Hargreaves Lansdown plc

Unaudited Preliminary Results Announcement
Year ended 30 June 2010

Embargoed: for release at 0700h, 1 September 2010

Hargreaves Lansdown plc ("Hargreaves Lansdown" or the "Company") is pleased to announce today its preliminary results for the year ended 30 June 2010.

Highlights

- Strong organic growth
- Total net business inflows of £3.3 billion, up 65% on last year
- Total assets under administration up 47% at £17.5 billion
- Active Vantage clients increased by 48,000 to 330,000 since 30 June 2009
- Revenue increased by 20% to £159.0 million
- Adjusted profit* before tax up 22% at £90.7million
- Total dividend payment of 11.88 pence per share, up 18% on last year

	Year to 30 June 2010	Year to 30 June 2009	**Change %**
Revenue	**£159.0m**	£132.8m	**+20%**
Proportion of recurring revenue	**72%**	70%	**+2 pts.**
Adjusted profit* before tax	**£90.7m**	£74.5m	**+22%**
Profit before tax	**£86.3m**	£73.1m	**+18%**
Adjusted operating profit* margin	**56.5%**	53.6%	**+2.9 pts**
Total assets under administration	**£17.5 bn**	£11.9 bn	**+47%**
Adjusted diluted earnings per share**	**13.9p**	11.3p	**+23%**
Diluted earnings per share	**13.1p**	11.1p	**+18%**
Net business inflows	**£3.3 bn**	£2.0 bn	**+65%**

* Adjusted profit excludes one-off costs relating to the new office, as detailed in the Financial Review

** Based upon earnings before investment gains and before one-off costs relating to the new office of £4.4million (2009: £1.4 million), and the weighted average fully diluted share capital

Peter Hargreaves, Chief Executive, commented:

I am extremely pleased to report on a record year for the company, which is all the more impressive given the economic uncertainty that we have faced throughout the year. Revenue, profits and earnings per share have achieved record levels and although these measures have been helped by a rise in stock markets across the year, the more significant contribution has been from record organic growth.

48,000 new active clients have chosen our Vantage platform, taking the total number to 330,000. Net business inflows for the year were £3.3 billion, up 65% on the prior year. Such organic growth has been made possible by the ever growing reputation we have in our market place, and the continued dedication and diligence of our staff who I thank for their continued valuable contribution.

Even though we continue to face economic uncertainty, I believe that the company is extremely well placed to build on the momentum that has been generated so far. In doing so we will continue to deliver the excellent service that our clients want, which in turn will help maintain profitable growth and generate value for our shareholders.

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 focus on high levels of client satisfaction and retention 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.

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Peter Hargreaves, Chief Executive
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Forward looking statements

This document 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 document 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.

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 economic uncertainty both in the UK and indeed globally.

Profit before tax increased by 18% from £73.1 million to £86.3 million, and turnover increased by 20% from £132.8 million to £159.0 million. Our percentage of revenue which is recurring in nature (i.e. renewal income, management fees and interest) rose slightly to 72% compared to 70% for the previous year, driven by the significant increase in assets under administration which in turn has driven renewal income and management fees.

Operating costs continue to be well controlled allowing our adjusted operating profit margin to increase from 53.6% to 56.5%. Adjusted diluted earnings per share have risen by 23% to 13.9 pence compared to 11.3 pence for 2009.

During the year our assets under administration increased from £11.9 billion to £17.5 billion. This includes £1.8 billion of assets under our own management. Total assets under administration increased by 47% compared to an increase in the FTSE All-Share index of 17%.

Dividend

The performance of the Group has allowed us to propose a final ordinary dividend of 0.58 pence per share increasing the total ordinary dividends up to 8.58 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 1.70 pence per share. This equates to a further 25% of post tax profits when the special interim dividend of 1.6 pence per share is added and this takes the total dividend payout for the year to 11.88 pence per share. We remind shareholders that any special dividend in future years will depend upon our future cash requirements and therefore may vary.

Staff

Hargreaves Lansdown is in business to help clients make more of their money by providing the best information, the best service and the best prices. We have continued to attract new clients and retain existing clients. Our staff remain our most important asset and everything we do would not be possible without their hard work and commitment.

Offices

On 15 February 2010, we successfully moved into our new offices, One College Square, Bristol; the culmination of many months of hard work by a number of our staff. The new working environment is of a high quality, befitting of one of the larger employers in the city.

Board Changes

Over the course of the year there has been a lot of focus on ensuring an orderly process of senior management succession as the company enters the next stage of its development. As a result, a number of changes have now been made to the membership of the Board.

As had previously been announced, Stephen Lansdown stepped down as Chairman on 1 December 2009 and it was a great honour for me to become non-executive Chairman the same day. Having overseen the successful office move, Stephen focused on providing support and challenge to all parts of the business before taking a sabbatical in the summer months. The Board has agreed with Stephen that the most appropriate way to provide ongoing challenge and support is as a non-executive director. Therefore on 26 August 2010 he stepped down as an executive director and was appointed as a non-executive director (although due to his previous executive role we accept that we cannot deem him to be independent).

Ian Gorham joined the business in September 2009 as Chief Operating Officer. He very quickly demonstrated his capabilities and we recognised his potential to be a future leader of the business. Peter Hargreaves had indicated his desire to step down as Chief Executive at the appropriate time, but remain heavily involved in the business. Therefore on 26 August 2010, we were delighted to confirm the appointment of Ian Gorham as an executive director, a few days before taking on the position of Chief Executive.

Earlier in the year, to bring more balance to the Board, the Nominations Committee decided to appoint a further non-executive director. Rather than engage a firm of headhunters, it was decided that we would advertise the position to a subset of our clients. An initial mailing of some 8,000 clients resulted in approximately 150 high quality applications. Following the selection criteria laid down by the Nominations Committee, and after two rounds of interviews, we were delighted to appoint Chris Barling to the Board on 26 August 2010. Chris is currently CEO of Actinic, a privately owned software company. We believe Chris' extensive IT experience will bring greater breadth of skills to the Board.

