

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 2009. Certain figures contained in this report have been subjected to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column contained in this document may not conform exactly to the total figure given for that column. Nothing in this statement should be seen as a promotion or solicitation to buy Hargreaves Lansdown Plc shares. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.

Hargreaves Lansdown Plc ('the Group') is pleased to publish today its Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency rules. This statement covers the period from 1 January 2010 to 15 April 2010, and includes trading results for the three and nine months ended 31 March 2010.

Assets Under Administration

The value of Hargreaves Lansdown's total assets under administration has grown by 12.8 per cent from £15.6 billion as at 31 December 2009 to £17.6 billion as at 31 March 2010. Total assets under administration can be broken down as follows:

	31 Mar 2010 £'billion	31 Dec 2009 £'billion	30 June 2009 £'billion	31 Mar 2009 £'billion
Vantage Assets Under Administration (AUA)¹	16.3	14.4	10.9	9.3
Assets Under Administration and Management (AUM)				
Portfolio Management Services (PMS)	1.3	1.2	1.0	0.9
Multi-Manager Funds held outside of PMS	0.6	0.5	0.4	0.3
AUM Total	1.9	1.7	1.4	1.2
Less: Multi-manager funds (AUM) included in Vantage AUA	(0.6)	(0.5)	(0.4)	(0.3)
Total Assets Under Administration	17.6	15.6	11.9	10.2

¹ Vantage AUA includes £0.1bn of assets for Dec 2009 and £0.2bn for June 2009 previously classified as 'Other AUA' (6,000 active clients)

The value of assets held within the Vantage service, the Group's direct-to-private investor platform, increased by 13.2% from £14.4 billion at 31 December 2009 to £16.3 billion at 31 March 2010. This can be attributed to £1.0 billion net new business inflows and a £0.9 billion positive impact of the market and other growth factors during the period. During the nine months to 31 March 2010, net business inflows to Vantage totalled £2.3 billion compared with £1.3 billion during the nine months to 31 March 2009.

The third quarter leading up to the tax year end on 5 April is traditionally the most important in the financial year from the perspective of gathering assets. In the full tax year ended 5 April 2010, new ISA contributions were £812 million, compared with £412 million for the tax year ended 5 April 2009. In addition, the Group continued to attract transfers of assets into its Vantage ISA service. Investments into SIPPs (including transferred business and basic rate tax relief) were £1.35 billion in the tax year ended 5 April 2010, compared with £1.09 billion in the previous tax year. There have been further inflows outside of tax shelters, namely into the Vantage Fund and Share account.

The number of active Vantage clients increased by 18,000 over the third quarter, from 300,000 as at 31 December 2009 to 318,000 as at 31 March 2010. The number of active accounts held by these clients increased from 471,000 to 497,000 and included an increase of 9,000 SIPP accounts and 12,000 ISA accounts, taking the totals to 89,000 and 279,000 respectively.

The value of assets held in Hargreaves Lansdown's Portfolio Management Service (PMS) and range of multi-manager funds, increased by 11.8% from £1.7 billion as at 31 December 2009 to £1.9 billion as at 31 March 2010. This figure includes £0.6 billion (31 December 2009: £0.5 billion) of Hargreaves Lansdown multi-manager funds administered through Vantage.

Operating revenue

Operating revenue by division	Third Quarter of Year Ending 30 June 2010 £'million	Third Quarter of Year Ending 30 June 2009 £'million	Increase	9 Months Ended 31 March 2010 £'million	9 Months Ended 31 March 2009 £'million	Increase
Vantage	28.3	22.4	26%	79.6	64.4	24%
Discretionary	5.6	4.7	19%	17.1	14.6	17%
Third Party & Other	5.4	5.7	-5%	17.2	19.4	-11%
Total	39.3	32.8	20%	113.9	98.4	16%

Note: In addition to the above operating revenue, the Group received £0.7 million of interest on its own cash in the nine month period ended 31 March 2010 compared with £2.0 million for the same period in the previous year. This reduction is predominantly attributed to lower interest rates. In the third quarter of 2009, the Group also received an additional £0.7 million of deferred consideration from a previous investment disposal.

Operating revenue for the third quarter is 20% higher than the corresponding quarter last year. Operating revenue for the nine months to 31 March 2010 is £113.9 million, 16% higher than the same period last year (31 March 2009: £98.4 million). During the nine months ended 31 March 2010, 72% of Group operating revenues were recurring: renewal commission, management fees or interest (Year ended 30 June 2009: 71%).

Revenue from the Vantage division increased by 26% in the third quarter compared to the same period last year. Higher asset values and new business inflows have been the key drivers of the increase and more than offset the impact of a lower revenue margin resulting from lower interest rates. The average revenue margin for the third quarter has been in line with the margin achieved in the first six months of the year. The proportion of assets held as cash at 31 March 2010 was 13% compared to 12% at 31 December 2009. In the nine month period ended 31 March 2010, the Vantage division accounted for 70% of Group revenue, compared to 66% for the year ended 30 June 2009.

The Discretionary division has seen an increase in revenue of 19% in the third quarter compared to the same period last year. The overall level of funds under management has increased by 58% to £1.9 billion since 31 March 2009, with the number of clients using PMS increasing by 8% and the value of HL Multi-Manager Funds held outside of PMS increasing by 66% to £589m.

Revenue from the Third Party and Other Services division fell 5% compared to the same period last year. As previously advised, revenue from third party pensions and investments is expected to continue to gradually decline as more clients chose to transfer their assets onto the Vantage platform. Revenue from the sale of annuities in the nine months ending 31 March 2010 has been consistent with the level in same period last year, with the number of annuities handled by the Group in the period rising to 5,500 cases (9 months to 31 March 2009: 5,400 cases).

Financial position

On 26 March 2010 the Group paid an interim dividend and a special dividend totalling £44.6m, as announced in February in the Interim Report. 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.

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

"The third quarter of our accounting year has historically been the most buoyant. This year there have been additional positive factors. We informed clients of our belief that stock markets would rise in the first three months of 2010; a brave call which proved accurate, as during the Group's third quarter, the FTSE All Share index increased by 5.4 per cent from 2760.8 to 2910.2. Clients deduced that interest rates were likely to remain low. We believe that this, together with the fear of higher taxes, has galvanised investors into seeking tax efficient investments. The government have on the one hand, assisted our business with the increase in the ISA allowance, whilst at the same time provided pension legislation so complicated and incomprehensible that it left investors bemused. Nevertheless we experienced our best quarter ever.

This quarter's trading has been memorable in two ways; the unprecedented volume of business and the number of new clients. This exponential growth in new clients we can only attribute to our ever growing reputation for quality of service, client care and information. The volume of business is noteworthy as was the manner in which we handled it. Our staff regularly went the extra mile and indeed worked the entire Easter holiday right up until midnight on the 5th April. They processed record numbers of applications and took record numbers of telephone calls.

The election will be the next most significant external stimulus to our business. The result and the victor's response to the deficit will have material effects on our economy, sterling and the stock market."

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