Hargreaves Lansdown plc

Unaudited Preliminary Results Announcement
Year ended 30 June 2009

Embargoed: for release at 0700h, 2 September 2009

Hargreaves Lansdown plc ("Hargreaves Lansdown" or the "Company") is pleased to announce today its preliminary results for the year ended 30 June 2009.

Highlights

- Revenue increased by 10% to £132.8m (2008: £120.3m)
- Profit before tax increased by 20% to £73.1m (2008: £60.9m)
- Underlying diluted earnings per share (*) increased by 22% to 11.0p (2008: 9.0p)
- Operating profit margin has increased to 52.5% (2008: 48.0%)
- Assets under administration increased by 7% to £11.9bn (2008: £11.1bn)
- 29% increase to total dividend payout for the year to 10.101 pence per share (**) (2008: 7.809p)

(*) Based upon earnings before any exceptional administrative expenses and investment gains, and the weighted average full issued share capital

(**) This is made up of 3.065 pence interim dividend, 4.229 pence final dividend and 2.807 pence special dividend

Peter Hargreaves, Chief Executive, commented:

"The directors and staff of Hargreaves Lansdown are justly proud of these results, specifically the 20% growth in profit before tax. It is an impressive performance to improve our revenues and increase the assets within our administration after 9½ years of bear markets. We believe we have further improved our systems and our service leading to unprecedented levels of client satisfaction.

We have no illusions that we can rest on our laurels. Markets are still nervous and we expect more turbulence. We are conscious that some revenues we have enjoyed in the past will be materially reduced. However my team have identified areas which we believe can be profitable and hopefully replace these lost revenues but market conditions will still have a major part to play. Both new and existing investors are still showing a willingness to transfer to our superior client focused administrative systems and enjoy the experience of dealing with our helpful, knowledgeable staff. Many investors are seeking alternative income-producing investments to compensate for low interest rates. We still believe there are many potential new clients in the UK that we should be able to contact who have what we believe are poorly and inappropriately invested funds.

We remain confident that despite the gloomy economic backdrop we shall nevertheless continue to increase our market share."

About us:

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

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

For further information please contact:

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

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

Forward looking statements

This document contains forward-looking statements with respect to the financial condition, results and business of Hargreaves Lansdown plc. It also contains estimates of various financial data to 30 June 2009. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Hargreaves Lansdown plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

Extract from Chairman's Statement

I am pleased to report that the Group has had another successful year which is very satisfying in view of the adverse market conditions.

Profit before tax increased by 20% from £60.9 million to £73.1 million, and turnover increased by 10% from £120.3 million to £132.8 million. Our percentage of revenue which is recurring in nature (i.e. renewal commission, management fees and interest) fell slightly to 70% compared to 72% for the previous year due in part to the record volume of stockbroking deals handled during the second half of the financial year which increased the level of transactional (non-recurring) income.

Operating costs were well controlled allowing our operating profit margin to increase from 48.0% to 52.5%. Underlying diluted earnings per share have risen by 22% to 11.0 pence compared to 9.0 pence for 2008.

During the year our assets under administration increased from £11.1 billion to £11.9 billion. This includes £1.4 billion of assets under our own management.

Total assets under administration increased by 7% in comparison to a decline in the FTSE All Share index of 24%.

Dividend

The performance of the Group has allowed us to propose a final ordinary dividend of 4.229 pence per share increasing the total ordinary dividends up to 7.294 pence per share for the year. This total dividend payout equates to 65% of post tax profits.

As in previous periods we have reviewed our cash requirements going forward and are pleased to propose a special dividend of 2.807 pence per share. This equates to a further 25% of post tax profits taking the total dividend payout for the year to 10.101 pence per share. We remind shareholders that any special dividend in future years will depend upon our future cash requirements and therefore will vary.

Staff

The culture of Hargreaves Lansdown is to provide our clients with the best information, the best service and the best prices. This has borne fruit and we continue to attract new clients and retain existing clients. Everything we do would not be possible without the hard work of all our staff and I should like to pay special tribute to them. Without their efforts we would be unable to produce such a performance.

Board Changes

Since flotation, to comply with the Combined Code of Corporate Governance I have worked towards separating my Chairman's duties with my Executive responsibilities and therefore will be stepping down as Executive Chairman of the Group at the Annual General Meeting (AGM), with effect from 1 December 2009. I shall however remain on the Board as an Executive Director.

Mike Evans, who has served enthusiastically as a Non-Executive Director for the Group for the last three years, has agreed to seek election at the AGM as Non-Executive Chairman with effect from 1 December 2009. His knowledge and experience have proven invaluable to the Board. This should stand him in good stead to develop the Chairman's role.

Tracey Taylor was appointed as Group Finance Director on 24 November 2008 having previously been Group Accounting Director and a member of the Executive Committee. Tracey who has been with us for ten years has stepped seamlessly into the role justifying our policy of promoting internally.

During September 2009, Jonathan Bloomer will come to the end of his three year term as Senior Independent Non-Executive Director, and I am pleased to report that he has showed a willingness to continue in this role for a further three years and will seek re-election at the 2009 AGM.