These appointments mean we now have a Board of eight directors, of whom three are executives, four are non-executives, and myself as non-executive Chairman. We believe it is a strong board to support the new Chief Executive, and importantly retains the ongoing input of the two founders who remain the largest shareholders in the Company.

Peter Hargreaves and Stephen Lansdown founded this great company way back in 1981 and have personally overseen its development into a highly profitable, client oriented, public listed company. I would like to thank them both for their enormous contribution to the Company and am delighted that they will continue to provide guidance to the Company in their respective new roles.

During the year, Simon Power decided to step down as Company Secretary to focus on his role within the Finance team. I would like to thank Simon for his valued work during his time as Company Secretary. On 30 March 2010, we were delighted to appoint Judy Matthews as the new Company Secretary.

Regulation

The final details of the Retail Distribution Review should be issued by the Financial Services Authority in the autumn of this year, following a consultation paper issued in March 2010 which focused specifically on platforms such as our Vantage service. This contained some proposals that may necessitate significant change for our industry. We have sought to make our views known through this consultation process and await the final outcome with interest. We believe our business has little to fear from sensible regulatory change and indeed is well placed to take advantage of the more transparent and competitive market conditions that the RDR is intended to introduce. We will continue however to be vigilant in monitoring the impact of the new proposed regime for platforms as more details emerge. The new Coalition Government has announced changes to the Financial Services Authority and this will have an impact on how we are regulated in the future and we need to watch this carefully.

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 diligently 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 continued development of our Board, Executive Committee and subsidiary Boards illustrates the strength and depth of the management team and the robustness of our corporate governance.

Michael Evans
Chairman

Extract from Chief Executive's Statement

We are pleased to present our final results for the year ended 30 June 2010.

Turning the clock back twelve months we entered this year under review with more trepidation than for many years. The government were doing the only thing they knew; trying to spend us out of our problems. Interest rates were historically low and the recession was a constant worry. The stock market was 33% lower (FTSE All Share) than it had been at the turn of the millennium, and doom and gloom abounded.

The only glimmer of light at the end of a very long tunnel was that low interest rates were driving investors to examine other forms of income producing assets. We were also seeing increasing interest in our services and for that we would thank our existing clients who willingly extolled the virtues of our service supplementing the efforts of my excellent marketing team.

There have been two significant highlights during the year. The first has been the unprecedented amount of new business. In almost every part of the firm we have seen substantial increases in volumes. Indeed during the year we topped one million stockbroking deals.

The other area which was encouraging was the buoyancy of stock markets, which saw the FTSE All Share index rise to a high of 2989.13 in April 2010 from just 2172.08 on 1 July 2009 (the beginning of our accounting period). The level of the market is critical for our earnings.

Outlook and Strategy

It is always difficult to forecast the coming year when the time I write this statement is during the summer months which historically are always quieter. This year is no exception. There are however many things that encourage us for the coming year. First of all our new Corporate Vantage proposition is being very well received in its marketplace. This enables us to put another piece in our jigsaw puzzle ensuring that all our earnings are on a similar basis. Elsewhere we have restructured our Financial Practitioners division which means we are probably ahead of the game in preparation for the Retail Distribution Review which seems to be paralysing most of the rest of the financial services industry.

Most encouraging of all is the number of new clients who find their way to our door, or rather more precisely to our website. The increase in the UK's savings ratio is a cause for optimism. Whilst this ratio has been mainly affected by people paying down debt, eventually some of those increased savings are likely to end up with us.

A year ago I warned that the year ending June 2010 would see a substantial reduction of income as a result of the low interest rate environment. That situation has not changed but in the forthcoming year we will be comparing those earnings with a similar low potential year of earnings due to the likely continuation of low interest rates.

I could not review this year without mentioning our new office. I must applaud our IT team and all the other members of staff who worked to make the office move so painless. We are very proud of our new office. It is wonderful that once more I have the opportunity to see all the staff every day and being under one roof we have already generated new ideas as well as savings and believe there are many more that we shall establish over the year.

Summary

I suspect the problems that we can foresee at the moment are less critical than the ones we envisaged a year ago. At that time we faced a significant loss of income through lower interest rates, and the office move was in front of us. Today we are completely settled in our new home and we have found recruitment not only easier than ever before but the quality of our recruits is excellent. We also have the advantage of significantly higher assets under administration on which we earn most of our income, although as a significant portion of our earnings are based on the value of our clients' investments at the end of each month our results going forward will be affected by market performance.

My new role

I shall be stepping down as Chief Executive on 2 September 2010 and I am delighted to hand on that role to the very safe pair of hands of Ian Gorham. It is also gratifying to know that right throughout the firm every senior position is covered by at least one very able understudy.

I have enjoyed being Chief Executive of Hargreaves Lansdown over the years. The business is my life's work and the only thing I can do now is to assure both clients and investors that I have not handed on this position lightly. Ian Gorham is I believe the right man for this job. Indeed the business has changed so much that it now needs different skills, ones that Ian possesses in abundance. I must thank everyone in the firm who has worked with me over the years and helped make Hargreaves Lansdown the successful and prosperous business it is today.

I shall remain as a Director of Hargreaves Lansdown, although I will be reducing my workload to 3 to 4 days a week. My passion has always been in ensuring client literature and marketing initiatives are the best they could possibly be; therefore my focus will be on providing challenge to ensure we keep the highest possible standards in these important areas.

