



DKN Financial Group Limited
ABN 75 008 112 150

ASX Announcement

9 November, 2009

AGM SUMMARY & 2010 GUIDANCE UPDATE

DKN Financial Group Limited (DKN) is exhibiting positive growth in the first quarter of FY2010 and its strong balance sheet with no net debt combined with excellent support from a loyal community of wealth management practices stands the Group in good stead for the remainder of the financial year ahead.

Quarterly Performance Highlights:

FUA (\$b's)	End Sept. 2009	End June 2009	Change
Platform	6.45	5.68	13.5%
Product	1.20	1.14	5%
Total	7.65	6.82	12%

- Total FUA growth of 12 per cent for the first quarter driven by increasing investor confidence and positive market influence. As at September 2009 FUA totalled \$7.65b this is an increase from 30 June 2009 total of \$6.82b.
- Positive platform inflows for September Quarter \$166m - compared with \$348m for the full year to June 09
- Net Product inflows for September Quarter \$7.6m – impacted by Cash Management Trust outflows of (\$17m) due to investors moving from cash back to investments
- 3 new Lonsdale associates in the first quarter
- 5 of 6 minority equity positions within Acquisition and Succession Division are recovering well
- One equity position is struggling to recover from the last 12 months – DKN reviewing its position in this practice

Industry Issues

DKN continues to monitor various industry reviews such as the Ripoll Inquiry, the Cooper Review into Superannuation and the Henry Tax Review for potential implications to its strategy and business model. DKN already advocates a fee for service approach and encourages greater professionalism in the industry. The Group is well-positioned to take advantage of any change recommended by these inquiries.

2010 Guidance

Based on current levels of net flows, stable markets and no impairment charges to assets, DKN anticipates FUA of \$8.2 billion for FY2010 with underlying profit after tax of at least \$7 million, will be at least 15 per cent up on the previous year's performance.

Phil Butterworth
Chief Executive Officer
Tel: 03 9667 0700



Chairman's 2009 Annual General Meeting Address

In this particularly difficult year, DKN has maintained its commitment to its successful business model and, while results are well down on pre-financial crisis expectations, the Group is operating as effectively and efficiently as ever. Relationships with the network of wealth management practices remain solid, so net investment inflows to our platforms and products have remained positive throughout, despite the severe loss of confidence by the investing public.

The operating profit from continuing operations of the Group for the 2009 year was \$6.19m but this was offset by impairment charges of \$17.74m that were made as at 31 December 2008 in the depths of the financial crisis so that reported net result is a loss of \$11.54m.

The Board considers the operational performance (as distinct from the profitability) of the Group has been very satisfactory under the extreme difficulties imposed by investment markets. Inflows into Funds Under Administration (FUA) have been positive at \$300m for the year to June 2009 and since June a further \$174m has been received. The key skills and networks that underpin the operations have been retained in full. Corporate and banking relationships have remained strong throughout.

FUA stands at \$6.8bn at 30 June 2009 compared with \$8.1bn at the same time in 2008 (down 16%) and \$6.6bn at 31 December 2008. With net FUA inflows of \$300m since 1 July 2008, it follows that the losses caused by market fluctuations in the 12 months to June 2009 amounted to \$1.6bn or 19.8% on the prior year balance. As at September 30, 2009, FUA now stands at \$7.65bn.

The Group's investments in associated companies have been affected by the difficult market conditions and have contributed \$0.66 m after tax for the year ended June 2009 excluding impairment. Five of the six such investments are recovering well since July, but one remains of concern as we speak and will be under constant assessment in coming months.

In summary, Directors believe the storm has been weathered with an obvious impact on results for the year but without damage to the underlying business model while maintaining excellent relationships with staff and wealth management networks. In addition the Group is in a strong net cash position with no net debt at 30 September 2009. This is a great strength in the current environment and enables us to consider opportunities as they occur. Further, the balance sheet has been assessed in a very conservative manner in the bleakest of circumstances. We believe that we have a solid basis for growth as from now.

The financial crisis has had a substantial adverse effect on profits on the downside, but the effect of an uptrend, which appears to be continuing, will have an equally substantial effect on the upside. The Group is leveraged to growth in the investment markets, that is, given that the Group is above critical mass already, growth in markets drives disproportionately greater profitability for the Group. Since this applies to the industry at large, it might be expected that the market will re-rate the stock.

The challenges for the Group are to maintain the strong relationships it already has with the wealth management networks and to build further on these. The industry is undergoing close scrutiny in the light of recent events and it is likely that some regulatory changes will occur. DKN believes its current practices meet best practice standards and only marginal changes might be required. However, there may well be opportunities arising from new environmental factors which must be considered and acted upon as appropriate.

