim Balance Sheet, the Condensed Interim Statement of Recognised Income and Expense, the Condensed Interim Cash Flow Statement and related notes 1 to 26. 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 2008 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 Registered Auditors

10 February 2009

Bristol, United Kingdom

Condensed Interim Income Statement

	Note	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
		£'000	£'000	£'000
Revenue	8	65,643	57,770	120,332
Total operating income		65,643	57,770	120,332
Administrative expenses		(30,732)	(30,564)	(62,553)
Operating profit		34,911	27,206	57,779
Investment revenues	9	1,553	1,418	3,113
Other gains and losses	10	-	53	53
Profit before tax		36,464	28,677	60,945
Tax	11	(10,611)	(8,530)	(18,551)
Profit for the period		25,853	20,147	42,394
Attributable to :				
Equity holders of the Company		25,855	20,149	42,401
Minority interest		(2)	(2)	(7)
		25,853	20,147	42,394
Dividend per share (pence)	12			
Interim dividend *		-	-	3.06
Final dividend		4.74	-	-
Total dividend per share		4.74	-	3.06
Earnings per share (pence)	13			
Basic earnings per share		5.5	4.3	9.1
Diluted earnings per share		5.5	4.2	9.0

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

* After the balance sheet date, the directors declared an interim dividend of 3.065 pence per share payable on 27 March 2009 to shareholders on the register on 13 March 2009.

Condensed Interim Statement of Recognised Income and Expenses

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	**£'000**	**£'000**
Profit for the period	25,853	20,147	42,394
Total recognised income and expense for the period	25,853	20,147	42,394
Attributable to :			
Equity holders of the Company	25,855	20,149	42,401
Minority interest	(2)	(2)	(7)
	25,853	20,147	42,394

Condensed Interim Balance Sheet

	Note	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
		£'000	£'000	£'000
Non-current assets				
Goodwill		1,333	1,333	1,333
Other intangible assets		235	157	291
Property, plant and equipment		2,258	2,261	2,142
Deferred tax assets		1,909	5,145	3,353
		5,735	8,896	7,119
Current assets				
Trade and other receivables	15	63,995	62,654	76,602
Cash and cash equivalents	15	72,192	55,796	68,241
Investments	14	2,204	1,163	1,142
Current tax assets		25	-	25
		138,416	119,613	146,010
Total assets		144,151	128,509	153,129
Current liabilities				
Trade and other payables	16	57,905	55,097	72,108
Current tax liabilities		10,494	6,974	10,266
		68,399	62,071	82,374
Net current assets		70,017	57,542	63,636
Non-current liabilities				
Provisions		857	505	444
Total liabilities		69,256	62,576	82,818
Net assets		74,895	65,933	70,311
Equity				
Share capital	17	1,897	1,897	1,897
Share premium account	18	8	8	8
Capital redemption reserve	19	12	12	12
Shares held by Employee Benefit Trust	20	(8,456)	(6,638)	(9,739)
EBT reserve	21	10,967	12,053	12,053
Share option reserve	22	7,422	7,489	6,885
Retained earnings	23	63,107	51,167	59,255
Equity, attributable to equity shareholders of the parent		74,957	65,988	70,371
Minority interests	24	(62)	(55)	(60)
Total equity		74,895	65,933	70,311

The financial statements were approved by the board of directors on 10 February 2009 and signed on its behalf by:

