Hargreaves Lansdown plc

Unaudited Preliminary Results Announcement
Year ended 30 June 2008

Embargoed: for release at 0700h, 27 August 2008

Hargreaves Lansdown plc ("Hargreaves Lansdown" or the "Company") is pleased to announce today its preliminary results for the year ended 30 June 2008.

Highlights

- Revenue increased by 22% to £120.3m (2007: £98.8m)
- Underlying operating profit (*) increased by 42% to £57.8m (2007: £40.7m)
- Underlying diluted earnings per share (**) increased by 41% to 9.0p (2007: 6.4p)
- Underlying operating profit margin has increased to 48% (2007: 41%)
- Assets under administration increased by 9% to £11.1bn (2007: £10.2bn)
- Proportion of recurring revenue increased to 72% (2007: 65%)
- Total dividend payout for the year of 7.809 pence per share (***)

(*) Operating profit before taxation and exceptional administrative expenses

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

(***) This is made up of 3.065 pence interim dividend, 2.42 pence final dividend and 2.324 pence special dividend

Peter Hargreaves, Chief Executive, commented:

"We are pleased to present our results for the year ended 30 June 2008, which show a 22% increase in revenue and 42% increase in underlying profit. We have increased our percentage of recurring revenues and improved our profit margin from 41% to 48%, illustrating the scaleability of the Hargreaves Lansdown business model.

We have demonstrated our resilience this year, by maintaining our inflows and increasing our assets under administration, despite a 16% decline in the FTSE ALL Share index. Our exceptional service, informative website, publications and accessible helpdesk have encouraged both new and existing clients to entrust us with their assets, whilst our continued entrepreneurial approach has enabled us to reach people in new ways and talk to them about their investments.

Over the coming months we shall focus on exploiting opportunities which still exist such as the transfer market, growth in demand for advice and discretionary services and protected rights pension monies, which will become eligible for our SIPP in October. We will also continue to suggest more appropriate investments for the billions we believe are poorly invested elsewhere.

We expect market conditions to remain challenging but our aim will be to emerge with an increased presence in the market."

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, innovative marketing, a high retention and acquisition of clients and a direct marketing model which is cost effective, scalable and affords a higher profit margin.

For further information please contact:

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

Extract from Chairman and Chief Executive's Statement

We are pleased to announce our final results for the year ended 30 June 2008. Hargreaves Lansdown is a leading provider of investment management products and services to private investors in the UK, and 2008 saw us continue to grow the business despite challenging market conditions.

Our first full financial year as a publicly quoted company has been a testing time. Our trading results must be viewed in light of the state of world stock markets and the world economy. Volatile markets bring the fear factor to the fore and investors shun stock market investment. Salient factors affecting financial markets have been numerous, such as the American sub-prime debacle, the collapse of property markets, the credit crunch, the oil price and recent falls in the Chinese and Indian stock markets, which had been billed as two of the world's most promising economies.

The bulk of our revenue is derived from the value of assets held under administration or management on behalf of clients. In volatile times one of the major stimuli to that income is the change in the value of the stock markets in which our clients invest – predominantly the UK market. The most relevant index, the FTSE All Share, decreased during the period by 16%, a fall which the bulk of our assets under administration would have suffered.

During the financial year ended 30 June 2008 the assets that we administer for clients have increased from £10.2 billion to £11.1 billion, an increase of £0.9 billion or 9%. We would be the last to be pleased about the overall figure but in light of markets this result is nothing less than remarkable. It does demonstrate our ability to grow client assets even in adverse conditions. Our ongoing service, approachability and alacrity have held us once again in good stead. The business has demonstrated innovative and entrepreneurial ability which we believe has resulted in us increasing our market share, specifically in the ISA market.

Results

The Group has had a successful year's trading, particularly in the context of less favourable market conditions. This performance is reflected in both underlying operating profit before tax (and exceptional items) which increased by 42% from £40.7 million to £57.8 million and turnover which increased by 22% from £98.8 million to £120.3 million. The percentage of revenue which is recurring in nature (i.e. renewal commission, management fees and interest) increased from 65% to 72%. Operating costs were well controlled during the year and our underlying operating profit margin increased from 41% to 48%. Underlying diluted earnings per share have risen by 41% to 9.0 pence compared with 6.4 pence for 2007.

During the year our assets under administration increased by 9% from £10.2 billion to £11.1 billion. This includes £1.4 billion of assets also under our management, an increase of 8% on the previous year. The growth in assets under administration and management has arisen as a result of strong net inflows which have more than compensated for market decline.