Peter K Hargreaves
Chief Executive

Extract from Financial Review

Review of results

	2010 £'million	2009 £'million
Revenue	**159.0**	132.8
Administrative expenses	**(69.2)**	(61.6)
One-off administrative expenses	**(4.4)**	(1.4)
Adjusted operating profit (*)	**89.8**	71.2
Operating profit	**85.4**	69.8
Non operating income	**0.9**	3.3
Profit before taxation	**86.3**	73.1
Taxation	**(25.0)**	(21.0)
Profit after taxation	**61.3**	52.1

(*) Adjusted operating profit is before investment gains and excludes one-off costs relating to the new office

It has been a record year for the Group in terms of revenue, profits, client recruitment and new business volumes. A rise in stock markets during the year has helped to increase assets under administration (AUA) and the revenue derived from them, but the more significant contribution has come from record levels of organic growth in the form of new business and new clients. At the same time the economic environment has been a difficult one and the historically low interest rates seen throughout the year have caused a significant headwind. As a result the revenue derived from client cash has been reduced by £10.6 million this year but this was more than offset by the increase to revenue from market growth and net new business. Overall, the Group has increased revenue by £26.2 million or 20%.

The Group's adjusted operating profit increased by 26% to £89.8 million in 2010 compared to £71.2 million for 2009. The Group's adjusted operating profit margin increased from 53.6% to 56.5%. The increase resulted from 20% revenue growth, coupled with tight cost management resulting in an increase to administration expenses of just 12%.

There were £0.9 million of investment revenue and other gains during the year compared to £3.3 million in the year ended 30 June 2009. The lower value in the current year is predominantly due to interest revenues received on the Group's own cash balances being £1.6 million lower as a result of the lower interest rate environment; the prior year also included an additional deferred consideration on the disposal of a fixed asset investment during an earlier year, which resulted in net gains of £0.7 million. The Group's reported profit before tax increased to £86.3 million, compared to £73.1 million in the previous year. The effective tax rate for the Group this year was 28.9% which has resulted in a reported profit after tax for the year of £61.3 million, compared to £52.1 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 2010 the value of total assets under administration grew by 47% from £11.9 billion to £17.5 billion. This is primarily made up of £16.3 billion (2009: £10.9 billion) of assets held within the Vantage service, with the remainder being assets held within the Portfolio Management Service. The 47% (2009: 7%) growth in asset values was attributable to strong new business volumes, combined with a significant market increase. During the 2010 financial year, the FTSE All-Share index rose by 17% (2009: fell by 24%) and has on average been 17% higher (2009: 28% 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 59%.

As at 30 June 2010, the value of the Vantage ISA was £6.9 billion, (30 June 2009: £4.7 billion), the Vantage SIPP was £4.6 billion (30 June 2009: £2.9 billion) and the Vantage Fund and Share Account was £4.8 billion (30 June 2009: £3.2 billion).

Assets under administration can be broken down as follows:

	At 30 June 2010	At 30 June 2009
	£'billion	£'billion
Assets Under Administration AUA		
- Vantage	**16.3**	10.9
Assets Under Administration and Management AUM		
- Portfolio Management Service PMS	**1.2**	1.0
- Multi-manager funds outside of PMS	**0.6**	0.4
AUM Total	**1.8**	1.4
Less: Multi-manager funds included in both AUA and AUM	**(0.6)**	(0.4)
Total Assets Under Administration	**17.5**	11.9

The £5.4 billion (2009: £0.7 billion) increase in Vantage assets from £10.9 billion to £16.3 billion can be attributed to £3.2 billion of net new business inflows (2009: £1.8 billion), other positive growth factors with a value of £0.2 billion (2009: £0.1 billion), such as retained investment income and £2.0 billion of stock market increase (net of interest credited to clients on cash balances) compared to £1.2 billion of market decline in 2009.

Vantage clients decreased their cash weightings during the period as worldwide stock markets began to recover and their appetite to invest in equities and funds returned. The composition of assets across the whole of Vantage changed during the period. As at 30 June 2010, Vantage assets were held 28% as equities (30 June 2009: 26%), 60% as funds (30 June 2009: 58%) and 12% as cash (30 June 2009: 16%).

The value of assets managed by Hargreaves Lansdown through its own range of multi-manager funds and PMS increased by £0.4 billion to £1.8 billion as at 30 June 2010 (2009: £1.4 billion). Of these assets under management, £0.6 billion were held within Vantage as at 30 June 2010 (2009: £0.4 billion). The growth in assets is due to a positive market growth of £0.2 billion combined with net new business of £0.2 billion.

Segmental reporting

Within the 2010 Interim results we advised that this year the Group is required to comply with the requirements of the new accounting standard IFRS 8 - Operating Segments. As a result, previously published information within the Financial Review will reflect a number of restatements when presented as comparative information in the Group's interim and full year results. The accounting standard requires the identification of those segments which are regularly reviewed by the chief operating decision maker, being the Board of executive directors, and the disclosure of profit and revenue used by the chief operating decision maker. The implementation of IFRS 8 has no effect on amounts presented on the face of the Income Statement or the Balance Sheet.

The Board monitors the business organised into three segments: Vantage, Discretionary and Third Party/Other Services. The results of these segments are published within the interim management report. In previous Financial Reviews we have provided the results of five divisions. The key differences are:

- The Securities Management account and other legacy nominee services are now reported within the Vantage business (previously within a separate Stockbroking division);
- Other stockbroking services - certificated dealing services, CFD's and currency services – are now reported within the Third Party/Other Services segment (previously within a separate Stockbroking division);
- All advisory business transacted is now reported within the segment to which the business relates, either Vantage, Discretionary or Third Party/Other Services, rather than in a separate Advisory division;
- Central Services activities, namely banking services and data services, are now reported within the Third Party/Other Services segment.

Revenue

During the 2010 financial year the predominant factor affecting profits has been the significant difference between interest rates prevailing during the year and the rates achieved during the previous financial year. This single factor has created a significant headwind on the current year's profitability in comparison to the previous year. Whilst interest rates remain low this will have a continuing effect on profitability.

Revenue by division	**Year Ended 30 June 2010 £'million**	Year Ended 30 June 2009 £'million
Vantage	**112.2**	87.5
Discretionary	**22.9**	19.3
Third Party and other services	**23.9**	26.0
	159.0	132.8

The **Vantage** division increased its revenues by £24.7 million, from £87.5 million to £112.2 million. This resulted from growth in assets under administration from £10.9 billion to £16.3 billion, the impact of a full year's income on assets acquired during the previous year offset by lower revenue margins. The overall average monthly revenue margin within Vantage decreased from 92bps p.a. in 2009 to 78bps p.a. in 2010, as a result of the lower interest rates.