S P Lansdown
Chairman
10 February 2009

T P Taylor
Group Finance Director
10 February 2009

Condensed Interim Cash Flow Statement

	Note	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
		£'000	£'000	£'000
Net cash from operating activities, after tax	25	25,924	5,893	34,670
Investing activities				
Interest received		1,553	1,418	3,004
Dividends received from investments		-	-	109
Proceeds on disposal of available-for-sale investments		-	6	27
Purchases of property, plant and equipment		(640)	(440)	(950)
Purchase of intangible fixed assets		(17)	(108)	(381)
Acquisition of available-for-sale investments		(774)	-	-
Acquisition of investments		(288)	-	-
Net cash (used in)/from investing activities		(166)	876	1,809
Financing activities				
Purchase of own shares		-	-	(3,101)
Proceeds on sale of own shares		196	935	935
Dividends paid		(22,003)	-	(14,164)
Net cash (used in)/from financing activities		(21,807)	935	(16,330)
Net increase in cash and cash equivalents		3,951	7,704	20,149
Cash and cash equivalents at beginning of period		68,241	48,092	48,092
Cash and cash equivalents at end of period		72,192	55,796	68,241

Notes to the Interim Condensed Financial Statements

1. Basis of preparation

The Interim Financial Statements for the 6 months to 31 December 2008 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 2008 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. 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 statement under section 498 (2) or (3) of the Companies Act 2006.

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 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 tends to be seasonal with greater inflows in the second half of the financial year between January and June. This can be attributed to the timing of the UK tax year-end and the fact that many individuals review their investments around this time. In the financial years ended 30 June 2008 and 30 June 2007, between 70 and 75 per cent of new Vantage business was received in the second half of the year. The receipt of new business into PMS is less seasonal than this as a result of being distributed through our Financial Practitioners. In this instance, the inflow of business is also influenced by the timing of when advisers meet with their clients.

As new business only accounts for a small proportion of asset values and because of other revenue streams and market effects, overall Group revenue is less seasonal than new business inflows. In the year ended 30 June 2008, 52% of revenue was earned during the second half of the year.

3. Business and geographical segments

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

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

4. Material events after interim period end

After the interim balance sheet date, an interim dividend of 3.065 pence per share (2008: 3.065 pence) amounting to a dividend of £14.22 million (2008: £14.16 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 that have not already been reflected in the Interim Financial Statements.

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

Capital expenditure

During the six months ended 31 December 2008, the Group acquired property, plant, equipment and software assets with a cost of £0.9 million (31 December 2007: £0.6 million; 30 June 2008: £1.1 million).

Lease commitment

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

Notes to the Interim Condensed Financial Statements

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 13 to 15 of the Group's Annual Report and Financial Statements 2008, a copy of which is available on the Group's website www.H-L.co.uk. These remain the principal risks and uncertainties for the second half of this financial year and beyond, and they are regularly considered by the Board.

A few of the risks included in the 2008 Annual Report have materialised during the current period and previous financial year, such as market volatility. As previously stated, we have not been immune from the decline in the value of client investments, but the high percentage of assets in tax wrappers and a cash option on our platform have reduced the impact of the current market turbulence on our performance during this period. However, should this volatility continue for a longer period of time, there is an increased risk that investors will lose confidence and that the value of assets being withdrawn from our platform will rise.

The principal risks and uncertainties foreseen will also include the following in the second six months of the year:

The exceptional interest rate environment during the period, in particular the divergence of LIBOR and base rate, has benefitted the Group. However, the current low interest rates and potential for further interest rate cuts creates increased uncertainty and risk of a decline in earnings due to a decline in interest turn.

7. Staff numbers

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

	Unaudited 6 months ended 31 December 2008	**Unaudited 6 months ended 31 December 2007**	**Audited Year to 30 June 2008**
	No.	**No.**	**No.**
Operating and support functions	445	479	479
Administrative functions	163	173	178
	608	652	657

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 2008	**Unaudited 6 months ended 31 December 2007**	**Audited Year to 30 June 2008**
Revenue from services:	**£'000**	**£'000**	**£'000**
Fees and commission income	48,897	50,647	102,277
Interest and similar income	15,854	6,536	16,710
Subscriptions and sundry charges	892	587	1,345
Total operating income	65,643	57,770	120,332

9. Investment revenues

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Interest on bank deposits	1,553	1,418	3,004
Dividends from equity investment	-	-	109
	1,553	1,418	3,113

10. Other gains and losses

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Gain on disposal of investments	-	53	53

11. Tax

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000

The tax charge for the period is based on the anticipated effective rate of tax for the year to 30 June 2009 of 28% (30 June 2008: 28%/30%).

