

COVER SHEET

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S.E.C. Registration Number

D I V E R S I F I E D F I N A N C I A L

N E T W O R K I N C .

(Company's Full Name)

3 1^s t c o r 2 n d A v e

B o n i f a c i o G l o b a l C i t y

T a g u i g M e t r o M a n i l a

(Business Address: No. Street/City/Province)

Czarina G. Turla

Contact Person

818-0973

Company Telephone Number

JUNE 30, 2009

1 2

Month

3 1

Day

Fiscal Year

SEC Form 17-Q

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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**DIVERSIFIED FINANCIAL NETWORK, INC.
(Consolidated Second Quarter)**

Office Address:

3/F Bonifacio Global Center
31st Street corner 2nd Avenue
e-Square IT Park-SEZ
Bonifacio Global City
Taguig, Metro Manila
1634

Telephone No.: 818-0973

Fiscal Year Ending: December 31, 2009

SEC FORM 17-Q

Active Secondary License Type and File Number: None

August 12, 2009

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

1. For the quarterly period ended June 30, 2009

2. Commission identification number A199908874

3. BIR Tax Identification No. 202-955-796-000

4. Exact name of registrant as specified in its charter

Diversified Financial Network, Inc.

5. Province, country or other jurisdiction of incorporation or organization

Manila, Philippines

6. Industry Classification Code: (SEC Use Only)

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7. Address of registrant's principal office
Postal Code 1634

3rd Floor Bonifacio Technology Center
31st Street corner 2nd Avenue, E-Square IT Park - SEZ
Bonifacio Global City, Taguig
Metro Manila, Philippines

8. Registrant's telephone number, including area code

(632) 8180973

9. Former name, former address and former fiscal year, if changed since last report

Not Applicable

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common Shares, PhP 1.00 par value</u>	<u>100,000,000</u>

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes No

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past 90 days.

Yes No

**DIVERSIFIED FINANCIAL NETWORK, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements as at December 31, 2008
and Quarters ended June 2009 and June 2008

DIVERSIFIED FINANCIAL NETWORK, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(In Philippine Pesos)

AS OF

	AUDITED DECEMBER 31	UNAUDITED JUNE 30
	2008	2009
ASSETS		
Current Assets		
Cash and cash equivalents	P 22,970,335	P 32,572,271
Receivables - net	75,294,235	98,165,229
Due from related parties	115,932,566	137,782,615
Prepaid expenses and other current assets	12,842,811	13,949,187
Total Current Assets	227,039,947	282,469,302
Noncurrent Assets		
Property and equipment - net	26,598,542	25,033,746
Accrued rental receivable-net of current portion	17,834,475	17,834,475
Investment in Shares of Stock	16,773,759	16,773,759
Deferred income tax assets	34,675,505	34,675,505
Other noncurrent assets - net	126,332,112	127,444,534
Total Noncurrent Assets	222,214,393	221,762,019
TOTAL ASSETS	P 449,254,340	P 504,231,321
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	P 52,410,728	P 93,729,585
Loans payable	86,653,502	86,880,278
Current portion of obligation under finance lease	2,096,828	460,766
Income tax payable	2,222,786	-
Total Current Liabilities	143,383,844	181,070,629
Noncurrent Liabilities		
Obligation under finance lease-net of current portion		
Accrued rent	40,337,440	40,337,440
Deferred income tax liabilities	111,604	111,604
Rental deposits	8,051,685	7,946,258
Accrued employee benefits	12,201,171	12,848,010
Total Noncurrent Liabilities	60,701,900	61,243,312
Total Liabilities	204,085,744	242,313,941
Stockholders' Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock- P1 par value		
Authorized - 100,000,000 shares		
Issued and fully paid - 100,000,000 shares	100,000,000	100,000,000
Additional paid-in capital	16,372,102	16,372,102
Deposits for future stock subscription	95,996,584	100,064,774
Cumulative translation adjustment	19,385,153	45,472,229
Deficit	(43,794,707)	(58,886,496)
Shares held by subsidiaries - 330,000 shares in 2007	(619,423)	(619,423)
	187,339,709	202,403,186
Equity attributable to equity holders of the minority interest	(57,828,887)	(59,514,193)
Total Stockholders' Equity	245,168,596	261,917,379
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P 449,254,340	P 504,231,321

DIVERSIFIED FINANCIAL NETWORK, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(In Philippine Pesos)

