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 year ended 30 June 2011. 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 covers the period from 1 July 2011 to 12 October 2011, and includes trading results for the three months ended 30 September 2011.

Summary

- Q1 traditionally quietest period
- Pleasing start to the year given challenging economic and market conditions for retail investors.
- Net new business inflows of assets £0.68bn, up by 24% on Q1 2010 despite falling markets.
- Revenue £57.2m, up 27% compared to Q1 2010
- Client numbers rose by 8,000 (Q1 2010: 7,000) to 388,000.
- Value of Hargreaves Lansdown's total Assets Under Administration (AUA) £22.3 billion as at 30 September 2011, a fall of 9% from £24.6 billion as at 30 June 2011. Reduction is due to the fall in stock markets during the period (FTSE All Share index decreased 14% from 3096.72 to 2654.38).

Assets Under Administration

Total assets under administration at 30 September 2011 can be broken down as follows:

	30 Sept 2011 £'billion	30 June 2011 £'billion	30 Sept 2010 £'billion
Vantage Assets Under Administration (AUA)	**20.9**	**23.1**	**18.5**
Assets Under Management (AUM)			
Portfolio Management Service (PMS)	1.4	1.5	1.4
Multi-Manager Funds held outside of PMS	0.7	0.8	0.6
AUM Total	**2.1**	**2.3**	**2.0**
Less: Multi-manager funds (AUM) included in Vantage AUA	(0.7)	(0.8)	(0.6)
Total Assets Under Administration and Management	**22.3**	**24.6**	**19.9**
Total Net New Business Inflows	**0.68**	**3.54**	**0.55**

The first quarter of our financial year historically tends to be our quietest. July and August combined saw net new business significantly up on last year. September saw a fall year on year as market volatility and uncertainty over the macro-economic environment appeared to make investors less inclined to act. Nevertheless, overall net new Vantage business of £0.66 billion was 20% higher than the first quarter of the previous financial year when net new business inflows were £0.55 billion.

During the first quarter of our financial year the value of assets held within the Vantage service, the Group's direct-to-private investor platform, decreased by 10% from £23.1 billion at 30 June 2011 to £20.9 billion at 30 September 2011 (ISA £8.5 billion, SIPP £6.2 billion and Fund & Share £6.2 billion). This can be attributed to £0.66 billion net new business inflows and a £2.83 billion negative impact of stock market movements during the period.

Clients and activity volumes

Equity deal volumes for the first quarter totalled 378,000 representing a 42% increase on the previous year. This increase we attribute to stock market volatility, our reduced dealing tariff and improved functionality which came into effect as from 1 August 2011. Our iPhone and Android apps have been downloaded 22,500 times since launch on 1 August, with over 2% of daily deal volume currently being executed using this technology. Online equity deals were up from 83% to 87%.

The number of active Vantage clients increased by 8,000 (Q1 2010: 7,000) over the first quarter, from 380,000 as at 30 June 2011 to 388,000 as at 30 September 2011. The number of active accounts held by these clients increased from 585,000 to 597,000.

The value of assets held in Hargreaves Lansdown's Portfolio Management Service (PMS) and range of multi-manager funds, decreased by 9% from £2.3 billion as at 30 June 2011 to £2.1 billion as at 30 September 2011, again mainly due to falls in stock markets. This figure includes £0.7 billion (30 June 2011: £0.8 billion) of Hargreaves Lansdown multi-manager funds administered through Vantage.

Hargreaves Lansdown continues to add clients to its Corporate Vantage service and will continue to provide an update on progress every six months.

Operating revenue

Operating revenue by division:	**First Quarter 2011/12 £'million**	**First Quarter 2010/11 £'million**	**% Increase**
Vantage	44.1	33.5	32%
Discretionary	6.6	5.6	18%
Third Party & Other	6.4	6.1	5%
Total	**57.2**	**45.2**	**27%**

Note: In addition to the above operating revenue, the Group received £0.5 million of interest on its own cash in the three month period ended 30 September 2011 compared with £0.2 million for the same period in the previous year. This increase is due to the higher average value of cash being held combined with a higher interest rate achieved on it.

Operating revenue for the first quarter is 27% higher than the corresponding quarter last year. During the three months ended 30 September 2011, 79% of Group operating revenues were recurring: renewal income, management fees or interest (Year ended 30 June 2011: 78%).