Dividend

We have declared a final ordinary dividend of 2.42 pence per share, taking the total ordinary dividends up to 5.485 pence per share. This total dividend payout equates to 60% of post tax profits. As we have said previously, we do not intend to accumulate cash going forwards and are therefore pleased to declare a special dividend of 2.324 pence per share. This equates to a further 25% of post tax profits. Any special dividend in future years will depend upon our future cash requirements and therefore may vary.

Outlook and Strategy

The outlook for markets remains gloomy and people are unlikely to invest when they believe stocks will decline in value. The events that unfurled during the last 18 months gave all citizens a reminder about the ills of profligacy. Many people are currently repairing their own balance sheets and we are seeing a boost in savings. Initially this money will not be invested in the stock market and investments in which Hargreaves Lansdown specialises but eventually when there is confidence we shall see investors once again putting a toe in the water. In the meantime we have ideas to help in our quest to continue gathering assets. We have demonstrated we can look after our clients well and be good custodians.

One area which arguably should be less affected by markets is our SIPP (Self Invested Personal Pension). However it is our belief that the economy will have a greater effect on clients' ability and propensity to make pension contributions, many perhaps deferring the decision until the end of the tax year, preferring to keep their cash in case of need. However, there is one opportunity on the horizon, from October; the eligibility for inclusion in SIPPs of protected rights pension monies. Elsewhere, our Corporate Solutions division has focused on building awareness of our Group SIPP offering with considerable success. This is the last main piece in the jigsaw puzzle to move away from indemnity commission and providing us with what we believe is a better long term business but at the cost of short term profit.

The depth and the extent of any recession that might occur may be fully discounted but it is possible that stock markets have further to fall. There is a silver lining to the cloud; in volatile times investors do seek to cut costs which could benefit our Vantage service, whilst others will seek more personal assistance and we have experienced more frequent requests for our Financial Practitioners division to help clients through these troubled times.

For the industry in which we trade, these may be the most difficult times faced in recent history but the quality of our offering, the high calibre of our staff and our underlying income base afford us the potential to emerge with significantly higher market share. Our regular client contact will enable us to be the first to sense the green shoots of client confidence which, if history repeats itself, will surely occur one day.

Regulation

The regulatory environment that we operate in is continuing to evolve towards a more principles based approach with primary importance placed on ensuring that investors are treated fairly. This fits perfectly with Hargreaves Lansdown's culture and business goals because fair treatment of clients is central to our success as a business. In 2007 new regulations stemming from the EU took effect as part of the EU's move towards creating a level playing field across Europe. We have implemented measures to comply with these new requirements, which in themselves have not had a significant or detrimental impact on our business model. The Financial Services Authority is continuing its work on the 'Retail Distribution Review' looking at the way the financial services sector operates. We do not believe that the FSA's preliminary thoughts on the review will have an adverse effect on our business.

Board Changes

We were delighted to welcome Jonathan Davis who joined the Board on 1st February 2008 as our third non executive director. This fulfils the commitment we made in the last financial report to bring our Board in line with best practice. Jonathan is a former senior business journalist on The Times, The Economist and The Independent, is a regular columnist in the Financial Times, is founder of Independent Investor LLP, an independent investment publishing business and is Investment Director of Agrifirma Services Ltd, an investment advisory firm. Jonathan's knowledge and experience will be of great benefit to the Board and we very much look forward to working with him.

It was with disappointment that we accepted the resignation of Adam Norris as managing director of our advisory and corporate business on 13th March 2008, to pursue other interests outside of the financial services sector. Adam had been with the Company for almost ten years and we should like to thank him for his contribution to the Group in helping to establish ourselves as a significant player in the corporate pensions market.

Offices

On 25th October 2007 we signed the agreement to lease our new premises at Harbourside in Bristol. The offices of 100,000 square feet will allow us to consolidate all our businesses under one roof and improve the dynamic of our business. Work is now well under way and we anticipate moving in to these new premises in December 2009/January 2010.

Conclusion

Our continued growth and resilient performance against the backdrop of a volatile market have been achieved thanks to the hard work of our talented people and the continued trust and support of our clients, for which we are extremely appreciative. We are constantly looking at ways to incentivise our staff and have recently improved the pension arrangements available to them by establishing a Group SIPP and relaxing the restrictions for eligibility of our group life and income protection schemes. Irrespective of what market conditions prevail, we remain committed to growing our business and providing our clients with the best service, the best prices and the best information.