Chief Executive Officer, Phil Butterworth will provide a brief update on the outlook for DKN at the conclusion of the Annual General Meeting.

DKN - 2009 AGM Presentation



Phil Butterworth – CEO
Corporate Update
9th November 2009

DKN Profit Drivers – Recurring Income



Corporate

- ✦ No net debt

Distribution (Platform / Product)

- ✦ Approximately \$7.65b in FUA, up 12% from end June
- ✦ Positive Platform net inflows \$166m
- ✦ Product net inflows \$7.63m impacted by CMT outflows of (\$17m)

Lonsdale Practice Solutions

- ✦ 105 practices through Lonsdale Dealer license
- ✦ 3 New Lonsdale Associates
- ✦ Established a dedicated Xplan software project team to develop a first class software solution for our network
- ✦ Minimal exposure to the Agri Sector

Acquisition & Succession

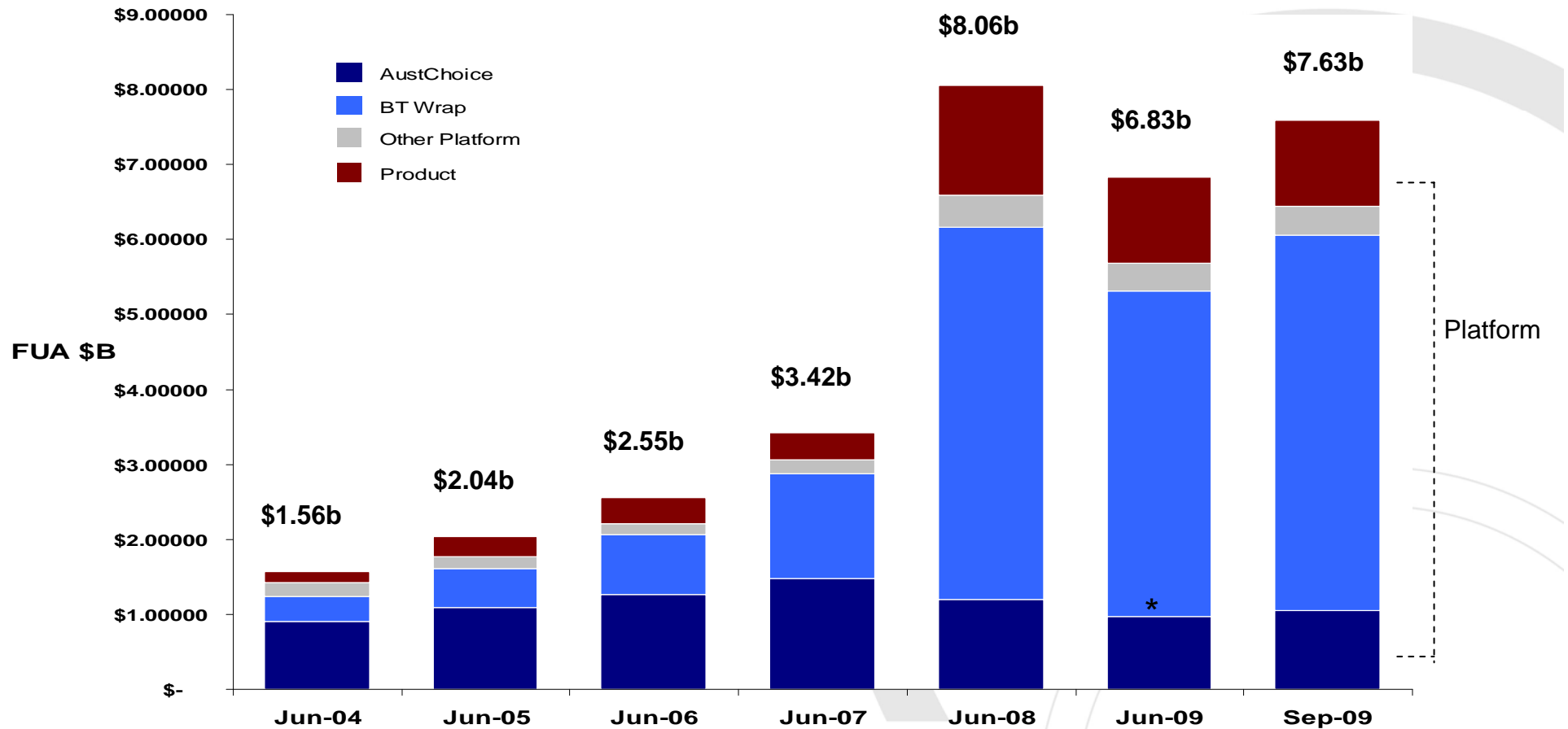
- ✦ 6 minority equity positions in Financial Planning Practices – 5 have a positive start to FY2010 and are tracking positively against budget forecasts recovering well
- ✦ One equity position is struggling to recover from the last 12 months – reviewing future of this investment