Revenue from the Vantage division increased by 32% in the first quarter compared to the same period last year. Higher AUA compared to the same period in the previous year have been the key driver of this growth in revenue. The proportion of assets held as cash at 30 September 2011 was 11% compared to 10% at 30 June 2011. In the three month period ended 30 June 2011, the Vantage division accounted for 77% of Group revenue, consistent with the 77% for the year ended 30 June 2011.

The Discretionary division has seen an increase in revenue of 18% in the first quarter compared to the same period last year. The overall level of funds under management has decreased by 5% to £2.1 billion since 30 September 2010, with the number of clients using PMS increasing by 7% and the value of HL Multi-Manager Funds held outside of PMS increasing by 12% to £712m.

Revenue from Third Party and Other Services increased by 5% in the first quarter compared to the same period last year. This was driven by increased annuity income on personal pensions.

Financial position and Regulation

On 29 September 2011 the Group paid a final dividend and a special dividend totalling £65.6m, as announced in September's Preliminary announcement. The Group's operating activities remain highly cash generative. Throughout the whole of the quarter the Group maintained a strong cash and balance sheet position, free from debt and with a high level of surplus regulatory capital.

The key regulatory development remains the Retail Distribution Review (RDR). As the RDR progresses we continue to engage with the regulator and fine tune our strategy, and will provide a further update when we announce our interim results in February 2012.

Board and Governance

On 3 October 2011 the company was pleased to announce the appointment of Stephen Robertson and Dharmash Mistry as additional independent non-executive directors of Hargreaves Lansdown Plc.

Chief Executive's overview

Commenting on the Interim Management Statement, Ian Gorham, Chief Executive, said:

"The first quarter is traditionally our quietest period and tends to not be a strong indicator of the company's annual performance. Nevertheless, the quarter's results have been encouraging in a difficult period. Net new business, revenues and client acquisition all show a healthy increase on the same period in 2010 despite the FTSE All Share index decreasing by 14% in the period and the investing landscape being dogged by volatility and macro-economic uncertainty. By comparison, the same quarter last year saw a 12.7% increase in the same index. The fall in stock markets during the first quarter has understandably led to a decrease in the value of assets under administration.

This time last year I noted the prospect of fears of a double dip, doom and gloom, cuts, and public sector union threats. One year on and despite a temporary recovery on the markets in between, the same threats exist and indeed have now been exacerbated by the sovereign debt worries of countries in the European Union and potential slowing economic growth in other key areas of the world.

Given these challenging times for investors it is encouraging that our business inflows during the first quarter have been resilient. Our £0.68 billion in total net new business exceeds the record start to last year of £0.55 billion. The continued growth in active clients and the increased values and volumes of business they transact with us has helped to increase operating revenue. In addition, in line with our strategy of improving earnings quality, we have increased the percentage of recurring revenue to 79% in the quarter.

Future stock market levels and investor confidence will have a significant part to play during the remainder of our financial year. In September we have seen clients and potential clients may be delaying their investment decisions. Unlike many asset management companies Hargreaves Lansdown does not experience net outflows when clients change asset allocation. Where Hargreaves Lansdown clients do sell or switch investments, assets tend to remain on our Vantage platform. This endorses both our service levels and the value of our Vantage model with its benefits to clients who are able to make their investment decisions whilst retaining the convenience of their tax wrappers all in one place. Nevertheless, whilst uncertainty remains about sovereign debt and default and a possible second recession, it is increasingly likely the retail investor will feel they need more pounds in their pocket and may continue to defer new investment decisions.

The measures that our government, the European Union and other world leaders introduce, in order to reduce countries deficits and restore political stability will no doubt be a key factor in determining whether and when confidence returns to the financial markets. In the meantime we will continue to build on our investment supermarket strategy, providing clients with the breadth of assets and quality services they want at competitive prices.

Already this year we have successfully improved the functionality of our stockbroking service and lowered the dealing tariffs. This has helped to win both new clients and new business from existing clients. November will see the launch of the Junior ISA where those under the age of 18 can save £3,600 per tax year into an account with us. To date we have seen over 12,000 people registering an interest in this account. We also continue to progress our Corporate Vantage offering.

These positive results need to be seen in context, being delivered in a difficult period in stock markets. I believe that in spite of the current economic uncertainties the company remains well placed to continue to grow client numbers and assets. We remain as focused as ever on the needs of our clients while continuing to invest in long term initiatives to seize on opportunities afforded by our ever growing reputation."

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