Peter K Hargreaves

Chief Executive Officer

Stephen P Lansdown

Chairman

Extract from Financial Review

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

	2008 £'million	2007 £'million
Revenue	120.3	98.8
Underlying administrative expenses	(62.6)	(58.1)
Operating profit before exceptional administrative expenses	57.8	40.7
Exceptional administrative expenses	-	(29.6)
Operating profit	57.8	11.0
Non operating income – investment revenue and other gains	3.2	13.4
Profit before taxation	60.9	24.4
Taxation	(18.5)	(7.4)
Profit after taxation	42.4	17.0

The value of total assets under administration grew by 9**%** during the period, from £10.2 billion to £11.1 billion. This is largely made up of £10.0 billion (2007: £9.1 billion) of assets held within the Vantage service, with the remainder being assets held within the Portfolio Management Service and other nominee portfolios. We estimate that the £0.9 billion (2007: £3.7 billion) increase in Vantage assets from £9.1 billion to £10.0 billion can be attributed to £2.3 billion of net new business (2007: £2.1 billion of net new business plus an estimated £0.8 billion of Hargreaves Lansdown plc shares), other positive growth factors with a value of £0.1bn, such as retained investment income and £1.5 billion of market decline (net of interest credited to clients on cash balances) compared to £0.8 billion of market growth in 2007. Contributing to this market decline and following less favourable market conditions for financial stocks during the year, the price of Hargreaves Lansdown shares ended the year 29% lower, with a value of £0.6 billion on the platform compared to an opening value of £0.8 billion. The value of assets managed by Hargreaves Lansdown through its own range of multi-manager funds and PMS increased by 8**%** (2007: 86%), to £1.4 billion, compared to £1.3 billion as at 30 June 2007. Of these assets under management, £0.4 billion were held within Vantage as at 30 June 2008, compared with £0.5 billion as at 30 June 2007.

	At 30 June 2008 £'billion	At 30 June 2007 £'billion
Assets Under Administration AUA		
- Vantage	**10.0**	9.1
- Other	**0.2**	0.2
AUA Total	**10.2**	9.3
Assets Under Administration and Management AUM		
- Portfolio Management Service PMS	**0.9**	0.8
- Multi-manager funds excluding PMS	**0.4**	0.5
AUM Total	**1.4**	1.3
Less: Multi-manager funds included in both AUA and AUM	**(0.4)**	(0.5)
Total Assets Under Administration	**11.1**	10.2

Revenue increased by £21.5 million or 22%, to £120.3 million in the year ended 30 June 2008, compared to £98.8 million for the year ended 30 June 2007. This was driven by an increase in revenue of £25.9 million across the Vantage, Discretionary and Advisory divisions resulting from increased assets under administration and management and a full year's revenue on assets secured in the previous year. The 9**%** (2007: 67%) growth in asset values was attributable to strong new business volumes, offset by significant market decline. The FTSE All Share index fell by 16**%** during the year, from 3404.14 to 2855.69. In the previous year, this index had risen by 15%.

The Group's underlying operating profit (operating profit before exceptional items) increased by 42**%** to £57.8 million in 2008 compared to £40.7 million for 2007. The increase resulted from revenue growth, driven by higher asset values, which did not necessitate an equivalent rise in costs. The Group's operating margin increased from 41% to 48**%**.

The Group did not incur any exceptional administration expenses during the year. There were £29.6 million of exceptional expenses incurred in the year ended 30 June 2007. These predominantly represented the amount by which remuneration paid to certain directors of the Company and its subsidiaries exceeded the amounts which might be payable in future years following the agreement of a new remuneration policy in March 2007. The remainder related to costs incurred in relation to the flotation of the Group on the London Stock Exchange.

There were £3.2 million of investment revenue and other gains during the year compared to £13.4 million in the year ended 30 June 2007. The higher value in the prior year was predominantly due to the disposal of a number of fixed asset investments during the year which resulted in net gains of £11.9 million. This drop in investment gains was partly offset by an increase in investment revenues, arising from interest on the Group's cash balances which were maintained at higher levels that the previous year.

The Group's reported profit before tax increased to £60.9 million, compared to £24.4 million in the previous year. The effective tax rate for the Group this year was just above 30% which has resulted in a reported profit after tax for the year of £42.4 million, compared to £17.0 million for the previous year.