In last year's annual report we highlighted how the divergence between the base rate and LIBOR had created increased interest returns on cash and how this began unwinding in the second half of last year. This unwinding continued into the 2010 financial year and has caused reduced margins on cash balances such that interest revenue of £20.5 million in 2010 was 34% down on the prior year value of £31.1 million.

The **Discretionary** division earns recurring income on underlying investments held in PMS, and on investments in the Group's multi-manager funds. Revenue in the Discretionary division increased by 19% from £19.3 million to £22.9 million. Increased renewal commissions and management fees resulting from the increase in AUA were the key drivers. The value of Hargreaves Lansdown's multi-manager funds increased from £1.3 billion to £1.7 billion between 30 June 2009 and 30 June 2010. As at 30 June 2010, 66% of these were held within PMS, 33% were held within Vantage and the remainder were held directly.

This division also earns initial charges and management fees on assets introduced into the Group's Portfolio Management Service (PMS). The value of assets managed in PMS increased by 27% from £982m to £1,249m. This growth was driven by £99m of net new business and £168m of market growth. The sole distribution of PMS is through the Group's team of advisors. The number of advisors decreased from 75 at the start of the year to 62 by 30 June 2010, including 6 advisors allocated to the division's telephone service. The proportion of PMS assets invested in Hargreaves Lansdown multi-manager funds increased from 89% to 91% during the year.

The multi-manager funds maintained exposure to equities and corporate bonds during the year and the markets had a positive effect on the assets under management. Throughout the year the Group operated five multi-manager funds and four of them have outperformed their IMA sector average during the financial year. Taking a longer time horizon of five years, all three of the funds that have been in existence that long have also outperformed their IMA sector average.

Hargreaves Lansdown's **Third Party and other services** division comprises those investment products which are distributed by the Group but not held in Vantage accounts. These include corporate pensions, personal pensions, annuities, third party investment products and venture capital trusts. In addition this division includes the stockbroking services we provide, namely certificated share dealing, CFD's, spread betting and currency service. The division as a whole saw a fall in revenues of 8%, from £26.0 million to £23.9 million. Of the £2.1 million decrease, £1.6 million can be attributed to a decrease in revenue from corporate pensions and £0.6 million to a decrease in revenue from personal pensions. Revenue from the previous year was boosted by particularly strong volumes of annuity sales and higher levels of income from the implementation of new corporate pension schemes. This combined with the fact that more clients are choosing to transfer their pension assets onto the Vantage platform has caused this decline. The transferring of assets across to the Vantage platform is a trend expected to continue. Although individual annuity sales dropped, Corporate annuity income grew by £0.3 million. Successful marketing and ease of execution through our website have helped drive this increase in completed annuities.

The division continues to focus its marketing efforts to raise awareness of the Hargreaves Lansdown Corporate Vantage service. Over time, management expects a transition in corporate pensions away from the traditional initial commission model to a Group SIPP recurring revenue based model through the Corporate Vantage service. This is very much in line with the Group's focus on maximising 'quality' recurring revenues.

Revenue from the Third Party Investments business increased by £0.5 million due to increased renewal commission on the increased asset values. This more than offset the trend of clients choosing to transfer their investments onto the Vantage platform, a trend that increases the long term quality of earnings but reduces income classified as third party.

Revenue from Other Services, which include CFDs, spread betting, currency services and certificated dealing, declined by £0.3 million due primarily to lower spread betting revenues.

Across the Group, record stockbroking volumes have been transacted in terms of equity and fund deals both of which are up year on year by 44% and 58% respectively. The revenue from these deals is primarily accounted for in the Vantage division. Currency and spread betting trades are also up year on year whilst certificated deal and CFD trades are lower.

Administrative expenses before one-off costs

	Year Ended 30 June 2010 £'million	Year Ended 30 June 2009 £'million
Staff costs	**36.0**	37.2
Commission payable	**11.8**	8.3
Marketing costs	**8.2**	6.0
Depreciation, amortisation and financial costs	**2.7**	1.9
Other costs	**10.5**	8.2
	69.2	61.6

Administrative expenses have increased by 12% from £61.6 million to £69.2 million. The above expenses exclude the one-off administrative expenses relating to the Group's relocation to its new office in February 2010.

Taken in the context of a 20% increase in revenue and a 26% increase in adjusted operating profit year on year, the 12% increase in administrative expenses shows that we have maintained a strong focus on cost control and efficiencies and also demonstrates the scalability of our business model.

The Group's largest cost remains staff costs, which represents 52% of administrative expenses (2009: 60%) and which as a percentage of administrative expenses decreased by 8%. The number of staff (including directors) employed at 30 June 2010 was 644, and the average number of staff during the year was 628, an increase of 3% against an average of 607 for the comparative year. The increase in staff numbers results mainly from an increase in the volume of business transacted during the year and was most marked in the months surrounding the tax year-end.

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 increased by 42%, from £8.3 million to £11.8 million, in line with the rise in value of the related client assets.

Group marketing spend increased by 37%, from £6.0 million to £8.2 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. 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. Whilst increasing the level of overall communication, we have maintained a focus on trying to increase the proportion of client marketing taking place online or via email, in order to minimise costs. The use of the internet is also helping to both improve service and save costs as clients opt out of receiving paper valuations and contract notes and instead receive them in electronic format through our secure website. As at 30 June 2010 33% had opted to receive such documents electronically.

The capital expenditure of the business increased significantly in the year due to the completion of the new office for business use. Accordingly, the charge for depreciation, amortisation and financial costs for the year increased from £1.9 million to £2.7 million. The increase is predominantly an increase in depreciation arising from fixtures and fittings and additional computer equipment at the new office location.