Current tax	10,224	8,479	18,146
Deferred tax	387	51	405
	10,611	8,530	18,551

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

	Note	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
		£'000	£'000	£'000
Deferred tax relating to share based payments	22	1,057	(218)	1,220
Current tax relief on exercise of share options	22	(1,490)	(72)	(818)
		(433)	(290)	402

Notes to the Interim Condensed Financial Statements

12. Dividends paid

Amounts paid and recognised as distributions to equity holders in the period:	**Unaudited 6 months ended 31 December 2008 £'000**	**Unaudited 6 months ended 31 December 2007 £'000**	**Audited Year to 30 June 2008 £'000**
Final dividend of 4.744p (2008: interim dividend 3.065p) per share	22,003	-	14,164
	22,003	-	14,164

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 2008	**Unaudited 6 months ended 31 December 2007**	**Audited Year to 30 June 2008**
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	10,262,061	12,113,960	13,818,359
Representing % of called-up share capital	2.16%	2.55%	2.91%

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.

	Unaudited 6 months ended 31 December 2008	**Unaudited 6 months ended 31 December 2007**	**Audited Year to 30 June 2008**
Earnings (all from continuing operations)	**£'000**	**£'000**	**£'000**
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	25,853	20,147	42,394

	Number	**Number**	**Number**
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted earnings per share	469,502,136	474,318,625	470,980,973
Shares held by HL EBT which have not vested unconditionally with employees	3,163,071	9,996,185	6,885,487
Weighted average number of ordinary shares for the purposes of basic earnings per share	466,339,065	464,322,440	464,095,486
	Pence	**Pence**	**Pence**
Basic earnings per share	5.5	4.3	9.1
Diluted earnings per share	5.5	4.2	9.0

14. Investments

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	**£'000**	**£'000**
At beginning of period	1,142	1,169	1,169
Acquisitions	1,062	-	-
Disposals	-	(6)	(27)
At end of period	2,204	1,163	1,142
Current asset investments	2,204	1,163	1,142

Current asset investments include the following:

UK listed securities valued at quoted market price	1,463	422	401
Unlisted securities valued at cost	741	741	741
	2,204	1,163	1,142

£689,000 (31 December 2007: £422,000, 30 June 2008: £401,000) of investments are classified as held at fair value through profit and loss and £1,515,000 (31 December 2007:£741,000, 30 June 2008: £741,000) 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 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
Trade and other receivables	**£'000**	**£'000**	**£'000**
Trade receivables	49,359	53,711	63,620
Other receivables	443	318	371
Prepayments and accrued income	14,193	8,625	12,611
	63,995	62,654	76,602

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 £42.6 million are included in trade receivables.

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
Cash and cash equivalents	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	72,192	55,796	68,241
Comprising:			
Restricted cash - client settlement account balances	5,619	3,384	3,776
Restricted cash - balances held by Hargreaves Lansdown EBT	11,331	13,663	10,934
Group cash and cash equivalent balances	55,242	38,749	53,531

Cash and cash equivalents comprise cash held by the Group and institutional cash funds with near-instant access. Included in cash and cash equivalents are amounts of cash held on client settlement accounts as shown above.

