

27 June 2011

DKN Financial Group Limited recommends new proposal from IOOF Holdings Limited and executes Scheme Implementation Agreement

DKN Financial Group Limited (**DKN**) today announces that it has entered into a Scheme Implementation Agreement (**SIA**) with IOOF Holdings Limited (**IOOF**) and a wholly owned IOOF subsidiary Austselect Pty Ltd to implement a revised version (**New Proposal**) of the initial proposal previously received from IOOF and announced to the ASX on 14 June 2011.

Under the New Proposal, IOOF will acquire 100% of the shares it does not already own in DKN for \$0.80 cash per DKN share, effected by way of a scheme of arrangement (**Scheme**).

In addition, DKN shareholders will receive up to a \$0.025 dividend per DKN share (unfranked) in relation to the second half 2011 results, before the New Proposal becomes effective.

IOOF's New Proposal of \$0.80 represents a 56.9% premium to the closing share price of DKN of \$0.51 on 10 June 2011, being the last trading day prior to the announcement of the initial proposal from IOOF, and a price to earnings ratio of 15.9 times underlying profit after tax for the twelve months ended 31 December 2010.

Subject to an independent expert concluding that the scheme is fair and reasonable and in the best interests of shareholders and there being no superior proposal, the Independent Directors unanimously recommend that Shareholders (excluding IOOF) vote in favour of the Scheme. Each Independent Director who holds shares in DKN intends to vote his shares in favour of the Scheme.

DKN option holders whose options are exercisable at 75 or 76 cents will be given the choice of exercising their options by way of early vesting, or alternatively receiving new options issued by IOOF following the lapsing of their DKN options.

DKN chairman, Rob Hunwick, commented, "The Independent Directors have carefully examined the value and terms of IOOF's New Proposal. We have sought advice from our financial and legal advisers and consulted with shareholders.

"This is an opportunity for DKN shareholders to realise value inherent in DKN and the Independent Directors recommend the New Proposal, in the absence of a superior proposal and subject to the review of an independent expert.

"Execution of the SIA is one of the first steps in implementing the New Proposal and enabling realisation of this value by our shareholders.

DKN CEO, Phil Butterworth added, "IOOF's proven approach to managing multiple brands provides comfort that the Lonsdale Financial Group will continue to provide quality services and support, as it has done historically.

“DKN’s Equity Partners should also benefit from IOOF’s scale and a commitment to growth.

“Our Platform, which is sourced from BT Wrap, will provide IOOF with an outsourced platform solution which will complement their internally administered solutions.”

DKN shareholders are expected to receive a scheme booklet providing an overview of the proposed transaction in August and shareholders will have the opportunity to vote on the transaction at the Scheme Meeting likely to be held in September.

Completion of the transaction remains subject to a number of important conditions, including court approval, regulatory approvals and approval by shareholders.

The SIA is being simultaneously released to ASX in its entirety which sets out the details of the arrangements.

DKN is being advised by Macquarie Capital and Baker & McKenzie.

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