Executive Management Team Changes

My congratulations go to Ian Hunter (Investment Marketing Director) and Nick Marson (Vantage and Broking Operations Director) on their appointments which took effect from 1 July 2009. Both Ian and Nick have been with the Group for twelve years having developed their expertise and knowledge during that time.

We recognise that not all appointments can be made internally and welcome Ian Gorham to the Group as Chief Operating Officer with effect from 1 September 2009. Ian joins us from Grant Thornton UK LLP where he was a partner and head of the firm's Financial Services Group having built this up over a period of six years. Prior to this he ran the Regulatory Practice in the South West for a major consultancy. We all look forward to working with Ian and benefiting from his knowledge of the financial services market.

Regulation

Further details of the much awaited Retail Distribution Review were issued by the Financial Services Authority in June 2009. As with all reviews there are still areas to be clarified but we are delighted that in the main it has vindicated our business model as the one the whole industry should follow. We do not feel there are any areas of the review which cause ourselves any major issues and we look forward to continuing to work with our regulators to improve the standards within our industry.

Offices

On 22 July 2009 we signed the lease for the occupation of our offices at One College Square, Bristol (Harbourside). The signing of the lease signalled the start of the fit-out works and although we have set a very tight timetable we still anticipate being in occupation by the end of January 2010.

Conclusion

Peter Hargreaves in his Chief Executive report has highlighted the performance of the Group and the outlook for the future. The Board of directors, together with the Executive Committee, has operated efficiently and with strength of purpose during the year and I would like to thank all my fellow directors for their contribution. Our trading performance demonstrates the resilience of our business model. The development of our Board, Executive Committee and subsidiary Boards illustrates the strength and depth of the management team and our desire to develop the Group as a public listed company.

Stephen Lansdown

Chairman

Extract from Chief Executive's Statement

We are pleased to present our final results for the year ended 30 June 2009.

These figures should be reviewed in the light of the economic background. Within this accounting period the UK financial system was close to breaking point, a situation which resulted in the loss of public confidence in all parts of the financial sector. Investment businesses suffer during any inclement investment climate. Similarly these conditions destroy investor confidence. The FTSE 100 Index at the financial year end, 30 June 2009, was approximately 40% lower than its peak at the beginning of the millennium 9½ years prior. A bear market not experienced since the 1930s.

The FTSE All Share Index is probably the most representative of the assets that we hold, and that index was some 24% lower at the year end than it had been at the start of our financial year. This has a seriously deleterious effect on the assets on which we derive much of our earnings. This was on the back of a decrease in the All Share Index of 16% in the previous year ended 30 June 2008. It was difficult to find anywhere where investors could have made money during the accounting period under review, other than gilts and overseas government bonds (where on the back of sterling's decline UK investors enjoyed a currency bonus too). Fortunately our clients had negligible exposure to property, which on the whole would have done worse than almost any equity investments during that period. When you judge our trading results in this light we can justly claim to be proud of our performance.

Outlook and Strategy

Twelve months ago we felt the outlook for markets was gloomy and from the current levels things don't look much better today. The only certainty is that we must be twelve months nearer the revival of markets than we were a year ago. We think investors are shell-shocked and most believe they already have enough invested to benefit if this market rally is sustained.

Our strategy will therefore be no different than it has been for most of this decade. Rather than solely asking our clients to commit new money we are continuing to encourage existing clients to transfer the remainder of their assets into Vantage (Vantage is our investment platform which holds and values clients' investments giving them a first class administration system for managing their portfolios) and to find new clients who will transfer their existing investments into Vantage. Investors can transfer their ISAs, SIPPs and investments held outside those tax wrappers.

One material loss of income will be the return we make on cash balances. This was tailing off during the financial year under review but the current financial year will bear the brunt of this loss of revenue.

A positive point is that low interest rates are also causing savers to consider other homes for their deposits which should eventually benefit us. Similarly the population has once again become a net saver. Initially this will manifest itself in paying down debt but will eventually result in investment.

The economic climate will affect all parts of our business. However as more and more investment advisory businesses cease to trade or fail to service their clients properly, we benefit as investors seek our services. We believe that this is resulting in us improving our market share. Internally the ideas flow has not subsided and our team remains enthusiastic and motivated. We should be able to capitalise on the malaise within most of our competitors. It is interesting to note that a major source of leads for new clients is the result of referrals from existing clients.

Many businesses in our sphere view the Retail Distribution Review (RDR) as a threat on the horizon. We count ourselves fortunate that we could comply with most of the provisions of the RDR immediately, and the few exceptions without much effort or cost. We are therefore positive and believe that when the confidence in the markets becomes more sustained, we are as well placed as any business in our sphere and considerably better positioned than the majority.

Summary

A significant portion of our earnings is based on the value of our clients' investments at the end of each month. On these dates in the year under review the average level of the FTSE 100 was approximately 4490. Currently the index stands at 4869 (27/08/09). Should the market remain at these levels or improve this will go some way towards offsetting our reduced return on cash deposits.