Revenue

Revenue by division	**Year Ended 30 June 2008 £'million**	Year Ended 30 June 2007 £'million
Vantage	**72.2**	52.1
Advisory	**14.8**	11.9
Discretionary	**10.3**	7.4
Third Party	**16.3**	19.8
Stockbroking	**4.9**	5.8
Central services	**1.7**	1.7
	120.3	98.8

The Vantage division increased its revenues by £20.1 million, from £52.1 million to £72.2 million. This resulted from growth in assets under administration from £9.1 billion to £10.0 billion. The revenue growth also reflects the impact of a full year's income on assets acquired 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 was evident in the SIPP, with an increase of 64**%** from £1.4 billion to £2.3 billion. The Fund and Share Account experienced strong net inflows which were largely offset by market decline. The less favourable market conditions this year also explain why the value of ISA assets remained unchanged at £5.0 billion at the year end, despite a good performance in attracting new assets this year.

The Advisory business increased its revenues by £2.9 million, from £11.9 million to £14.8 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 18**%** from £784 million to £929 million. This growth can be attributed to high inflows, facilitated by an expanded team of advisers, offset by market decline. As at 30 June 2008, 63% of PMS assets were invested in Hargreaves Lansdown multi-manager funds. The performance of both the multi-manager funds and PMS has been disappointing over the year ended 30 June 2008. This has been predominantly due to a structural bias to equity and fixed interest markets but also a focus on identifying stock picking specialists that often have an overweight exposure to small and mid sized companies. However, the Group's investment strategy has proved beneficial in the longer term with three of the Group's four fund of funds placed in the top half of their peer groups since launch. The sole distribution of PMS is through the Group's team of financial practitioners. The number of advisers increased from 73 at the start of the year to 86 by 30 June 2008, including 11 advisers allocated to the division's telephone advice service.

The value of Hargreaves Lansdown's multi-manager funds remained flat at £1 billion between 30 June 2007 and 30 June 2008. As at 30 June 2008, 57**%** of these were held within PMS, 41**%** were held within Vantage and the remainder were held directly. 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.

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 decline in revenues overall by 18**%**, from £19.8 million to £16.3 million. Of the £3.5 million decline, £3.0 million can be attributed to a drop in corporate pension revenue resulting from a decline in the number of new GPP schemes written on an initial commission basis. Instead, the division has shifted its focus and marketing efforts to raise awareness of the Hargreaves Lansdown Group SIPP. The revenue model is different for the Group SIPP in that there is no initial commission, with Hargreaves Lansdown earning renewal commission, management fees and interest on the assets invested in the scheme each year. This is very much in line with the Group's focus on maximising 'quality' recurring revenues. However, there are up front set-up and sales costs involved with a Group SIPP and so the schemes need to be up and running for some time before they become profitable. A number of Group SIPPs were written during the year, including one for Stagecoach. This scheme attracted extensive comment in the industry press because of its pioneering combination of a share account, ISA and SIPP to all Stagecoach employees, not just executives or senior managers. Over time, the management expects a transition in corporate pensions from its traditional initial commission model to a Group SIPP fund based income model. The decline in Third Party business was further exacerbated by an expected decline in the revenue from Third Party investments. This revenue stream is expected to decline as more clients choose to transfer their investments onto the Vantage platform. The rate of the decline will depend to some extent upon market performance, hence the significant drop of £1.0 million this year in line with what's happened in the market. Finally, the drop in revenue for corporate pensions and investments was offset by an increase in revenue of £0.6 million in the personal life and pensions division. This increase was driven by strong sales in annuities, which can be attributed to improved rates, successful marketing and ease of execution through our website. However, the increased revenue from annuities was offset to some extent by a decline in term assurance, which the division stopped marketing towards the end of 2007, following the abolition of pension term assurance.

The Stockbroking division experienced a decline in revenue of 15**%**, from £5.8 million to £4.9 million. This can primarily be attributed to a higher proportion of equity trades shifting over to Vantage and a higher proportion of trades being placed online, attracting a lower commission rate. On 1st January 2008 an additional dealing charge was added to certificated trades and in advance of this, clients were encouraged to transfer their shares into the Vantage nominee service.

Underlying administrative expenses

	Year Ended 30 June 2008 £'million	Year Ended 30 June 2007 £'million
Staff costs	**36.5**	34.5
Commission payable	**10.2**	9.3
Marketing costs	**6.2**	5.8
Depreciation, amortisation and financial costs	**1.4**	0.8
Other costs	**8.3**	7.7
	62.6	58.1

Underlying administrative expenses increased by 8%, from £58.1 million to £62.6 million. The Group's largest cost remains staff costs, which represents 58% of administrative expenses (2007: 59%). These costs increased by 6**%** in line with a 6% increase in average staff numbers.

