DKN Financial Group Limited
ABN 75 008 112 150

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FULL YEAR RESULTS TO JUNE 30, 2009

DKN WELL POSITIONED

DKN Financial Group Limited (DKN), a leading financial services solutions provider to wealth management practices, today announced an underlying net profit after tax of $6.19m for the 12 months to June 30 2009 in line with market expectations, down 28 per cent on the previous corresponding period.

As at 31 December 2008, Directors announced an impairment charge of $17.74m reflecting the financial crisis. As a result, the Group has a statutory loss of $11.54m for FY2009.

Earnings per share for the full year were (8.28) cents compared with 5.51 cents for 2008. However the second half performance was positive and due to the sound underlying operational performance of DKN and Directors' confidence in the strength of its business model, a fully franked final dividend of 2 cents per share is expected to be declared.

Underlying Profit Reconciliation

	FY June 09	FY June 08 *	08/09 Change
Statutory profit (NPAT)($m)	(11.54)	8.67	
Impairment charges ($m)	(17.74)	NA	
Underlying profit ($m)	**6.19**	**8.67**	(28%)

Full Year Financial Overview

	FY June 09	FY June 08	08/09 Change
Funds Under Administration (FUA)($b)	6.83	8.06	(15%)
Revenue ($m)	24.14	24.91*	N/A
Operating Costs ($m)	15.32	12.75*	N/A
Underlying Profit Post Tax ($m)	**6.19**	**8.67***	(28%)

** Figures for FY June 08 are not comparable to FY June 09 as they only include Lonsdale and Wrap contribution for 7.5 months*

2010 OUTLOOK

As with all comparable companies, the financial crisis has had an adverse effect on profits, however through its strong and competitive offer to the market, DKN has demonstrated underlying growth.

As the market stabilises and the negative impact of the financial crisis lessens, DKN is well positioned to outperform on the upside.

Further comments on the outlook for 2010 will be provided at the Annual General Meeting later this calendar year.

OVERVIEW

- Despite strong operational delivery adverse markets impacted negatively on profits
- Non-cash impairment charge to the value of $17.7m
- Positive platform net inflows of $348m despite extremely volatile conditions
- Ratio of Operating Expenses to Operating Revenue 63 per cent
- Expected fully franked final dividend 2.0 cents
- No net debt as at end July 2009
- 15 new Lonsdale practices
- 22 new platform practices

JUNE HALF OVERVIEW

- June half underlying profit after tax of $3.1m, compared to December half of $3.09m
- No impairment charges for the half
- End June FUA of $6.83b, up 3 per cent compared to December 2008
- Expanded community of wealth management practices due to expanded offering combined with competitive pricing and strong reputation for supportive culture.

DIVISIONAL UPDATE

Platform Solutions

EBIT contribution of $9.76m

- Net inflows of $348m despite low investor confidence
- Enhanced service offer through Lonsdale practice solutions
- Existing core clients committed to DKN and 22 new wealth management practices drawn to DKN Group
- Severe negative market performance impacted directly on FUA and therefore profit

Product Solutions

EBIT contribution of $1.52m

- Negative market impact on FUA
- Net outflows of $46m due to:
    - flight to cash following Government guarantee on bank deposits
    - low confidence leading to reluctance to invest

Lonsdale Financial Group

EBIT contribution of $2.24m

- 103 Associated Firms delivering revenue of $8.55m
- Attracted 15 new firms from 1 July 08 – 30 June 09
- Continue to receive new enquiries from firms associated with key competitors
- Additional 9 Practice Solutions Associates during FY2009 (self-licensed boutique firms accessing back office support, compliance, research, software, professional development training etc)
- Integration of ANZAN well underway (practice development consulting business specialising in accountancy sector - purchased in September 08)

- Catalyst Practice Improvement program delivered through hands-on, individual advice – successfully introduced Service Packages and Pricing Module

Acquisition and Succession

Contribution of $0.95m (pre tax)

- Impairment charges of $5.6m

- All practices are well positioned for growth once the market stabilises

- DKN remains committed to assisting financial planning and accounting practices with either internal succession strategies or acquisition plans

CEO'S COMMENTARY

In this remarkably difficult year, DKN has remained consistently committed 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.

DKN has maintained good operating cash flows; a strong balance sheet; a highly valued co-operative culture; a growing network of clients and a strong wealth management distribution base.

The relationships with our network of wealth management practices remain solid, so that despite the severe loss of investor confidence, net inflows into DKN's platforms have remained positive.

While DKN has always placed significant importance on the relationships within our network, this has been particularly important during the past year. We have increased our direct communication with advisers and provided greater networking opportunities through forums, encouraging cross-pollination of ideas amongst the network.

By providing greater support to our network and proactively adding value through enhanced services in these difficult times, we aim to strengthen not only our relationships, but also the shared community spirit within DKN which has been cited by members as a key benefit of our group.

Results delivered over a number of years demonstrate the scalability of DKN's business model. DKN has relatively fixed costs, so the significance of the market conditions has overshadowed the strength of our business. Our existing scale means that growth in investment markets drives disproportionately greater profitability for the group.

DKN advocates fee for service and continued commercial reviews to ensure current structures provide adequate investor protection. DKN will be monitoring and involved in industry developments to ensure it continues to be well positioned to implement any changes which flow from the various inquiries and reviews into the financial services industry.

DKN also advocates an increased focus on key issues such as adequacy of superannuation and insurance cover which is being overlooked in the current debate.

Whilst this financial year's results have obviously been impacted, there has been no damage to the underlying business which has still developed and strengthened. As a result, we remain of the view that DKN is in a very strong position to prosper from the growth opportunities provided by more stable market conditions.

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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 approximately $7 billion funds under administration and more than 300 quality practices accessing its range of products and services.