We continue to capture market share and we are well positioned for the RDR. We have been vigilant in containing recurring costs and my team are still showing the innovative flair they have exhibited over the years. We are seeing definite signs that the citizens of the UK have a more positive attitude towards saving. We are a market leader in ISAs, and the increased ISA allowance will certainly benefit the group.

The year ahead will be a challenging one but I have every confidence that the directors and staff of Hargreaves Lansdown will be more than up to that challenge.

Peter K Hargreaves

Chief Executive Officer

Extract from Financial Review

This review has been prepared to provide additional information to shareholders to assess the current position and future potential of the Group. It should not be relied on by any other party for any other purpose. This review contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from the results discussed in the forward-looking statements as a result of various economic factors or the business risks, some of which are set out in this document.

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.

Review of results

	2009	2008
	£'million	**£'million**
Revenue	**132.8**	120.3
Administrative expenses	**(63.0)**	(62.6)
Operating profit	**69.8**	57.8
Non operating income	**3.3**	3.2
Profit before taxation	**73.1**	60.9
Taxation	**(21.0)**	(18.5)
Profit after taxation	**52.1**	42.4

The economic and market downturn has affected key revenue drivers such as the value of assets under administration and income dependent on interest rates.

Notwithstanding the significant market decreases, the Group has increased revenue by £12.5 million or 10%, to £132.8 million in the year ended 30 June 2009, compared to £120.3 million for the year ended 30 June 2008. This was driven by a growth in revenue of £12.7 million within the Vantage division, together with a £1.7 million increase to revenue in the Third Party division.

The Group's operating profit increased by 21% to £69.8 million in 2009 compared to £57.8 million for 2008. The Group's operating profit margin increased from 48.0% to 52.5%. The increase resulted from 10% revenue growth, coupled with tight cost management resulting in an increase to operating costs of just 1%.

There were £3.3 million of investment revenue and other gains during the year compared to £3.2 million in the year ended 30 June 2008. The higher value in the current year is predominantly due to additional deferred consideration on the disposal of a fixed asset investment during an earlier year which resulted in net gains of £0.7 million. This additional investment gain was partly offset by a drop in investment revenues from £3.1 million in 2008 to £2.5 million in 2009, arising from interest on the Group's cash balances. Although the Group's own cash balances were maintained at higher levels than the previous year, they generated lower income due to the fall in interest rates.

The Group's reported profit before tax increased to £73.1 million, compared to £60.9 million in the previous year. The effective tax rate for the Group this year was 28.7% which has resulted in a reported profit after tax for the year of £52.1 million, compared to £42.4 million for the previous year.

Assets under administration

A key indicator of success for the Group is the extent to which it has increased its total assets under administration (AUA) during the period. This involves encouraging existing clients to entrust us with more of their savings through the provision of quality service, information and pricing, whilst also attracting new clients through our various marketing initiatives.

In 2009 the value of total assets under administration grew by 7% during the period, from £11.1 billion to £11.9 billion. This is largely made up of £10.7 billion (2008: £10.0 billion) of assets held within the Vantage service, with the remainder being assets held within the Portfolio Management Service and other nominee portfolios. The 7% (2008: 9%) growth in asset values was attributable to strong new business volumes, partially offset by significant market decline. During the 2009 financial year, the FTSE All Share index fell by 24% (2008: 16%) and has on average been 28% (2008: 1%) lower than during the previous year.

The Vantage service allows clients to hold assets in tax efficient wrappers such as an ISA or SIPP, or alternatively in a Fund and Share Account.

The highest growth in asset values during the year was evident in the SIPP, increasing by 26%. As at 30 June 2009, the value of the Vantage ISA was £4.7 billion, (30 June 2008: £5.0 billion), the Vantage SIPP was £2.9 billion (30 June 2008: £2.3 billion) and the Vantage Fund and Share Account was £3.1 billion (30 June 2008: £2.7 billion).

Assets under administration can be broken down as follows:

	At 30 June 2009	At 30 June 2008
	£'billion	£'billion
Assets Under Administration AUA		
- Vantage	**10.7**	10.0
- Other	**0.2**	0.2
AUA Total	**10.9**	10.2
Assets Under Administration and Management AUM		
- Portfolio Management Service PMS	**1.0**	0.9
- Multi-manager funds outside of PMS	**0.4**	0.4
AUM Total	**1.4**	1.4
Less: Multi-manager funds included in both AUA and AUM	**(0.4)**	(0.4)
Total Assets Under Administration	**11.9**	11.1

The £0.7 billion (2008: £0.9 billion) increase in Vantage assets from £10.0 billion to £10.7 billion can be attributed to £1.8 billion of net new business inflows (2008: £2.3 billion), other positive growth factors with a value of £0.1 billion, such as retained investment income and £1.2 billion of market decline (net of interest credited to clients on cash balances) compared to £1.5 billion of market decline in 2008.

Vantage clients increased their cash weightings during the period, peaking at around 19% of assets during November 2008 and again just prior to the end of the tax year. The composition of assets across the whole of Vantage changed during the period. As at 30 June 2009, Vantage assets were held 25% as equities (30 June 2008: 23%), 59% as funds (30 June 2008: 63%) and 16% as cash (30 June 2008: 14%).