Commission payable increased from £9.3 million to £10.2 million, a 10% rise. The majority of this represents a share of Vantage renewal commission revenue which is rebated back to clients as a cash loyalty bonus (except with respect to those funds held in the SIPP). The increase can be attributed to a higher value of assets under administration in Vantage throughout the period. The increase in renewal was 15%, offset by a decline in other commission payable driven by the termination of a contract to provide dealing services for a third party in November 2006.

The Group increased its marketing spend by 7**%**, from £5.8 million to £6.2 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. The increase can be attributed to higher correspondence costs in line with growth and greater advertising activity this year, including the insertion of promotional literature in national newspapers. These costs have been offset by an increasing proportion of marketing now taking place online.

As the majority of the Group's platform development is undertaken in-house, the capital expenditure of the business remains fairly low. The charge for depreciation, amortisation and financial costs for the year was not significant at £1.4 million, increasing from £0.8 million in 2007. Some of the increase can be attributed to the reversal of a £0.2 million provision in 2007 which was no longer required. The remainder is predominantly an increase in depreciation although bank charges, associated with processing card payments and foreign currency transactions, had also increased during the year.

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 were controlled during the period, increasing by just 8% from £7.7 million to £8.3 million. The most significant increases being an increase in compliance costs resulting from the greater size and listed status of the Group and higher IT support costs.

Non operating income

Investment revenues increased from £1.4 million to £3.1 million, as a result of higher cash balances, higher interest rates and the positive impact of our treasury management team throughout the year. There was only one minor investment disposal gain of £0.1 million during the year. In 2007 the Group disposed of the majority of its fixed asset investments, including its holdings in EMX Company Limited and the London Stock Exchange plc. This resulted in net gains in of £11.9 million.

Taxation

Taxation increased from £7.4 million to £18.5 million. The higher charge can be attributed to an increase in pre-tax profits, whilst the effective tax rate has remained at around 30%.

Minority interest

Library Information Services Limited (LIS) is a subsidiary within the Group trading as 'FundsLibrary', an online fund data repository specifically designed to meet the needs of professional data users. On 30 November 2007, the Company awarded shares in LIS, representing 15% of the share capital, to Stuart Louden (a director of the subsidiary). The Company owns the remaining 85%. The transaction resulted in a gain of £53,000.

Earnings per share (EPS)

The basic diluted EPS increased from 3.6 pence to 9.0 pence. However the directors consider the most relevant EPS calculation to be the underlying diluted earnings per share. This is calculated as the earnings for the year, adjusted to exclude the net effect of exceptional administration expenses and investment gains, divided by the total weighted average number of shares in issue, including those held by the Employee Benefit Trust (EBT). Underlying diluted EPS increased by 41**%**, from 6.4 pence to 9.0 pence. As at 30 June 2008, 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 2.42 pence per ordinary share and a special dividend of 2.324 pence per ordinary share, payable on 30 September 2008 to all shareholders on the register at the close of business on 5 September. When added to the interim dividend of 3.065 pence per share, this brings the total dividends in respect of the year to 7.809 pence per ordinary share.

An arrangement exists under which the Hargreaves Lansdown Employee Benefit Trust (the "EBT") has agreed to waive all dividends.

Capital expenditure and cash flow

Capital expenditure remained relatively low, decreasing from £1.5 million to £1.1 million, the majority of which related to IT software and hardware.

The Group was highly cash generative during the year with the only significant outgoing from underlying profits being the payment of a dividend. The Group's own cash balances increased from £32.9 million to £64.5 million during the year. The value of cash held within the EBT has dropped from £12.4 million as at 30 June 2007 to £10.9 million at 30 June 2008 following the purchase of additional Hargreaves Lansdown shares during the year.

Net assets, capital requirement and treasury policy

Group net assets increased from £44.5 million to £70.3 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 2008, the aggregated regulatory capital requirement across the four regulated subsidiary companies was approximately £7 million (2007: £9 million) compared to capital resources of approximately £32 million (2007: £27 million), which resulted in a surplus of approximately £25 million (2007: £18 million).

The Group has no borrowings and deposits its liquid funds with selected financial institutions which maintain a long term credit rating of AA- or better. In 2008, 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.