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 28% from £8.2 million to £10.5 million. Some of these costs increased due to higher business volumes, while large step increases relate to the rent and rates associated with the new office.

Non operating income

Investment revenues decreased from £3.3 million to £0.9 million. The fall was due to a £1.6m reduction from interest on the Group's cash balances due to the fall in interest rates and the fact that last year included an investment disposal gain of £0.7 million.

Taxation

Taxation increased from £21.0 million to £25.0 million. The higher charge can be attributed to an increase in pre-tax profits, whilst the effective tax rate has increased to around 28.9%, which is above the standard rate of taxation of 28% due to the disallowable costs incurred in connection with the new office.

Earnings per share (EPS)

The basic diluted EPS increased from 11.1 pence to 13.1 pence. Adjusted diluted EPS increased by 23%, from 11.3 pence to 13.9 pence. This is calculated as the earnings for the year, adjusted to exclude the net effect of investment gains and excluding one-off costs relating to the new office, 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 2010, 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 0.58 pence per ordinary share and a special dividend of 1.70 pence per ordinary share, payable on 29 September 2010 to all shareholders on the register at the close of business on 10 September 2010. When added to the ordinary interim dividend of 8.0 pence per share and the special interim dividend per share of 1.6 pence per share, this brings the total dividends in respect of the year to 11.88 pence per ordinary share (2009: 10.101p). Further information on the interim dividend is given below.

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

Cash flow and capital expenditure

Capital expenditure increased significantly from £1.6 million to £8.1 million, the majority of which related to the new office and therefore does not represent a normal ongoing level of capital expenditure.

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 £71.2 million reported in the balance sheet includes £9.7 million of client settlement account balances. The Group's own cash balances decreased from £77.2 million to £61.5 million during the year. This includes cash held within the EBT which has decreased from £6.8 million as at 30 June 2009 to £3.3 million at 30 June 2010 following the purchase of additional Hargreaves Lansdown plc shares during the year. The decrease in cash was also caused by the high dividend payments made in the year which included last year's declared final dividend of £32.7m (2009: £22.0 million) plus this year's higher than usual level of interim dividend of £44.6 million (2009: £14.2 million). Given that a large proportion of shares in the Company are held by private individuals, the Board resolved that it was appropriate to pay as much of an interim dividend as possible prior to the end of the tax year ended 5 April 2010, in advance of the 10% increase to the top rate of tax for individual taxpayers.

Net assets, capital requirement and treasury policy

Group net assets decreased from £84.6 million to £66.1 million. The decrease includes the effect of the high dividend payments made in the year

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 2010, the aggregated Pillar 1 regulatory capital requirement across the four regulated subsidiary companies was approximately £7.5 million compared to capital resources of approximately £49.3 million, which resulted in a surplus of approximately £41.8 million.

The Group has no borrowings and deposits its liquid funds with selected financial institutions with high credit ratings. In 2010, 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.

Outlook

It is important to view these 2010 results in the context of our overall growth over a number of years, rather than as a comparison to the exceptional results from the 2009 financial year. The interest rate environment contributed to a large increase in revenue in 2009, and so this year's 20% growth to revenue is all the more impressive given that interest rates have remained at a record low throughout the year. Interest rates and market volatility will continue to influence our performance in the new financial year.

Our SIPP service continues to go from strength to strength, as the pension and in particular the SIPP market continues to provide ample opportunities. The continued trend away from defined benefit to defined contribution (DC) schemes means we expect to see substantial growth in DC assets and for the Group to benefit from that as a leading SIPP provider. There may be a decline in new SIPP contributions as a result of the restriction of higher rate tax relief on pension contributions for high earners, but many of our SIPP clients are unaffected by these rules. Overall, we do not expect to see SIPP inflows reduce as a direct result of these rule changes as the main source of SIPP inflows has always been pension transfers which this year accounted for roughly two-thirds of SIPP new business. We believe that investors will continue to transfer their assets to us in order to benefit from the services and information we provide, together with the transparency, choice and control available through our platform.

We still expect the provisions of the Financial Services Authority's Retail Distribution Review (RDR) to only affect advisory business. The Financial Services Authority's current proposals state that non-advised business will be excluded from the RDR, and this represents the majority of Hargreaves Lansdown business. In respect of the Group's advisory business, we have already announced and successfully implemented a remuneration structure for advisers that is RDR compliant. Other aspects of the RDR such as increased qualifications our advisers already comply with, or are easily implemented. The Financial Services Authority is due to publish a further Consultation Paper on the regulation of Platforms in the autumn. Any new Financial Services Authority rules or changes in the market as a whole following the implementation of the RDR could impact us. However, we believe we are very well placed to accommodate any changes and maintain our competitive position.

The Board has reviewed the Group's progress and strategy. We remain focused on providing an exceptional service, and on growing the business principally through growing assets under administration. Opportunities include the increased ISA allowance, new fund launches and corporate wrap service. We will continue to invest in our systems, equipment and infrastructure, as well as maintaining high quality staff. We believe such an approach will ensure that we continue to provide an excellent service, ensure client satisfaction, help maintain existing business and attract new business and so will enhance long term value for shareholders.

During July 2010 we started providing our new corporate wrap service, 'Corporate Vantage', to the first client. The level of interest in the service and prospective pipeline of corporate clients is very encouraging and we look forward to welcoming new employers on to the Corporate Vantage platform. Although we do not anticipate any financial benefit from this new service in the coming financial year, we see the corporate market as a significant and important source of new assets and clients over the medium term.

Current trading is satisfactory, but the economic problems of the UK and the rest of the world are not behind us and we expect this to continue to influence our trading and our clients' ability to save. The company is extremely well placed to build on the momentum that has been generated so far, and our ability to innovate and remain responsive to the economic environment will assist us.

