

# Interim Management Statement

## Hargreaves Lansdown Plc

*The following statement is unaudited except where reference is made to figures published in the Report and Financial Statements for the years ended 30 June 2008 and 30 June 2009. 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.*

*Nothing in this statement should be seen as a promotion or solicitation to buy Hargreaves Lansdown 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.*

Hargreaves Lansdown Plc ('the Group') is pleased to publish today its Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency rules. This statement is in respect of the first quarter of the 2010 financial year, covering the period from 1 July 2009 to 30 September 2009.

### Assets Under Administration

During the first quarter, the FTSE All-Share index increased by 21 per cent from 2172.08 to 2634.79. Assisted by these favourable market conditions, Hargreaves Lansdown experienced a 22 per cent increase in asset values and had £14.5 billion of total assets under administration as at 30 September 2009.

	30 Sept 2009 £'billion	30 June 2009 £'billion	30 Sept 2008 £'billion	30 June 2008 £'billion
<b>Assets Under Administration (AUA)</b>				
Vantage	13.1	10.7	9.3	10.0
Other	0.2	0.2	0.1	0.2
<b>AUA Total (*)</b>	<b>13.3</b>	<b>10.9</b>	<b>9.4</b>	<b>10.2</b>
<b>Assets Under Administration and Management (AUM)</b>				
Portfolio Management Service (PMS)	1.2	1.0	0.9	0.9
Multi-manager funds excluding PMS	0.5	0.4	0.4	0.4
<b>AUM Total</b>	<b>1.7</b>	<b>1.4</b>	<b>1.3</b>	<b>1.4</b>
<b>Less: Multi-manager funds included in both AUA and AUM</b>	<b>(0.5)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.4)</b>
Total Assets Under Administration	14.5	11.9	10.3	11.1
	<b>£'million</b>	<b>£'million</b>	<b>£'million</b>	<b>£'million</b>
* includes the following values of shares in Hargreaves Lansdown Plc	976	707	689	569

The first quarter of our financial year has historically been our quietest. This year a combination of the stock market's huge rise from its March 2009 lows and the extremely low rates of interest on cash have galvanized investors into action. We have thus enjoyed a dual boost to the value of the assets on which we derive income.

The Vantage service, the Group's direct-to-private investor platform, revealed a 22% increase in assets from £10.7 billion to £13.1 billion. The £2.46 billion increase is attributed to £0.56 billion of net new business inflows, and £1.9 billion of market gains and other positive growth factors.

The composition of assets across the whole of Vantage changed during the period. As at 30 September 2009, Vantage assets were 27% stocks and shares (30 June 2009: 25%), 59% investment funds (30 June 2009: 59%) and 14% cash (30 June 2009: 16%).

The number of active Vantage clients at 30 September 2009 increased to 284,000 compared with 276,000 as at 30 June 2009.

The value of Hargreaves Lansdown's own range of multi-manager funds and Portfolio Management Service increased by 21% to £1.7 billion as at 30 September 2009 (30 June 2009: £1.4 billion). The £0.3 billion increase to assets under management includes £62 million (Q1 2009: £33 million) of net new business within the range of multi-manager funds, in addition to the positive effect of the market.

## Operating revenue

Operating revenue by division	1st Quarter 2009/10	1st Quarter 2008/09	% Change
	Quarter ended 30 Sept 2009 £'million	Quarter ended 30 Sept 2008 £'million	
Vantage	24.3	20.1	21%
Advisory	3.6	3.5	3%
Discretionary	2.9	2.6	12%
Third Party	3.7	4.2	-12%
Stockbroking	1.2	1.0	20%
Central Services	0.4	0.6	-33%
<b>Total</b>	<b>36.1</b>	<b>32.0</b>	<b>13%</b>

Note: In addition to the above operating revenue, the Group received £0.3 million of interest on its own cash in the three month period ended 30 September 2009 compared with £0.8 million for the same period in the previous year. This is attributed to lower interest rates.

Operating revenue for the first quarter ended 30 September 2009 is £36.1 million, 13% higher than the same period last year (quarter ended 30 September 2008: £32.0 million). During the three months ended 30 September 2009, 71.5% of Group operating revenues were recurring: renewal commission, management fees or interest (3 months ended 30 September 2008: 74%).

The Vantage division revenue increased by 21% in the first quarter compared to the same period last year. Higher average asset values compensated for the reduced revenue margins achieved compared to the same period in the previous financial year. The reduction in revenue margin attributable to low interest rates has been partially offset by record levels of stockbroking volumes and commissions.

The Group still maintains income derived from third party commissions, mainly within the Third Party pension related businesses. Revenue earned on corporate pension business is the most susceptible to timing issues and has declined slightly this quarter. Revenue from the personal pensions business has also fallen, led by lower annuity sales.

Revenue from the Stockbroking division includes income from CFD's, spread betting, currency and certificated dealing services. The marginal increase in revenue in the first quarter compared to the same period in the last financial year includes income from higher volumes of certificated stockbroking deals. Across the Group, the increased stockbroking dealing activity which was experienced in the six months to 30 June 2009 has continued throughout this quarter.

The reduction in revenue from the Central Services division resulted from the low interest rate environment.

**Commenting on the Interim Management Statement, Peter Hargreaves, Chief Executive, said:**

“The rise in stock markets throughout the world has made a huge impact on the value of assets under our administration. This, together with unusually high inflows during the summer months, has produced a gratifying boost to Group income.

Although we are impacted by the decline in the margin we make on cash deposits, our primary business of gathering assets together with the rise in stock markets has more than compensated for this loss of income. Another boost to profits from October 2009 will hopefully come from the increased ISA allowances for investors aged over 50 which represent the predominance of our Vantage clients.

Whilst we are justifiably proud of the results of our first three months trading period, we are under no illusions that the level of the stock market and investor confidence will still have a significant part to play during the remainder of our financial year.”

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