The value of assets managed by Hargreaves Lansdown through its own range of multi-manager funds and PMS remained at £1.4 billion as at 30 June 2009. Of these assets under management, £0.4 billion were held within Vantage as at 30 June 2009 (2008: £0.4 billion). The negative impact of the market during the period is offset by £0.2 billion of net new business which predominantly relates to the Portfolio Management Service.

Revenue

Revenue by division	**Year Ended 30 June 2009 £'million**	Year Ended 30 June 2008 £'million
Vantage	**84.9**	72.2
Advisory	**13.2**	14.8
Discretionary	**10.1**	10.3
Third Party	**18.0**	16.3
Stockbroking	**4.4**	4.9
Central services	**2.2**	1.7
	132.8	120.3

The Group is currently organised into five core operating divisions, based around products and services. The directors do not believe that it is appropriate to apply segmental reporting to these divisions for the reasons set out in note 3 to the financial statements. This analysis of revenue by division has been provided as additional information to shareholders to assess the position and potential of the Group.

The **Vantage** division increased its revenues by £12.7 million, from £72.2 million to £84.9 million. This resulted from growth in assets under administration from £10.0 billion to £10.7 billion, the impact of a full year's income on assets acquired during the previous year and improved revenue margins. The overall average monthly revenue margin within Vantage increased from 74bps p.a. in 2008 to 90bps p.a. in 2009, as a result of the exceptional interest rate environment and increased proportion of client assets held as cash, and record volumes of equity dealing particularly in the second half of the year.

Increased interest returns on cash were achieved during the first half of the financial year due predominantly to the divergence between base rate and LIBOR. The increased margin has been gradually unwinding during the second half of the financial year, and this is likely to reduce further during the 2010 financial year as LIBOR continues to fall. 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 year in addition to improving the margin in the Vantage division, assisting with the retention of AUA. During the year clients cumulatively placed over £0.5 billion of cash within our various high interest cash offerings.

Revenues from the **Advisory** business decreased by £1.6 million, from £14.8 million to £13.2 million. In addition to initial and renewal commission earned on the distribution of third party investments, this division earns initial charges and annual management fees on assets introduced into the Group's Portfolio Management Service (PMS). The value of assets managed in PMS increased by 6% from £929 million to £982 million. This growth can be attributed to high inflows of £201 million, offset by market decline. The sole distribution of PMS is through the Group's team of advisors. The number of advisors decreased from 86 at the start of the year to 75 by 30 June 2009, including 10 advisors allocated to the division's telephone advice service. The proportion of PMS assets invested in Hargreaves Lansdown multi-manager funds has increased during the year following the launch of the HL Strategic Bond Fund in February 2009. As at 30 June 2009, 89% of PMS assets were invested in Hargreaves Lansdown multi-manager funds (2008: 63%).

The multi-manager funds maintained exposure to equities and corporate bonds during the year, and the volatility of these markets have had a negative effect on the assets under management. The Group's investment strategy has proved beneficial in the longer term with two of the Group's fund of funds performing above their IMA sector average since launch. Performance over the short term has picked up encouragingly and three of the funds performed above their sector average over the first half of the 2009 calendar year. Throughout most of the year the Group operated four multi-manager funds, a fifth fund, the HL Strategic Multi Manager Bond Fund, was launched in February 2009 and as such it is too soon for performance comparisons.

The **Discretionary** division earns renewal commission on underlying investments held in PMS, including the value of PMS investments in the Group's multi-manager funds. The multi-manager funds charge 1% annually on the value of funds under management, which is recognised in the Discretionary division net of the renewal commission paid to PMS and Vantage. Revenues in the discretionary division fell slightly from £10.3 million to £10.1 million. The value of Hargreaves Lansdown's multi-manager funds increased from £1.0 billion to £1.3 billion between 30 June 2008 and 30 June 2009. As at 30 June 2009, 68% of these were held within PMS, 31% were held within Vantage and the remainder were held directly.

Hargreaves Lansdown's **Third Party** business comprises those investment products which are sold by the Group but not held in Vantage or other Group nominee accounts. These include corporate pensions, personal pensions, annuities, third party investment products and venture capital trusts. The divisions handling Third Party business saw a rise in revenues overall of 10%, from £16.3 million to £18.0 million. Of the £1.7 million increase, £2.3 million can be attributed to an increase in corporate pension revenue, £1.0 million to an increase in personal pensions revenue and £1.6 million to a fall in third party investment revenues.

The £2.3 million growth in revenue within the Corporate Solutions business results from an increase in activity within existing Group Personal Pension (GPP) schemes and new schemes implemented in the year. Takeover activity within two existing GPP schemes alone accounts for a significant proportion of the increase to revenue. The division continues to focus its marketing efforts to raise awareness of the Hargreaves Lansdown Group SIPP. Over time, the management expects a transition in corporate pensions from its traditional initial commission model to a Group SIPP fund based income model. This is very much in line with the Group's focus on maximising 'quality' recurring revenues.

As expected, revenue from the Third Party Investments business continues to decline as more clients choose to transfer their investments onto the Vantage platform. Revenue has fallen significantly from £5.6 million in 2008 to £4.0 million, exacerbated by the fall in asset values as a result of the market downturn.