Martin Mulligan
Group Finance Director

Consolidated Income Statement

	Note	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Revenue	2	120,332	98,769
Total operating income		120,332	98,769
Administrative expenses		(62,553)	(58,098)
Exceptional administrative expenses	4	-	(29,628)
Total administrative expenses		(62,553)	(87,726)
Operating profit		57,779	11,043
Analysed as:			
Operating profit before exceptional administrative expenses		57,779	40,671
Exceptional administrative expenses	4	-	(29,628)
Operating profit		57,779	11,043
Investment revenue	5	3,113	1,430
Other gains and losses	6	53	11,917
Profit before tax		60,945	24,390
Tax	7	(18,551)	(7,435)
Profit after tax		42,394	16,955
Attributable to:			
Equity shareholders of the parent Company		42,401	16,955
Minority interest		(7)	-
		42,394	16,955
Dividend per share (pence)	8		
Interim dividend		3.06	3.00
Final dividend **		-	-
Total dividend per share		3.06	3.00
Earnings per share			
Basic earnings per share * (pence)	9	9.1	3.6
Diluted earnings per share * (pence)	9	9.0	3.6

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

** The directors consider that the underlying earnings per share figures as shown in note 9 represents a more consistent measure of underlying performance as this measure excludes the impact of exceptional items.*

*** After the balance sheet date, the directors declared a final dividend of 2.42 pence per share and a special dividend of 2.324 pence per share payable on 30 September 2008 to shareholders on the register on 5 September 2008.*

These financial statements are unaudited.

Consolidated Statement of Recognised Income and Expense

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000 (restated – see note 19)
Profit for the financial year	42,394	16,955
Increase in fair value of available-for-sale investments, net of tax	-	1,202
Gain on disposal of available-for-sale investments transferred to income statement, net of tax	-	(8,351)
Net income recognised directly in equity	-	(7,149)
Total recognised income and expense for the financial year	42,394	9,806

Consolidated Balance Sheet

	Note	At 30 June 2008 £'000	At 30 June 2007 £'000
Non-current assets			
Goodwill		1,333	1,333
Other intangible assets		291	81
Property, plant and equipment		2,142	2,249
Deferred tax assets	12	3,353	4,978
		7,119	8,641
Current assets			
Trade and other receivables	11	76,602	51,533
Cash and cash equivalents	11	68,241	48,092
Investments	10	1,142	1,169
Current tax assets		25	-
		146,010	100,794
Total assets		153,129	109,435
Current liabilities			
Trade and other payables	13	72,108	63,976
Current tax liabilities		10,266	154
		82,374	64,130
Net current assets		63,636	36,664
Non-current liabilities			
Trade and other payables	13	-	281
Provisions		444	529
		444	810
Total liabilities		82,818	64,940
Net assets		70,311	44,495
Equity			
Share capital	14	1,897	1,897
Share premium account	15	8	8
Investment revaluation reserve	16	-	-
Capital redemption reserve	17	12	12
Shares held by Employee Benefit Trust reserve	18	(9,739)	(7,552)
EBT reserve	19	12,053	12,030
Share option reserve	20	6,885	7,082
Retained earnings	21	59,255	31,018
Total equity, attributable to equity shareholders of the parent Company		70,371	44,495
Minority interest		(60)	-
Total Equity		70,311	44,495

Statement of Cash Flows

	Note	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000 (restated – see note 19)
Net cash from operating activities, after tax	22	34,659	7,741
Investing activities			
Interest received		3,004	1,228
Dividends received from investments		109	202
Proceeds on disposal of available-for-sale investments		27	14,281
Purchases of property, plant and equipment		(939)	(1,437)
Purchase of intangible fixed assets		(381)	(53)
Acquisition of investments		-	(212)
Net cash from investing activities		1,820	14,009
Financing activities			
Purchases of own shares		(3,101)	-
Proceeds on sale of own shares		935	25,645
Receipts from repayment of loan		-	250
Dividends paid		(14,164)	(13,298)
Net cash used in financing activities		(16,330)	12,597
Net increase in cash and cash equivalents		20,149	34,347
Cash and cash equivalents at beginning of year		48,092	13,745
Cash and cash equivalents at end of year		68,241	48,092

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 1985 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 240 of the Companies Act 1985. The financial statements are extracted from the 2008 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 2008 statutory accounts.

The comparative figures for the financial year ended 30 June 2007 are based on the statutory accounts for that year with the exception of a restatement to the Statement of Recognised Income and Expense which is described in note 19. The report of the auditors on the financial statements for the year ended 30 June 2007 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 2007 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 2008	Year ended 30 June 2007
Revenue from services:	**£'000**	**£'000**
Fees and commission income	102,277	87,509
Interest and similar income	16,710	8,832
Subscriptions and sundry charges	1,345	2,428
Total operating income	120,332	98,769

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 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. Exceptional items

Exceptional administrative expenses comprise:	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Additional directors' remuneration	-	27,016
Flotation costs	-	2,612
	-	29,618

Exceptional items arose in the previous financial year. These relate to significant items that fall within the activities of the Group which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Additional directors' remuneration 2007

On 5 April 2007, bonuses totalling £23.95 million (total cost £27,016,000 including national insurance) were awarded to certain executive directors of the Company and its subsidiaries.

