



DKN Financial Group Limited
ABN 75 008 112 150

ASX Announcement and Media Release - 17 August 2010

FULL YEAR RESULTS TO 30 JUNE 2010

DKN SET FOR GROWTH OPPORTUNITIES

DKN Financial Group Limited (DKN), a leading financial services solutions provider to wealth management practices, performed strongly in FY2010 with an underlying profit increase of 23.4% driven by solid platform net flows and growth in the number of associate practices supporting the Group's services.

Announcing the full year results today, DKN recorded an underlying net profit after tax of \$7.64 m for the 12 months to 30 June 2010 and funds under administration (FUA) growth of 9% on the previous corresponding period to reach \$7.43 bn at year end.

Earnings per share for the full year were 5.1 cents compared with (8.28) cents for FY2009. Due to the strong performance of DKN despite volatile market conditions, a final unfranked dividend of 2.5 cents per ordinary share is expected to be declared shortly.

Commenting on the operating environment, DKN CEO Phil Butterworth said the industry was affected by headwinds on two fronts:

- market volatility and ongoing lack of investor confidence impacting on new business; and
- a changing regulatory environment.

"DKN supports the need for reform which provides significant opportunities for the industry to improve its levels of professionalism and transparency around fees. The DKN model is well positioned to support our associated practices in becoming "reform ready" and we see the pending change as a great opportunity for accelerated growth of our Group."

Underlying Profit Reconciliation

	FY June 10	FY June 09	09/10 Change
Statutory profit (NPAT)(\$m)	7.20	(11.54)	-
Impairment charges (\$m)	0.44	17.74	-
Underlying profit (\$m)	7.64	6.19	23.4%

Full Year Financial Overview

	FY June 10	FY June 09	09/10 Change
Funds Under Administration (FUA)(\$bn)	7.43	6.83	8.8%
Revenue (\$m)	26.47	24.14	9.6%
Operating Costs (\$m)	15.73	15.32	2.6%
Underlying Profit Post Tax (\$m)	7.64	6.19	23.4%

OVERVIEW

Profitable

- Underlying net profit of \$7.64 m up 23.4% on pcp
- Net non-cash impairment of \$0.44m resulting from the required revaluation of minority equity investments
- Reported Net Profit After Tax of \$7.20 m
- Ratio of Operating Expenses to Operating Revenue 59%

Scale and leverage

- FUA of \$7.43 bn, an increase of 9%
- Positive platform net inflows of \$525 m
- Strong competitive position as BT's largest external platform client with > \$5bn FUA

Strong balance sheet

- Net cash \$7.44 m as at 30 June 2010

Effective use of capital

- Post Tax return on capital from Equity Partners of 7.8%

Dividend

- Expected unfranked final dividend of 2.5 cents per share

CEO'S COMMENTARY

DKN "Reform Ready" and Prepared for Emerging Opportunities

The focus for the year has been to manage the Group through the severe downturn unscathed and maintain its successful business model intact. We are very pleased with our profit growth over the last year and that net flows to our platforms have remained positive throughout the downturn, despite the loss of confidence in investment markets by the investing public. This is testament to the quality and efforts of the network of wealth management practices through which we distribute our platforms and services.

Over the coming years the financial services industry will go through major reforms and we see this as a significant growth opportunity for the DKN Financial Group. DKN advocates the fee for service methodology by financial planners and have done so for some time. Our total service offering including platforms, practice development, compliance and business improvement systems support our network in achieving a "reform ready" state and to be well positioned for growth opportunities.

The challenges for the Group are to maintain the strong relationships it already has with the wealth management networks. The industry is undergoing fundamental regulatory change; however no significant negative impact is expected to arise from the proposed regulatory changes that have been foreshadowed to date. In fact, there will be opportunities arising from new environmental factors which must be considered and acted upon as appropriate.

Over the past few years, DKN has evolved as a highly regarded service provider to professionally managed boutique wealth management practices and our competitive position continues to be enhanced through highly cost effective and market leading solutions such as the recently announced agreement with BT Wrap.

The Group's strong balance sheet, well respected team and network of professional wealth management practices make it well positioned for growth and attractive for investors reconsidering the sector after the last few years of uncertainty associated with GFC instability and the reform process.

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About DKN

DKN Financial Group is a listed financial services solutions provider to wealth management practices.

DKN acts as a buying group, using its scale to negotiate highly favourable access to a range of products and services that financial planners need to run a successful and profitable practice. These include competitively priced platforms, insurance, finance and investment products, acquisition and succession solutions, pricing discounts and access to quality compliance support, practice management advice, software solutions, research services and licensing solutions through Lonsdale Financial Group.

DKN has \$7.43 bn funds under administration and more than 300 quality practices accessing its range of products and services.