	For the 3 months ended		For the 6 months ended	
	April to June		June 30	
	2008	2009	2008	2009
REVENUE				
Service fees	P 46,901,217	P 40,760,945	P 53,601,309	P 67,330,441
Rental	6,290,448	4,885,605	12,638,459	13,217,172
	53,191,665	45,646,550	66,239,768	80,547,613
COST AND EXPENSES				
Personnel	8,067,772	12,465,620	16,101,965	21,281,316
Service & other fees	19,345,854	28,349,027	23,489,255	40,097,897
Rent	5,673,302	5,457,885	10,653,820	11,190,269
Travel and Entertainment	3,778,337	3,144,319	7,027,020	6,841,935
Utilities	1,181,351	928,724	2,262,973	1,834,499
Retirement benefit cost	1,238,380	619,191	1,238,380	1,238,382
Others	4,645,557	3,654,462	7,532,775	4,967,621
	43,930,553	54,619,228	68,306,188	87,451,920
INCOME(LOSS) BEFORE DEPRECIATION AND AMORTIZATION	- 9,261,112	- (8,972,678)	(2,066,420)	(6,904,307)
DEPRECIATION AND AMORTIZATION	1,863,356	1,546,561	3,538,107	3,347,671
INCOME (LOSS) FROM OPERATIONS	7,397,756	(10,519,239)	(5,604,527)	(10,251,978)
Interest expense	1,192,751	1,402,475	2,379,519	2,634,395
Interest Income	(239,382)	(190,171)	(365,043)	(372,999)
Foreign exchange gains-net	(595,324)	(64,904)	(598,634)	(389,956)
Other income-net	(7,898,116)	1,281,428	(15,546,030)	1,281,428
INCOME (LOSS) BEFORE INCOME TAX	14,937,827	(12,948,067)	8,525,662	(13,404,846)
PROVISION FOR (BENEFIT FROM) INCOME TAX	-	694	2,506,062	1,638
NET INCOME (LOSS)	14,937,827	(12,948,761)	6,019,600	(13,406,484)
MINORITY INTEREST	7,211,338	682,451	-	1,685,306
NET INCOME (LOSS)	P 7,726,489	P (13,631,213)	P 6,019,600	P (15,091,789)
Earnings /(Loss) Per Share	0.083	(0.136)	0.065	(0.151)

DIVERSIFIED FINANCIAL NETWORK, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Philippine Pesos)

	Capital Stock	Additional Paid-In Capital	Deposits for Future Stock Subscriptions	Translation Adjustment	Deficit	Shares held by Subsidiaries	Minority Interest	Total
Balances at December 31,2007	P 92,938,822	P -	P 85,715,013	P (9,514,129)	P (31,893,531)	P (619,423)	P (12,655,839)	P 123,970,913
Deposits for Future Stock Subscriptions			38,836,984					38,836,984
Translation Adjustment				21,895,499				21,895,499
Net Profit for the period					8,525,662			8,525,662
Minority Interest							(2,506,062)	(2,506,062)
Balances at June 30, 2008	P 92,938,822	P -	P 124,551,997	P 12,381,370	P (23,367,869)	P (619,423)	P (15,161,901)	P 190,722,996
Balances at December 31,2008	P 100,000,000	P 16,372,102	P 95,996,584	P 19,385,153	P (43,794,707)	P (619,423)	P 57,828,887	P 245,168,596
Deposits for Future Stock Subscriptions			4,068,190					4,068,190
Translation Adjustment				26,087,076				26,087,076
Net Loss for the period					(15,091,789)			(15,091,789)
Minority Interest							1,685,306	1,685,306
Balances at June 30, 2009	P 100,000,000	P 16,372,102	P 100,064,774	P 45,472,229	P (58,886,496)	P (619,423)	P 59,514,193	P 261,917,379

DIVERSIFIED FINANCIAL NETWORK, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Philippine Pesos)

	For the 6 months ended			
	30-Jun			
	2008		2009	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	P	6,019,600	P	(15,091,789)
Adjustments for:				
Depreciation and amortization		3,538,107		3,347,671
Interest Expense		2,379,519		2,634,395
Interest Income		(365,043)		(372,999)
Provision for employee benefits		1,238,380		1,238,382
Other/miscellaneous income		(15,546,030)		1,281,428
Unrealized foreign exchange gain		(598,634)		(389,956)
Share in Minority Interest		(2,506,062)		1,685,306
Operating income (loss) before working capital changes		(5,840,163)		(5,667,562)
Decrease (increase) in:				
Receivables		(5,218,710)		(22,870,994)
Prepaid expenses and other current assets		(19,352,102)		(1,106,376)
(Decrease) increase in:				
Accounts payable and other current liabilities		16,089,685		41,318,857
Net cash from (used in) operations		(14,321,290)		11,673,925
Income taxes paid				(2,222,786)
Net cash from (used in) operating activities	P	(14,321,290)	P	9,451,139
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	P	1,804,662	P	-
Decrease (increase) in other noncurrent assets		(79,297,625)		(452,374)
Cumulative Translation Adjustment		21,997,961		19,899,743
Net cash from (used in) investing activities	P	(55,495,002)	P	19,447,369
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans	P		P	226,776
Proceeds from (advances to) related parties		20,246		(21,850,049)
(Decrease) Increase of rental deposits		1,222,680		(105,427)
Payments of obligations under finance lease		(744,398)		(1,636,062)
Collection of Subscription Receivables		4,250,896		
Deposits for future stock subscription		38,836,984		4,068,190
Net cash from (used in) financing activities	P	43,586,409	P	(19,296,572)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(26,229,883)		9,601,936
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR		38,730,422		22,970,335
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	P	12,500,539	P	32,572,271