Flotation costs 2007

Costs relating to the Company's Admission to the London Stock Exchange comprise legal and professional fees of £2,612,000.

5. Investment revenue

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Interest on bank deposits	3,004	1,228
Dividends from equity investment	109	202
	3,113	1,430

6. Other gains and losses

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Profit on part disposal of subsidiary undertaking	53	-
Gain on disposal of investments	-	11,917
	53	11,917

7. Tax

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Current tax	18,146	8,241
Deferred tax (note 12)	405	(806)
	18,551	7,435

7. Tax (continued)

Corporation tax is calculated at 30% of the estimated assessable profit for the years for the period to 31 March 2008, and at 28% for the period from 1 April to 30 June 2008

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 20)	1,220	(3,352)
Deferred tax on revaluation of the Group's available for sale investments (note 16)	-	684
Current tax relief on exercise of share options (note 20)	(818)	(2,308)
Current tax on gain on disposal of shares held by EBT (note 19)	-	1,293
	402	(3,683)

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% from 1 April 2008) 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 2008.

Factors affecting future tax charge

A number of changes to the UK tax system were announced in the 2008 Budget Statement and have been enacted in the 2008 Finance Acts.

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.

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

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Profit before tax from continuing operations	60,945	24,390
Tax	18,030	7,317
- at the UK corporation tax rate of	30%, reducing to, 28% from 1st April	30%
Disallowed/(non-taxable) items	157	(672)
Disallowed flotation costs	-	784
Effect of adjustments relating to prior years	323	110
Utilisation of rate applicable to trusts	78	2
Impact of change in tax rate	(5)	(61)
Dividend income not subject to tax	(32)	(45)
Tax expense for the year	18,551	7,435
Effective tax rate	30%	30%

8. Dividends	Year ended 30 June 2008	Year ended 30 June 2007
Amounts recognised as distributions to equity holders in the period:	**£’000**	**£’000**
Interim dividend of 3.065p (2007: 3.0p) per share	14,164	13,298

On 12 February 2008 an interim dividend of 3.065 pence per share was proposed and was paid on 26 March 2008 to shareholders on the register as at 29 February 2008.

After the balance sheet date, the directors declared a final dividend of 2.42 pence per share and a special dividend of 2.324 pence per share payable on 30 September 2008 to shareholders on the register on 5 September 2008.

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 2008	Year ended 30 June 2007
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	13,818,359	14,038,685
Representing % of called-up share capital	2.91%	2.96%

9. 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. The directors consider that the underlying earnings per share represent a more consistent measure of underlying performance.

	Year ended 30 June 2008	Year ended 30 June 2007
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	42,394	16,955
Exceptional administrative expenses	-	29,628
Other gains and losses	(53)	(11,917)
Tax on exceptional administrative expenses and other gains and losses	-	(4,539)
Earnings for the purposes of underlying basic and underlying diluted earnings per share	42,341	30,127

9. Earnings per share (continued)

Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of diluted earnings per share, being total issued share capital	470,980,973	474,318,625
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	6,885,487	9,721,460
Weighted average number of ordinary shares for the purposes of basic earnings per share	464,095,486	464,597,165

	Pence	Pence
Underlying basic earnings per share	9.1	6.5
Underlying diluted earnings per share	9.0	6.4

10. Investments

	At 30 June 2008 £'000	At 30 June 2007 £'000
At beginning of year	1,169	13,352
Revaluation surplus transfer to equity (note 16)	-	1,886
Net increase in the value of short term investments	-	212
Elimination of subsidiary on consolidation	-	-
Disposals	(27)	(14,281)
At end of year	1,142	1,169
Current asset investments	1,142	1,169

Current asset investments include the following:

	At 30 June 2008 £'000	At 30 June 2007 £'000
UK listed securities valued at quoted market price	401	428
Unlisted securities valued at cost	741	741
	1,142	1,169

£401,000 (2007: £428,000) of investments are classified as held at fair value through profit and loss and £741,000 (2007: £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 16, 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, with a fair value adjustment recognised upon disposal of the investment.

11. Other financial assets

Trade and other receivables	At 30 June 2008	At 30 June 2007
	£'000	£'000
Trade receivables	63,620	45,153
Other receivables	371	368
Prepayments	12,611	6,012
	76,602	51,533

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 £55.4 million (2007: £36.3 million) of counterparty balances.