Tracey Taylor
Group Finance Director

Consolidated Income Statement

	Note	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Revenue	2	158,970	132,845
Total operating income		158,970	132,845
Administrative expenses		(73,588)	(63,038)
Operating profit		85,382	69,807
Investment revenue	4	854	2,534
Other gains and losses	5	59	740
Profit before tax		86,295	73,081
Tax	6	(25,020)	(20,968)
Profit after tax		61,275	52,113
Attributable to:			
Equity shareholders of the parent Company		61,266	52,123
Minority interest		9	(10)
		61,275	52,113
Earnings per share			
Basic earnings per share * (pence)	8	13.2	11.2
Diluted earnings per share * (pence)	8	13.1	11.1

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

** Adjusted earnings per share, excluding the impact of one-off administrative expenses relating to the new office and investment gains, are shown in note 8.*

These financial statements are unaudited.

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2010	Year ended 30 June 2009
	£'000	**£'000**
Profit for the financial year	61,275	52,113
Increase/(decrease) in fair value of available-for-sale investments.	168	(77)
Total comprehensive income for the financial year	61,443	52,036
Attributable to:-		
Equity holders of the Company	61,434	52,046
Non-controlling interest	9	(10)
	61,443	52,036

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company										
	Share capital £'000	Share premium account £'000	Investment revaluation reserve £'000	Capital redemption reserve £'000	Shares held by EBT reserve £'000	EBT reserve £'000	Share option reserve £'000	Retained earnings £'000	**Total £'000**	Non-controlling interest £'000	**Total Equity £'000**
At 1 July 2008	1,897	8	-	12	(9,739)	12,053	6,885	59,255	**70,371**	(60)	**70,311**
Profit for the period	-	-	-	-	-	-	-	52,123	**52,123**	(10)	**52,113**
Other comprehensive income:-											
Net fair value loss on available-for-sale assets	-	-	(77)	-	-	-	-	-	**(77)**	-	**(77)**
Employee Benefit Trust:-											
Shares sold in the year	-	-	-	-	2,606	-	-	-	**2,606**	-	**2,606**
Shares acquired in the year	-	-	-	-	(3,832)	-	-	-	**(3,832)**	-	**(3,832)**
EBT share sale net of tax	-	-	-	-	-	(935)	-	-	**(935)**	-	**(935)**
Employee share option scheme:-											
Share-based payments expense	-	-	-	-	-	-	184	-	**184**	-	**184**
Deferred tax effect of share-based payments	-	-	-	-	-	-	(1,821)	-	**(1,821)**	-	**(1,821)**
Tax relief on exercise of share option	-	-	-	-	-	-	2,329	-	**2,329**	-	**2,329**
Dividend paid	-	-	-	-	-	-	-	(36,228)	**(36,228)**	-	**(36,228)**
Reserves transfer	-	-	-	-	-	-	(7,577)	7,577	**-**	-	**-**
At 1 July 2009	1,897	8	(77)	12	(10,965)	11,118	-	82,727	**84,720**	(70)	**84,650**
Profit for the period	-	-	-	-	-	-	-	61,266	**61,266**	9	**61,275**
Other comprehensive income:-											
Net fair value gains on available-for-sale assets	-	-	168	-	-	-	-	-	**168**	-	**168**
Employee Benefit Trust:-											
Shares sold in the year	-	-	-	-	50	-	-	-	**50**	-	**50**
Shares acquired in the year	-	-	-	-	(3,590)	-	-	-	**(3,590)**	-	**(3,590)**
EBT share sale net of tax	-	-	-	-	-	(952)	-	-	**(952)**	-	**(952)**
Employee share option scheme:-											
Share-based payments expense	-	-	-	-	-	-	-	608	**608**	-	**608**
Deferred tax effect of share-based payments	-	-	-	-	-	-	-	1,104	**1,104**	-	**1,104**
Dividend paid	-	-	-	-	-	-	-	(77,260)	**(77,260)**	-	**(77,260)**
At 30 June 2010	1,897	8	91	12	(14,505)	10,166	-	68,445	**66,114**	(61)	**66,053**

The share premium account represents the difference between the issue price and the nominal value of shares issued.

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

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

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 option schemes.

The EBT reserve represents the cumulative gain 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.

The share option reserve represented the effect of share based payments and associated tax. From 31 December 2009 this has been shown within retained earnings rather than as a separate reserve.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. The non-controlling interest represents a 15% shareholding in Library Information Services Limited, a subsidiary of the Company.

Consolidated Balance Sheet

	Note	At 30 June 2010 £'000	At 30 June 2009 £'000
Non-current assets			
Goodwill		1,333	1,333
Other intangible assets		211	237
Property, plant and equipment		7,445	1,791
Deferred tax assets	11	2,941	1,826
		11,930	5,187
Current assets			
Trade and other receivables	10	104,174	75,417
Cash and cash equivalents	10	71,245	87,416
Investments	9	2,322	2,382
Current tax assets		33	21
		177,774	165,236
Total assets		189,704	170,423
Current liabilities			
Trade and other payables	12	108,692	75,992
Current tax liabilities		14,061	8,997
		122,753	84,989
Net current assets		55,021	80,247
Non-current liabilities			
Provisions		898	784
		898	784
Total liabilities		123,651	85,773
Net assets		66,053	84,650
Equity			
Share capital	13	1,897	1,897
Share premium account		8	8
Investment revaluation reserve		91	(77)
Capital redemption reserve		12	12
Shares held by Employee Benefit Trust reserve		(14,505)	(10,965)
EBT reserve		10,166	11,118
Share option reserve		-	7,577
Retained earnings		68,445	75,150
Total equity, attributable to equity shareholders of the parent Company		66,114	84,720
Minority interest		(61)	(70)
Total Equity		66,053	84,650