Strong annuity rates, successful marketing and ease of execution through our website have again resulted in strong sales in annuities which has increased revenues from the Personal Pensions business to £4.8 million (2008: £3.8 million).

The **Stockbroking** division provides broking services which include CFDs, spread betting, currency services and certificated dealing. The division experienced a decline in revenue of 10%, from £4.9 million to £4.4 million. As with the previous year, this can primarily be attributed to a higher proportion of equity trades executed through Vantage and a higher proportion of trades being placed online, attracting a lower commission rate. During 2008 clients were encouraged to transfer their shares into the Vantage nominee service and accordingly income within the stockbroking division decreased in favour of additional income within Vantage, and this effect has continued throughout 2009.

Administrative expenses

	Year Ended 30 June 2009 £'million	Year Ended 30 June 2008 £'million
Staff costs	**37.2**	36.5
Commission payable	**8.3**	10.2
Marketing costs	**6.0**	6.2
Depreciation, amortisation and financial costs	**1.9**	1.4
Other costs	**9.6**	8.3
	63.0	62.6

In response to the market downturn, the Group had an early and strong focus on delivering efficiencies and controlling costs. As a result, administrative expenses increased by just 1% from £62.6 million to £63.0 million.

The Group's largest cost remains staff costs, which represents 59% of administrative expenses (2008: 58%) and increased by 2%. The number of staff (including directors) employed at 30 June 2009 was 599, and the average number of staff during year was 607, a decrease of 8% against an average of 657 for the comparative year. The decrease in staff numbers results mainly from a reduction to the number of seasonal staff retained and through filling vacancies internally rather than by external recruitment.

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 19%, from £10.2 million to £8.3 million, in line with the fall in value of the related client assets.

Group marketing spend decreased by 3%, from £6.2 million to £6.0 million. This includes the costs of sending information to existing and potential clients, including the Group's flagship publication, the Investment Times. 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 year compared to the previous financial year. However the increase has been more than offset by an increased proportion of client marketing taking place online or via email compared to postal campaigns, and lower advertising rates, and this has contributed to an overall decrease in marketing costs. During the year 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. Accordingly, the charge for depreciation, amortisation and financial costs for the year was not significant at £1.9 million, increasing from £1.4 million in 2008. The increase is predominantly an increase in depreciation.

Other administrative costs and overheads include items such as building and utility costs, dealing costs, irrecoverable VAT, compliance costs, insurance, professional services, computer maintenance and external administration charges. These increased by 16% from £8.3 million to £9.6 million, and includes £1.4 million of professional fees relating to the Group's relocation to new offices during 2010.

Non operating income

Investment revenues increased from £3.2 million to £3.3 million. There was one investment disposal gain of £0.7 million during the year relating to an earnout on the disposal of an investment during an earlier year. This additional income was partly offset by a drop in investment revenues from £3.1 million in 2008 to £2.5 million in 2009, arising from interest on the Group's cash balances which although were maintained at higher levels than the previous year generated lower income due to the fall in interest rates

Taxation

Taxation increased from £18.5 million to £21.0 million. The higher charge can be attributed to an increase in pre-tax profits, whilst the effective tax rate has reduced to around 28.7% in line with the standard rate of taxation.

Earnings per share (EPS)

The basic diluted EPS increased from 9.0 pence to 11.1 pence. Underlying diluted EPS increased by 22%, from 9.0 pence to 11.0 pence. This is calculated as the earnings for the year, adjusted to exclude the net effect of any exceptional administration expenses and investment gains, divided by the total weighted average fully diluted number of shares, including those held by the Employee Benefit Trust (the "EBT"). As at 30 June 2009, the EBT held sufficient shares to satisfy all outstanding share options granted under the Employee Share Schemes.

Dividend

The directors are now recommending a final ordinary dividend of 4.229 pence per ordinary share and a special dividend of 2.807 pence per ordinary share, payable on 30 September 2009 to all shareholders on the register at the close of business on 11 September 2009. When added to the interim dividend of 3.065 pence per share, this brings the total dividends in respect of the year to 10.101 pence per ordinary share (2008: 7.809p).

An arrangement exists under which the Hargreaves Lansdown EBT has agreed to waive all dividends.

Cash flow and capital expenditure

Capital expenditure remained relatively low, increasing from £1.1 million to £1.6 million, the majority of which related to IT infrastructure and software.

The Group is highly cash generative with the only significant outgoing from underlying profits during the current year being the payment of a dividend.

The total cash balance of £87.4 million reported in the balance sheet includes £10.2 million of client settlement account balances. The Group's own cash balances increased from £64.5 million to £77.2 million during the year. This includes cash held within the EBT which has decreased from £10.9 million as at 30 June 2008 to £6.8 million at 30 June 2009 following the purchase of additional Hargreaves Lansdown plc shares during the year.

Net assets, capital requirement and treasury policy

Group net assets increased from £70.31 million to £84.65 million.