FUA Update



September Quarter:

- ★ Platform FUA up 13.4%
- ★ Product FUA up 5% (@ 50% cash based)
- ★ Net positive inflows \$174m



FUA – Net Flows



	September Quarter 2009 (\$m's)	FY June 2009 (\$m's)	FY June 2008 (\$m's)
Platform Net Flows	166	348	936
Product Net Flows	7.6	(46)	55
Total Net Flows	173.6	302	991

FUA Asset Composition



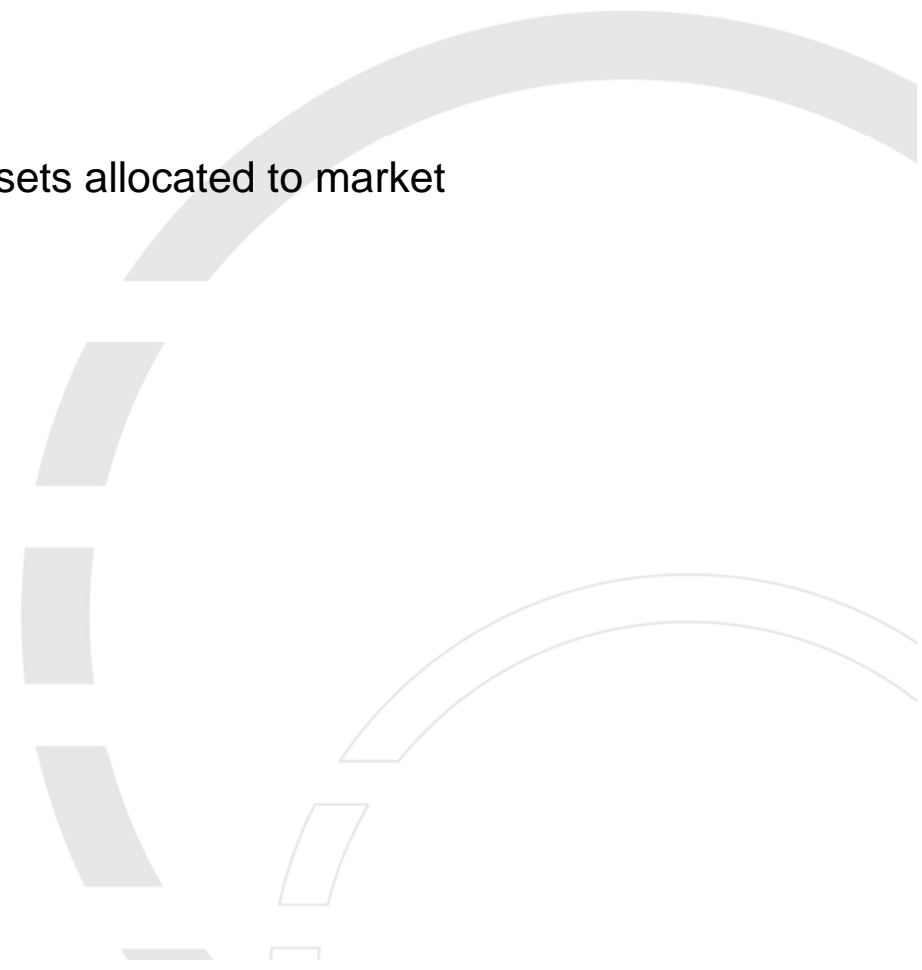
✦ Markets for the September quarter:

- ✦ Australian S&P ASX 300 up 21.64%*
- ✦ Australian Listed Property up 30.79%*
- ✦ International up 7.7%*

✦ Approximately 71% of DKN (BT) Platform assets allocated to market

- ✦ Australian shares 42%
- ✦ International Shares 13%
- ✦ Property 4%
- ✦ Fixed Interest 9%
- ✦ Diversified 12%
- ✦ Cash 20%

*Sourced from Lonsec



Sector Confidence Barriers – DKN Well Positioned



- ✦ Henry Tax Review
- ✦ The Joint Parliamentary Inquiry into the Australian Financial Services System (Ripoll)
- ✦ Superannuation (Cooper Review)
- ✦ Industry focus on Fees vs. Commissions
- ✦ Unstable markets

DKN advocates fee for service and continued commercial reviews to ensure advice structures provide adequate investor protection and greater professionalism in the industry.