Cash and cash equivalents	At 30 June 2008	At 30 June 2007
	£'000	£'000
Cash and cash equivalents	68,241	48,092
Comprising:		
Restricted cash - client settlement account balances	3,776	15,163
Restricted cash - balances held by EBT	10,934	12,370
Group cash and cash equivalent balances	53,531	20,559

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.

12. 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 2008	At 30 June 2007
	£'000	£'000
Deferred tax assets	3,353	4,978

12. Deferred tax (continued)

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

	Accelerated tax depreciation	Revaluation of available for sale investments	Share based payments	Other deductible temporary differences	Total
	£'000	£'000	£'000	£'000	£'000
At 1 July 2006	159	(2,882)	439	222	(2,062)
Recycled from equity to income	-	3,566	-	-	3,566
Credit to income	351	-	330	125	806
Credit / (charge) to equity	-	(684)	3,352	-	2,668
At 30 June 2007	510	-	4,121	347	4,978
Charge to income	(156)	-	(151)	(98)	(405)
Charge to equity	-	-	(1,220)	-	(1,220)
At 30 June 2008	354	-	2,750	249	3,353

13. Other financial liabilities

Trade and other payables	At 30 June 2008	At 30 June 2007
	£'000	£'000
Current payables		
Trade payables	60,138	51,423
Social security and other taxes	3,294	3,408
Other payables	7,804	7,718
Accruals and deferred income	872	1,427
	72,108	63,976
Non-current payables - Other payables	-	281

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in creditors. Trade payables include £56.9 million (2007: £50.4 million) of counterparty balances. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

14. Share capital

	At 30 June 2008	At 30 June 2007
	£'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.

15. Share premium account

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Balance at beginning of year	8	1,733
Utilisation of share premium account	-	(1,725)
Balance at end of year	8	8

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

16. Investment revaluation reserve

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Balance at beginning of year	-	7,149
Increase in fair value of available-for-sale investments	-	1,886
Deferred tax effect of increase in fair value of available-for-sale investments	-	(684)
Disposal of available-for-sale investments	-	(11,917)
Tax on disposal of available-for-sale investments	-	3,566
Balance at end of year	-	-

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

17. Capital redemption reserve

	Year ended 30 June 2008	Year ended 30 June 2007
	£'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.

18. Shares held by Employee Benefit Trust reserve	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Balance at beginning of year	(7,552)	(19,809)
Shares acquired in the year	(3,101)	-
Shares sold	914	12,257
Balance at end of year	(9,739)	(7,552)

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.

19. EBT reserve	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Balance at beginning of year	12,030	(63)
Gain/(loss) on sale of shares by EBT	23	13,386
Tax on sale of shares by EBT	-	(1,293)
Balance at end of year	12,053	12,030

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.

In 2007 the net gain on the sale of shares by the EBT (after tax) of £12,903,000 was shown in the Statement of Recognised Income and Expense and credited directly to the equity EBT reserve. Items taken directly to equity are required to be shown in the Statement of Recognised Income and Expense, however IAS1 requires that transactions in the Company's own shares should not be shown in the statement, accordingly the amount reported in 2007 has been restated. Further, we have reclassified the cash flows in respect of the sale and purchase of own shares from investing activities to financing activities as it is considered that this presentation more appropriately represents the true nature of the cash flows.

20. Share option reserve	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Balance at beginning of year	7,082	914
Share based payments expense	205	508
Deferred tax effect of share based payments	(1,220)	3,352
Tax relief on exercise of share options	818	2,308
Balance at end of year	6,885	7,082

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

21. Retained earnings

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Balance at beginning of year	31,018	27,361
Dividends paid	(14,164)	(13,298)
Net profit for the period	42,394	16,955
Minority interest	7	-
Balance at end of year	59,255	31,018

22. Notes to the consolidated cash flow statement

	Year ended 30 June 2008	Year ended 30 June 2007
	£'000	£'000
Profit for the year after tax	42,394	16,955
Adjustments for:		
Investment revenues	(3,113)	(1,430)
Other gains and losses	(53)	(11,917)
Income tax expense	18,551	7,435
Loss on disposal of tangible fixed assets	-	10
Depreciation of plant and equipment	1,047	897
Depreciation of intangible assets	171	69
Share-based payment expense	205	508
(Decrease)/increase in provisions	(85)	19
Operating cash flows before movements in working capital	59,117	12,546
Increase in receivables	(25,067)	(5,625)
Increase in payables	7,851	5,979
Cash generated by operations	41,901	12,900
Income taxes paid	(7,242)	(5,159)
Net cash from operating activities	34,659	7,741