The Group has four subsidiary companies which are authorised and regulated by the Financial Services Authority. These firms maintain capital resources at a level which satisfies both their regulatory capital requirements as well as their working capital requirements. As at 30 June 2009, the aggregated regulatory capital requirement across the four regulated subsidiary companies was approximately £7 million compared to capital resources of approximately £41 million, which resulted in a surplus of approximately £34 million.

The Group has no borrowings and deposits its liquid funds with selected financial institutions with high credit ratings. In 2009, the Group's funds were held with no fewer than three of these institutions and up to as many as five. The Board reviews its usage of banks on a regular basis with the primary objective of ensuring the security of its assets and the secondary objective of maximising its return on them. 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.

Tracey Taylor
Group Finance Director

Consolidated Income Statement

	Note	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Revenue	2	132,845	120,332
Total operating income		132,845	120,332
Administrative expenses		(63,038)	(62,553)
Operating profit		69,807	57,779
Investment revenue	4	2,534	3,113
Other gains and losses	5	740	53
Profit before tax		73,081	60,945
Tax	6	(20,968)	(18,551)
Profit after tax		52,113	42,394
Attributable to:			
Equity shareholders of the parent Company		52,123	42,401
Minority interest		(10)	(7)
		52,113	42,394
Dividend per share (pence) **	7		
2009 Interim dividend		3.065	3.065
2008 Final dividend		2.420	-
2008 Special dividend		2.324	-
Total dividend per share		7.809	3.065
Earnings per share			
Basic earnings per share * (pence)	8	11.2	9.1
Diluted earnings per share * (pence)	8	11.1	9.0

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

** Underlying earnings per share, excluding the impact of exceptional items and investment gains, is shown in note 8.*

*** After the balance sheet date, the directors declared a final dividend of 4.229 pence per share and a special dividend of 2.807 pence per share payable on 30 September 2009 to shareholders on the register on 11 September 2009.*

These financial statements are unaudited.

Consolidated Statement of Recognised Income and Expense

	Year ended 30 June 2009	Year ended 30 June 2008
	£'000	£'000
Profit for the financial year	52,113	42,394
Decease in fair value of available-for-sale investments.	(77)	-
Net income recognised directly in equity	(77)	-
Total recognised income and expense for the financial year	52,036	42,394

Consolidated Balance Sheet

	Note	At 30 June 2009 £'000	At 30 June 2008 £'000
Non-current assets			
Goodwill		1,333	1,333
Other intangible assets		237	291
Property, plant and equipment		1,791	2,142
Deferred tax assets	11	1,826	3,353
		5,187	7,119
Current assets			
Trade and other receivables	10	75,417	76,602
Cash and cash equivalents	10	87,416	68,241
Investments	9	2,382	1,142
Current tax assets		21	25
		165,236	146,010
Total assets		170,423	153,129
Current liabilities			
Trade and other payables	12	75,992	72,108
Current tax liabilities		8,997	10,266
		84,989	82,374
Net current assets		80,247	63,636
Non-current liabilities			
Provisions		784	444
		784	444
Total liabilities		85,773	82,818
Net assets		84,650	70,311
Equity			
Share capital	13	1,897	1,897
Share premium account	14	8	8
Investment revaluation reserve	15	(77)	-
Capital redemption reserve	16	12	12
Shares held by Employee Benefit Trust reserve	17	(10,965)	(9,739)
EBT reserve	18	11,118	12,053
Share option reserve	19	7,577	6,885
Retained earnings	20	75,150	59,255
Total equity, attributable to equity shareholders of the parent Company		84,720	70,371
Minority interest		(70)	(60)
Total Equity		84,650	70,311

Statement of Cash Flows

	Note	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Net cash from operating activities, after tax	21	56,951	34,670
Investing activities			
Interest received		2,438	3,004
Dividends received from investments		96	109
Proceeds on disposal of available-for-sale investments		748	27
Purchases of property, plant and equipment		(1,007)	(950)
Purchase of intangible fixed assets		(345)	(381)
Acquisition of available-for-sale investments		(1,317)	-
Net cash from investing activities		613	1,809
Financing activities			
Purchases of own shares		(3,832)	(3,101)
Proceeds on sale of own shares		1,671	935
Dividends paid		(36,228)	(14,164)
Net cash used in financing activities		(38,389)	(16,330)
Net increase in cash and cash equivalents		19,175	20,149
Cash and cash equivalents at beginning of year		68,241	48,092
Cash and cash equivalents at end of year		87,416	68,241

Notes to the Financial Statements

1. General information

Hargreaves Lansdown plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the London Stock Exchange. The address of the registered office is Kendal House, 4 Brighton Mews, Clifton, Bristol, BS8 2NX, United Kingdom.

This Preliminary Announcement is presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

The consolidated financial statements contained in this preliminary announcement do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements are extracted from the 2009 Group financial statements which have yet to be signed and have not yet been delivered to the Registrar of Companies. The financial information included in this preliminary announcement has been computed in accordance with EU endorsed International Financial Reporting Standards (IFRS). The principal accounting policies will be set out in the Group's 2009 statutory accounts.

The comparative figures for the financial year ended 30 June 2008 are based on the statutory accounts for that year. The report of the auditors on the financial statements for the year ended 30 June 2008 which were prepared in accordance with IFRS was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The financial statements for the financial year ended 30 June 2008 have been delivered to Companies House.

