

C01025-2016

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)  
Mar 1, 2016
2. SEC Identification Number  
A199908874
3. BIR Tax Identification No.  
202955796
4. Exact name of issuer as specified in its charter  
DFNN, Inc.
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
3F Bonifacio Technology Center, 31st St. cor. 2nd Ave., Bonifacio Global City, Taguig  
Postal Code  
1634
8. Issuer's telephone number, including area code  
02-8180973
9. Former name or former address, if changed since last report  
NA
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
DFNN	249,592,314
11. Indicate the item numbers reported herein  
None

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be*

addressed directly to the Corporate Information Officer of the disclosing party.



**DFNN, Inc.**  
**DFNN**

**PSE Disclosure Form 4-26 - Legal Proceedings**  
**References: SRC Rule 17 (SEC Form 17-C) and**  
**Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

Results of the Petition for Correction of Domestic Arbitral Award

**Background/Description of the Disclosure**

This is to inform the Philippine Stock Exchange, Inc. ("PSE") that today, DFNN, Inc. (the "Company") received a copy of the Decision dated February 17, 2016 issued by the Regional Trial Court of Makati City, Branch 66 (the "Court") in relation to the Petition for Correction (the "Petition") filed by the Company.

In the Company's PSE disclosure dated June 26, 2015, the Company notified the PSE that it filed the Petition to seek the correction of the computation of damages awarded to the Company in the arbitral award dated 21 May 2015 issued in a domestic arbitration entitled "DFNN Inc. (formerly known as "Diversified Financial Network, Inc.") vs. Philippine Charity Sweepstakes Office" wherein the amount of damages due the Company was miscalculated at only Php27,000,000.00 (the "Arbitral Award").

In its Decision, the Court granted the Petition and ordered the correction of the Arbitral Award to Php310,095,149.70 plus 6% interest from date of finality of the Decision until final satisfaction thereof by the Philippine Charity Sweepstakes Office ("PCSO") in accordance with computation for liquidated damages provided under Section 13.2 of the Equipment Lease Agreement between the Company and PCSO.

**Name of the court or agency in which the proceedings are pending**

Regional Trial Court of Makati

**Date Instituted**

Jun 26, 2015

**Docket Number**

Special Proceedings No. M-7844

**Principal Parties**

DFNN, Inc. (Petitioner)  
Philippine Charity Sweepstakes Office (Respondent)

**Nature and description of the legal proceedings**

This Petition for Correction of Domestic Arbitral Award was instituted in the Regional Trial Court of Makati to seek correction of the computation of damages awarded to DFNN, Inc. ("DFNN") in the arbitral award dated 21 May 2015, issued in a domestic arbitration entitled "DFNN Inc. (formerly known as "Diversified Financial Network, Inc.") vs. Philippine Charity Sweepstakes Office"

Under Rule 11.4, in relation to Rule 11.4(B)(a) of the Special ADR Rules, the Court may correct/modify or order the arbitral tribunal ("Tribunal") to correct/modify the arbitral award if there was an evident miscalculation of figures or an evident mistake in the description of any person, thing or property referred to in the award.

In the arbitral award dated 21 May 2015, the Tribunal found that Philippine Charity and Sweepstakes Office ("PCSO") erred when it rescinded DFNN's Equipment Lease Agreement (Systems Design Development, and Upgrade for Lotto Betting Via Personal Communication Devices [PCD] via TEXT, GPRS, BlueTooth, 3G, WiFi Protocols, and other wireless devices) ("ELA" or the "Agreement"). Thus, the Tribunal ordered PCSO to pay DFNN Php27,000,000 as liquidated damages.

The computation of liquidated damages under the ELA is governed by section 13.2 (i), which states that, "PCSO, if it is the party in default, shall pay DFNN liquidated damages in the amount equal to the market value of the System... inclusive of a penalty charge of two percent (2%) per month on the amount due computed from the date of termination or cancellation of the Agreement to the actual date of payment."

Considering the foregoing, DFNN states in its Petition that the non-inclusion of the 2% penalty charge in the liquidated damages awarded to DFNN constitutes "an evident miscalculation of figures." The Petition further states that as the illegal termination of the ELA by virtue of DFNN's Board Resolution No. 080 series of 2005 on 5 April 2005 until the rendition of the Award on 21 May 2015, covers a period of one hundred and twenty two (122) months and seven (7) days, the Tribunal should have computed the liquidated damages awarded to DFNN at Php310,095,149.70.

**The effect(s) on the Issuer's business or operations, if any**

The ruling of the court is further validation of the correctness of DFNN's stance that its contract with PCSO was improperly terminated. The recent court ruling granting the Petition for Correction of the arbitral award is a step forward in seeking maximum restitution for the benefit of the shareholders. There is no effect on the business at this time until DFNN collects from PCSO.

**Other Relevant Information**

None

**Filed on behalf by:**

<b>Name</b>	Maria Patricia De Las Cagigas
<b>Designation</b>	Compliance Officer