Statement of Cash Flows

	Note	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Net cash from operating activities, after tax	14	71,530	56,951
Investing activities			
Interest received		804	2,438
Dividends received from investments		50	96
Proceeds on disposal of available-for-sale investments		228	748
Proceeds on disposal of plant and equipment		102	-
Purchases of property, plant and equipment		(7,834)	(1,007)
Purchase of intangible fixed assets		(263)	(345)
Acquisition of available-for-sale investments		-	(1,317)
Net cash from investing activities		(6,913)	613
Financing activities			
Purchases of own shares		(3,590)	(3,832)
Proceeds on sale of own shares		62	1,671
Dividends paid		(77,260)	(36,228)
Net cash used in financing activities		(80,788)	(38,389)
Net (decrease)/increase in cash and cash equivalents		(16,171)	19,175
Cash and cash equivalents at beginning of year		87,416	68,241
Cash and cash equivalents at end of year		71,245	87,416

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 One College Square South, Anchor Road, Bristol, BS1 5HL, 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 2010 Group financial statements which have yet to be signed and have not yet been delivered to the Registrar of Companies. The audit of the statutory accounts for the year ended 30 June 2010 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company annual general meeting. The financial information included in this preliminary announcement has been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS). The principal accounting policies will be set out in the Group's 2010 statutory accounts.

The comparative figures for the financial year ended 30 June 2009 are based on the statutory accounts for that year. The report of the auditors on the financial statements for the year ended 30 June 2009, which were prepared in accordance with IFRS, was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006. The financial statements for the financial year ended 30 June 2009 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 2010	Year ended 30 June 2009
Revenue from services:	**£'000**	**£'000**
Fees and commission income	135,738	99,578
Interest and similar income	20,521	31,142
Subscriptions and sundry charges	2,711	2,125
Total operating income	158,970	132,845

3. Segment information

In 2009, the Group adopted IFRS 8 "Operating Segments". The impact of this accounting standard is purely presentational.

At 30 June 2010, the Group is organised into three business segments, namely the Vantage Division, the Discretionary Division and the Third Party/Other Services Division. This is based upon the Group's internal organisation and management structure and is the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. The CODM has been identified as the Board of Executive Directors.

The 'Vantage' division represents all activities relating to the Vantage service, our direct to private investor platform.

The 'Discretionary' division is focused on the provision of managed services such as our Portfolio Management Service (PMS) and range of Multi-Manager funds.

The 'Third Party/Other Services' division includes activities relating to the broking of third party investments and pensions, certificated share dealing and other niche services such as currency, CFD's and spread betting. In this division, clients' investments are not administered within the Group.

The 'Group' segment contains items that are shared by the Group as a whole and cannot be reasonably allocated to other operating segments.

Segment expenses are those that are directly attributable to a segment together with the relevant portion of other expenses that can reasonably be allocated to the segment. Gains or losses on the disposal of available-for-sale investments, investment income, interest payable and tax are not allocated by segment.

3. Segment information (continued)

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items. Corporate assets and liabilities are not included in business segments and are thus unallocated. At 30 June 2010 and 2009, these comprise cash and cash equivalents, short term investments, tax-related and other assets or liabilities.

Consolidation adjustments relate to the elimination of inter-segment revenues, balances and investments in group subsidiaries required on consolidation.

	Vantage	Discretionary	Third Party/ Other Services	Group	Consolidation Adjustment	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 30 June 2010						
Revenue from external customers	112,189	22,901	23,879	1	-	158,970
Inter-segment revenue	-	2,560	-	-	(2,560)	-
Total segment revenue	112,189	25,461	23,879	1	(2,560)	158,970
Depreciation and amortisation	1,618	321	468	20	-	2,427
Investment revenue	-	-	-	854	-	854
Other gains and losses	-	-	-	59	-	59
Reportable segment profit before tax	61,744	13,248	10,711	592	-	86,295
Reportable segment assets	87,968	6,853	10,906	87,687	(3,710)	189,704
Reportable segment liabilities	(80,699)	(3,686)	(9,916)	(30,908)	1,558	(123,651)
Net segment assets	7,269	3,167	990	56,779	(2,152)	66,053
Year ended 30 June 2009						
Revenue from external customers	87,529	19,288	26,026	2	-	132,845
Inter-segment revenue	-	1,827	-	-	(1,827)	-
Total segment revenue	87,529	21,115	26,026	2	(1,827)	132,845
Depreciation and amortisation	635	279	686	149	-	1,749
Investment revenue	-	-	-	2,534	-	2,534
Other gains and losses	-	-	-	740	-	740
Reportable segment profit before tax	51,015	8,340	10,852	2,874	-	73,081
Reportable segment assets	61,406	6,678	9,533	97,456	(4,650)	170,423
Reportable segment liabilities	(51,050)	(4,949)	(12,446)	(19,826)	2,498	(85,773)
Net segment assets	10,356	1,729	(2,913)	77,630	(2,152)	84,650

Information about products/services

The group's operating segments are business units that provide different products and services. The breakdown of revenue from external customers for each type of service is therefore the same as the segmental analysis above.

Information about geographical area

All business activities are located within the UK.

Information about major customers

The group does not rely on any individual customer.

4. Investment revenue

	Year ended 30 June 2010	Year ended 30 June 2009
	£'000	**£'000**
Interest on bank deposits	804	2,438
Dividends from equity investment	50	96
	854	2,534

5. Other gains and losses

	Year ended 30 June 2010	Year ended 30 June 2009
	£'000	**£'000**
Gain on disposal of non-current assets	59	-
Gain on disposal of investments	-	740
	59	740

6. Tax

	Year ended 30 June 2010	Year ended 30 June 2009
	£'000	**£'000**
Current tax	25,031	21,262
Deferred tax (note 11)	(11)	(294)
	25,020	20,968

Corporation tax is calculated at 28% of the estimated assessable profit for the year to 30 June 2010.

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	(1,104)	1,821
Current tax relief on exercise of share options	-	(2,329)
Current tax on gain on disposal of shares held by EBT	(965)	-
	(2,069)	(508)

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. The Finance (No 2) Act received Royal Assent on 27 July 2010 reduces the standard UK corporation tax rate to 27% (from 28%) on 1 April 2011. Deferred tax has been recognised at 28%, being the rate in force at balance sheet date. 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 2010.