2. Revenue

Revenue 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:

	Year ended 30 June 2009	**Year ended 30 June 2008**
Revenue from services:	**£'000**	**£'000**
Fees and commission income	99,578	102,277
Interest and similar income	31,142	16,710
Subscriptions and sundry charges	2,125	1,345
Total operating income	132,845	120,332

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 Segment Reporting*, the consolidated entity operates in one business segment. The principal activity of the Group is the provision of investment administration and advisory services. As the Group only operates in one business segment, no additional business segmental analysis has been shown.

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

4. Investment revenue

	Year ended 30 June 2009	Year ended 30 June 2008
	£'000	**£'000**
Interest on bank deposits	2,438	3,004
Dividends from equity investment	96	109
	2,534	3,113

5. Other gains and losses

	Year ended 30 June 2009	Year ended 30 June 2008
	£'000	**£'000**
Profit on part disposal of subsidiary undertaking	-	53
Gain on disposal of investments	740	-
	740	53

6. Tax

	Year ended 30 June 2009	Year ended 30 June 2008
	£'000	**£'000**
Current tax	21,262	18,146
Deferred tax (note 11)	(294)	405
	20,968	18,551

Corporation tax is calculated at 28% of the estimated assessable profit for the years for the year to 30 June 2009.

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

	£'000	**£'000**
Deferred tax relating to share based payments (note 19)	1,821	1,220
Current tax relief on exercise of share options (note 19)	(2,329)	(818)
	(508)	402

Factors affecting tax charge for the year

It is expected that the ongoing effective tax rate will trend to a rate approximating to the standard UK corporation tax rate (28%) in the medium term. A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price as at 30 June 2009.

Factors affecting future tax charge

Any increase or decrease to the Company's share price will impact the amount of tax deduction available in future years on the value of shares acquired by staff under share incentive schemes.

6. Tax (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 30 June 2009	Year ended 30 June 2008
	£'000	£'000
Profit before tax from continuing operations	73,081	60,945
Tax	20,463	18,030
- at the UK corporation tax rate of	28%	30%, reducing to, 28% from 1st April
Disallowed/(non-taxable) items	18	157
Effect of adjustments relating to prior years	452	323
Utilisation of rate applicable to trusts	35	78
Impact of change in tax rate	-	(5)
Dividend income not subject to tax	-	(32)
Tax expense for the year	20,968	18,551
Effective tax rate	28.7%	30.4%

7. Dividends

	Year ended 30 June 2009	Year ended 30 June 2008
Amounts recognised as distributions to equity holders in the period:	£'000	£'000
2008 Final dividend of 2.42p per share	11,224	-
2008 Final special dividend of 2.324p per share	10,779	-
Interim dividend of 3.065p (2008: 3.065p) per share	14,225	14,164

On 11 February 2009 an interim dividend of 3.065 pence per share was proposed and was paid on 27 March 2009 to shareholders on the register as at 13 March 2009.

After the balance sheet date, the directors declared a final dividend of 4.229 pence per share and a special dividend of 2.807 pence per share payable on 30 September 2009 to shareholders on the register on 11 September 2009.

Under an arrangement dated 30 June 1997 the Hargreaves Lansdown Employee Benefit Trust, which held the following number of ordinary shares in Hargreaves Lansdown plc at the date shown, has agreed to waive all dividends.

	Year ended 30 June 2009	Year ended 30 June 2008
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	9,762,032	13,818,359
Representing % of called-up share capital	2.06%	2.91%

8. 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 adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

	Year ended 30 June 2009	Year ended 30 June 2008
Earnings (all from continuing operations)	**£'000**	**£'000**
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	52,123	42,394
Other gains and losses	(740)	(53)
Tax on other gains and losses	48	-
Earnings for the purposes of underlying basic and underlying diluted earnings per share	51,431	42,341
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	469,318,665	470,980,973
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	3,077,285	6,885,487
Weighted average number of ordinary shares for the purposes of basic earnings per share	466,241,380	464,095,486
	Pence	**Pence**
Underlying basic earnings per share	11.0	9.1
Underlying diluted earnings per share	11.0	9.0

9. Investments

	At 30 June 2009	At 30 June 2008
	£'000	**£'000**
At beginning of year	1,142	1,169
Purchases	1,317	-
Net increase in the value of short term investments	(77)	-
Disposals	-	(27)
At end of year	2,382	1,142
Current asset investments	2,382	1,142

9. Investments (continued)

Current asset investments include the following:

	At 30 June 2009 £'000	At 30 June 2008 £'000
UK listed securities valued at quoted market price	1,641	401
Unlisted securities valued at cost	741	741
	2,382	1,142

£717,000 (2008: £401,000) of investments are classified as held at fair value through profit and loss and £1,665,000 (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 as shown in note 15, 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.

10. Other financial assets

Trade and other receivables

	At 30 June 2009 £'000	At 30 June 2008 £'000
Trade receivables	60,780	63,620
Other receivables	291	371
Prepayments	14,346	12,611
	75,417	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 are included in debtors. Trade receivables include £54.0 million (2008: £55.4 million) of counterparty balances.