Notes to the Interim Condensed Financial Statements

16. Other financial liabilities

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
Trade and other payables	**£'000**	**£'000**	**£'000**
Current payables			
Trade payables	47,275	45,078	60,138
Social security and other taxes	1,395	1,412	3,294
Other payables	7,834	7,437	7,804
Accruals and deferred income	1,401	1,170	872
	57,905	55,097	72,108

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £46.9 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 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	**£'000**	**£'000**
Authorised:			
525,000,000 ordinary shares of 0.4p each	2,100	2,100	2,100
Issued and fully paid:			
Ordinary shares of 0.4p	1,897	1,897	1,897
	Shares	**Shares**	**Shares**
Issued and fully paid:			
Number of ordinary shares of 0.4p	474,318,625	474,318,625	474,318,625

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

18. Share premium account

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	**£'000**	**£'000**
Balance at beginning and at end of period	8	8	8

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

19. Capital redemption reserve

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	**£'000**	**£'000**
Balance at beginning and at end of period	12	12	12

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

20. Shares held by Employee Benefit Trust reserve

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Balance at beginning of period	(9,739)	(7,552)	(7,552)
Shares acquired in the period	-	-	(3,101)
Shares sold	1,283	914	914
Balance at end of period	(8,456)	(6,638)	(9,739)

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.

21. EBT reserve

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Balance at beginning of period	12,053	12,030	12,030
(Loss)/gain on sale of shares by EBT	(1,086)	23	23
Balance at end of period	10,967	12,053	12,053

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.

22. Share option reserve

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Balance at beginning of period	6,885	7,082	7,082
Share based payments expense	104	117	205
Deferred tax effect of share based payments	(1,057)	218	(1,220)
Tax relief on exercise of share options	1,490	72	818
Balance at end of period	7,422	7,489	6,885

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

23. Retained earnings

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Balance at beginning of period	59,255	31,018	31,018
Dividends paid	(22,003)	-	(14,164)
Net profit for the period	25,853	20,147	42,394
Minority interest	2	2	7
Balance at end of period	63,107	51,167	59,255

Notes to the Interim Condensed Financial Statements

24. Minority interests

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Balance at beginning of period	(60)	-	-
Share of net liabilities	-	(53)	(53)
Net loss for the period	(2)	(2)	(7)
Balance at end of period	(62)	(55)	(60)

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

25. Notes to the cash flow statement

	Unaudited 6 months ended 31 December 2008	Unaudited 6 months ended 31 December 2007	Audited Year to 30 June 2008
	£'000	£'000	£'000
Profit for the period after tax	25,853	20,147	42,394
Adjustments for:			
Investment revenues	(1,553)	(1,418)	(3,113)
Other gains and losses	-	(53)	(53)
Income tax expense	10,611	8,530	18,551
Depreciation of plant and equipment	550	428	1,058
Depreciation of intangible assets	47	32	171
Share-based payment expense	104	406	205
Increase/(decrease) in provisions	413	(24)	(85)
Operating cash flows before movements in working capital	36,025	28,048	59,128
Decrease/(increase) in receivables	12,607	(11,120)	(25,067)
(Decrease)/increase in payables	(14,203)	(9,158)	7,851
Cash generated by operations	34,429	7,770	41,912
Income taxes paid	(8,505)	(1,877)	(7,242)
Net cash from operating activities after tax	25,924	5,893	34,670

26. 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 2008 Annual Report.

Directors, Company Secretary, Advisers and Shareholder Information

EXECUTIVE DIRECTORS
Peter Hargreaves
Stephen Lansdown
Tracey Taylor (appointed 24th November 2008)

NON-EXECUTIVE DIRECTORS
Jonathan Bloomer
Michael Evans
Jonathan Davis

COMPANY SECRETARY
Simon Power (appointed 6th February 2009)

AUDITORS
Deloitte LLP, Bristol

SOLICITORS
Burges Salmon LLP, Bristol

PRINCIPAL BANKERS
Lloyds TSB Bank plc, Bristol

REGISTRARS
Equiniti Limited

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Kendal House
4 Brighton Mews
Clifton
Bristol
BS8 2NX

Registered number: 2122142

WEBSITE
www.H-L.co.uk

DIVIDEND CALENDAR 2008/09

	First dividend (interim)	**Second dividend**
Ex-dividend date*	11th March 2009	9th September 2009
Record date**	13th March 2009	11th September 2009
Payment date	27th March 2009	30th September 2009

* 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.