Capital Structure End October 2009

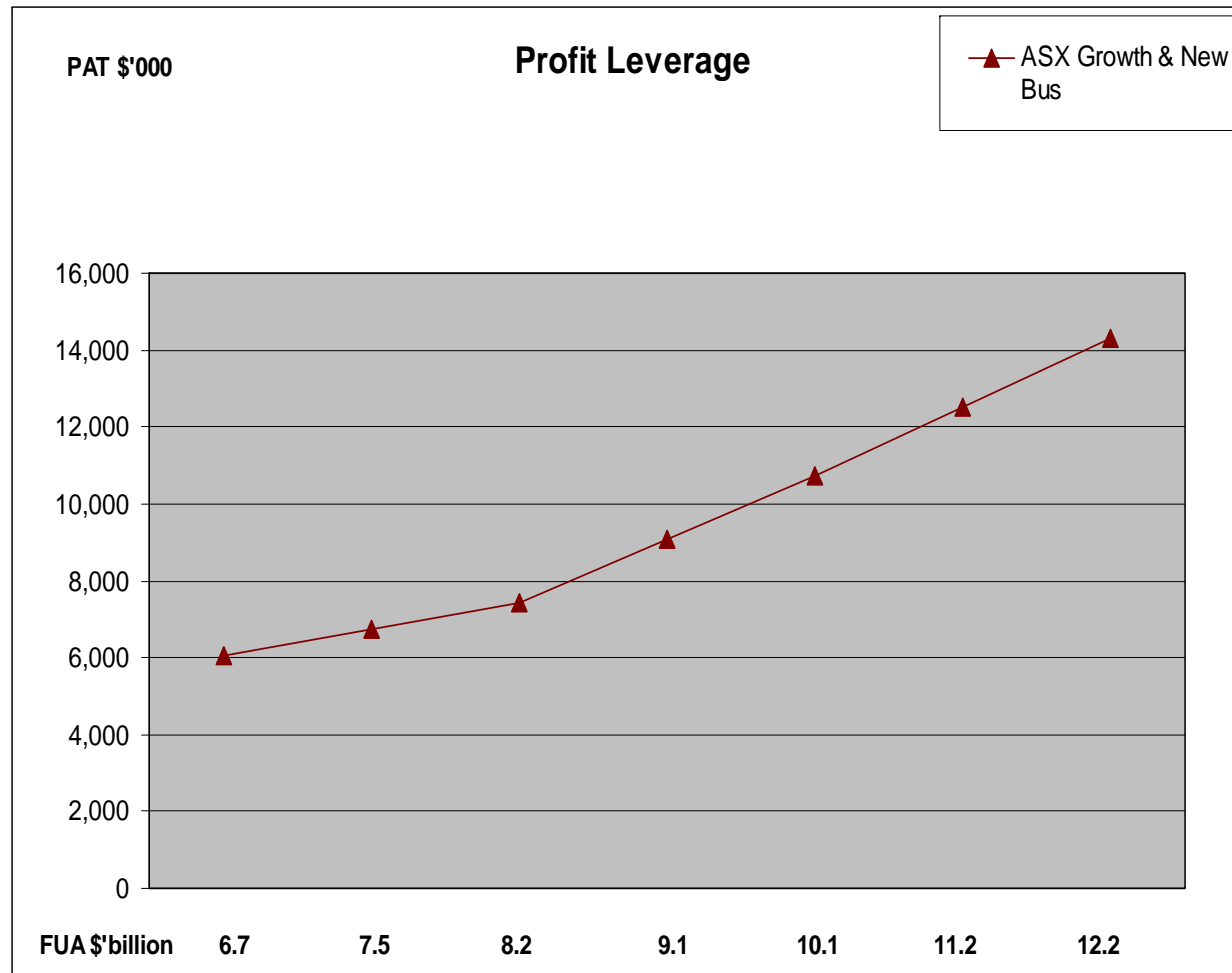


	Shares Held (m)	%
Zurich	44	31%
IOOF	25	18%
Remainder of Top 20 Shareholders	43	30%
Other Shareholders	30	21%
Total Shares on Issue	142	100%
Options	3.0	

Relationships and FUA Scale Drives Profit



The following table is not a forecast it represents the correlation of FUA to NPAT.



Source: Internal modelling

2010 Guidance



Guidance based on:

- Current levels of net flows
- Stable markets
- No impairments

	FY 2010 Guidance
1. FUA	\$8.2 billion
2. Underlying profit after tax	At least \$7m

DKN Long Term Sustainable Strategies



- ✦ Retain and develop business with quality wealth management practices to drive FUA growth
- ✦ Aligning associated practices through proposed issue of practice options
- ✦ To facilitate the acquisition and succession issues of quality practices
- ✦ To leverage our position of scale and relevance with selected core suppliers
- ✦ Deliver quality services to drive efficiency through our community of practices
- ✦ Respond positively to Legislative changes
- ✦ Achieve a low fixed cost base through recurring margins
 - ✦ Target 40% Expense to net revenue

Important Notice



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