6. Tax (continued)

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.

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

	Year ended 30 June 2010	Year ended 30 June 2009
	£'000	£'000
Profit before tax from continuing operations	86,295	73,081
Tax	24,162	20,463
- at the UK corporation tax rate of	28%	28%
Disallowed/(non-taxable) items	844	18
Effect of adjustments relating to prior years	(7)	452
Utilisation of rate applicable to trusts	21	35
Tax expense for the year	25,020	20,968
Effective tax rate	28.9%	28.7%

7. Dividends

	Year ended 30 June 2010	Year ended 30 June 2009
Amounts recognised as distributions to equity holders in the period:	£'000	£'000
2009 Final dividend of 4.229p (2008: 2.42p) per share	19,640	11,224
2009 Final special dividend of 2.807p (2008: 2.234p) per share	13,036	10,779
Interim dividend of 8.0p (2009: 3.065p) per share	37,154	14,225
Interim special dividend of 1.6p (2009: nil) per share	7,431	-

On 10 February 2010 an interim dividend of 8.0 pence per share and an interim special dividend of 1.6 pence per share were proposed and were paid on 26 March 2010 to shareholders on the register as at 12 March 2010.

After the balance sheet date, the directors declared a final dividend of 0.58 pence per share and a special dividend of 1.70 pence per share payable on 29 September 2010 to shareholders on the register on 10 September 2010.

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 2010	Year ended 30 June 2009
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	10,693,671	9,762,032
Representing % of called-up share capital	2.25%	2.06%

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.

Adjusted basic earnings per share and adjusted 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 investment gains and before one-off costs relating to the new office. The directors consider that the adjusted earnings per share represent a more consistent measure of underlying performance.

	Year ended 30 June 2010	Year ended 30 June 2009
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 company	61,266	52,123
Other gains and losses	(59)	(740)
Tax on other gains and losses	-	48
One-off costs relating to the new office	4,429	1,459
Tax on one-off costs relating to the new office	(720)	-
Earnings for the purposes of adjusted basic and adjusted diluted earnings per share	64,916	52,890
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	468,417,838	469,318,665
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	3,944,947	3,077,285
Weighted average number of ordinary shares for the purposes of basic earnings per share	464,472,891	466,241,380
	Pence	**Pence**
Basic earnings per share	13.2	11.2
Diluted earnings per share	13.1	11.1
Adjusted basic earnings per share	14.0	11.3
Adjusted diluted earnings per share	13.9	11.3

9. Investments

	At 30 June 2010	At 30 June 2009
	£'000	**£'000**
At beginning of year	2,382	1,142
(Sales)/purchases	(228)	1,317
Net increase/(decrease) in the value of available for sale investments	168	(77)
At end of year	2,322	2,382
Current asset investments	2,322	2,382

9. Investments (continued)

Current asset investments include the following:	At 30 June 2010	At 30 June 2009
	£'000	£'000
UK listed securities valued at quoted market price	1,581	1,641
Unlisted securities valued at cost	741	741
	2,322	2,382

£471,000 (2009: £717,000) of investments are classified as held at fair value through profit and loss and £1,851,000 (2009: £1,665,000) 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 the Consolidated Statement of Changes in Equity on page 12, 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 2010	At 30 June 2009
	£'000	£'000
Trade receivables	91,306	60,780
Other receivables	344	291
Prepayments	12,524	14,346
	104,174	75,417

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 £80.3 million (2009: £54.0 million) of counterparty balances.

Cash and cash equivalents	At 30 June 2010	At 30 June 2009
	£'000	£'000
Cash and cash equivalents	71,245	87,416
Comprising:		
Restricted cash - client settlement account balances	9,729	10,231
Restricted cash - balances held by EBT	3,289	6,800
Group cash and cash equivalent balances	58,227	70,385

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.

At 30 June 2010 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Services Authority amounted to £2,071 million (2009: £1,785 million). The client retains the beneficial interest in these deposits and accordingly they are not included in the balance sheet of the Group.

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 2010	At 30 June 2009
	£'000	**£'000**
Deferred tax asset	2,941	1,826

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

	Accelerated tax depreciation	Future relief on capital losses	Share based payments	Other deductible temporary differences	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 July 2008	354	-	2,750	249	3,353
(Charge)/credit to income	256	98	(113)	53	294
Charge to equity	-	-	(1,821)	-	(1,821)
At 30 June 2009	610	98	816	302	1,826
(Charge)/credit to income	(404)	(98)	55	458	11
(Charge)/credit to equity	-	-	1,104	-	1,104
At 30 June 2010	206	-	1,975	760	2,941

12. Other financial liabilities

Trade and other payables	At 30 June 2010	At 30 June 2009
	£'000	**£'000**
Current payables		
Trade payables	91,555	62,601
Social security and other taxes	3,233	3,423
Other payables	5,125	8,509
Accruals and deferred income	8,779	1,459
	108,692	75,992

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in creditors. Trade payables include £88.7 million (2009: £61.5 million) of counterparty balances. Accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

13. Share capital

	At 30 June 2010	At 30 June 2009
	£'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. Note to the consolidated cash flow statement

	Year ended 30 June 2010	Year ended 30 June 2009
	£'000	£'000
Profit for the year after tax	61,275	52,113
Adjustments for:		
Investment revenues	(854)	(2,534)
Other gains and losses	(59)	(740)
Income tax expense	25,020	20,968
Depreciation of plant and equipment	2,138	1,350
Amortisation of intangible assets	289	399
Share-based payment expense	608	184
Increase in provisions	114	340
Operating cash flows before movements in working capital	88,531	72,080
Decrease/(increase) in receivables	(28,757)	1,185
Increase in payables	32,700	3,884
Cash generated by operations	92,474	77,149
Income taxes paid	(20,944)	(20,198)
Net cash from operating activities	71,530	56,951

15. Going concern

The Group maintains ongoing forecasts that indicate continued profitability in the 2011 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.