Cash and cash equivalents

	At 30 June 2009 £'000	At 30 June 2008 £'000
Cash and cash equivalents	87,416	68,241
Comprising:		
Restricted cash - client settlement account balances	10,231	3,776
Restricted cash - balances held by EBT	6,800	10,934
Group cash and cash equivalent balances	70,385	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.

11. Deferred tax

Deferred tax assets have not been offset with deferred tax liabilities due to the expectation that the balances will reverse in different accounting years, hence the deferred tax provision is reported separately as shown below:

	At 30 June 2009 £'000	At 30 June 2008 £'000
Deferred tax asset	1,826	3,353

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting years.

	Accelerated tax depreciation £'000	Future relief on capital losses £'000	Share based payments £'000	Other deductible temporary differences £'000	Total £'000
At 1 July 2007	510	-	4,121	347	4,978
(Charge)/credit to income	(156)	-	(151)	(98)	(405)
Credit/(charge) to equity	-	-	(1,220)	-	(1,220)
At 30 June 2008	354	-	2,750	249	3,353
(Charge)/credit to income	256	98	(113)	53	294
Credit/(charge) to equity	-	-	(1,821)	-	(1,821)
At 30 June 2009	610	98	816	302	1,826

12. Other financial liabilities

Trade and other payables

	At 30 June 2009 £'000	At 30 June 2008 £'000
Current payables		
Trade payables	62,601	60,138
Social security and other taxes	3,423	3,294
Other payables	8,509	7,804
Accruals and deferred income	1,459	872
	75,992	72,108

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in creditors. Trade payables include £61.5 million (2008: £56.9 million) of counterparty balances. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

13. Share capital

	At 30 June 2009	At 30 June 2008
	£'000	£'000
Authorised:		
525,000,000 ordinary shares of 0.4p each	2,100	2,100
Issued and fully paid:		
Ordinary shares of 0.4p each	1,897	1,897
	Shares	**Shares**
Issued and fully paid:		
Number of ordinary shares of 0.4p each	474,318,625	474,318,625

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

14. Share premium account

	At 30 June 2009	At 30 June 2008
	£'000	£'000
Balance at beginning and at end of year	8	8

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

15. Investment revaluation reserve

	At 30 June 2009	At 30 June 2008
	£'000	£'000
Balance at beginning of year	-	-
Decrease in fair value of available-for-sale investments	(77)	-
Balance at end of year	(77)	-

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

16. Capital redemption reserve

	At 30 June 2009	At 30 June 2008
	£'000	£'000
Balance at beginning and at end of year	12	12

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

17. Shares held by Employee Benefit Trust reserve

	At 30 June 2009 £'000	At 30 June 2008 £'000
Balance at beginning of year	(9,739)	(7,552)
Shares acquired in the year	(3,832)	(3,101)
Shares sold in the year	2,606	914
Balance at end of year	(10,965)	(9,739)

The shares held by Employee Benefit Trust reserve represent 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.

18. EBT reserve

	At 30 June 2009 £'000	At 30 June 2008 £'000
Balance at beginning of year	12,053	12,030
Gain/(loss) on sale of shares by EBT	(935)	23
Balance at end of year	11,118	12,053

The EBT reserve represents the cumulative gain/(loss) 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.

19. Share option reserve

	At 30 June 2009 £'000	At 30 June 2008 £'000
Balance at beginning of year	6,885	7,082
Share based payments expense	184	205
Deferred tax effect of share based payments	(1,821)	(1,220)
Tax relief on exercise of share options	2,329	818
Balance at end of year	7,577	6,885

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

20. Retained earnings

	At 30 June 2009 £'000	At 30 June 2008 £'000
Balance at beginning of year	59,255	31,018
Dividends paid	(36,228)	(14,164)
Net profit for the year	52,113	42,394
Minority interest	10	7
Balance at end of year	75,150	59,255

21. Notes to the consolidated cash flow statement

	Year ended 30 June 2009	Year ended 30 June 2008
	£'000	£'000
Profit for the year after tax	52,113	42,394
Adjustments for:		
Investment revenues	(2,534)	(3,113)
Other gains and losses	(740)	(53)
Income tax expense	20,968	18,551
Depreciation of plant and equipment	1,350	1,058
Amortisation of intangible assets	399	171
Share-based payment expense	184	205
Increase/(decrease) in provisions	340	(85)
Operating cash flows before movements in working capital	72,080	59,128
Decrease/(increase) in receivables	1,185	(25,067)
Increase in payables	3,884	7,851
Cash generated by operations	77,149	41,912
Income taxes paid	(20,198)	(7,242)
Net cash from operating activities	56,951	34,670

22. Going concern

The Group maintains ongoing forecasts that indicate continued profitability in the 2010 financial year. Stress test scenarios are undertaken, the outcomes of which show that the Group has adequate capital resources for the foreseeable future even in adverse economic conditions. The Group's business is highly cash generative with a low working capital requirement; indeed, the forecast cash flows show that the Group will remain highly liquid in the forthcoming financial year. The Directors therefore believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors expectation is that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this preliminary results statement.