COVER SHEET

ANNEX "C"

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S.E.C. Registration Number

STENIEL MANUFACTURING
CORPORATION

(Company's Full Name)

GATEWAY BUSINESS PARK
BRGY. JAVALERA GEN. TRIAS
CAVITE

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

ELIZA C. MACURAY
Contact Person

361 9061
Company Telephone Number

1 2 | 3 1
Month | *Day*

Fiscal Year

SEC Form 17-Q
FORM TYPE

Last Tuesday of April
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes.

SEC Number 23736
File Number ____

Steniel Manufacturing Corporation
(Company's Full Name)

Gateway Business Park,
Javalera, General Trias, Cavite
(Company's Address)

(046) 433-0066
(Telephone)

Not Applicable
(Fiscal Year Ending)
(month & day)

Form 17-Q
Form Type

Not Applicable
Amendment Designation (If applicable)

March 31, 2014
Period Date Ended

Not Applicable
Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

Form 17-Q

STENIEL MANUFACTURING CORPORATION

Quarterly Report Pursuant to Section 17
of the Securities Regulation Code
and SRC Rule 17(2)(b) Thereunder

1. For the quarterly period ended	:	March 31, 2014
2. SEC Identification Number	:	23736
3. BIR Tax Identification Number	:	000-099-128
4. Exact Name of Registrant	:	Steniel Manufacturing Corporation
5. Country of Incorporation	:	Metro Manila, Philippines
6. Industry Classification Code	:	
7. Address of principal office	:	Gateway Business Park Javalera, Gen. Trias, Cavite
8. Registrant's telephone number	:	(02) 361-9061

9. Securities registered pursuant to Sections 8 and 12 of Code, or Sections 4 and 8 of the RSA

Title of class	**Number of shares outstanding**
Common shares	1,000,000,000*[1]

*[1] *Reported by the stock transfer agent as of March 31, 2014*

10. The Registrant's common shares are listed on the Philippine Stock Exchange.

11. (a) The Registrant has filed all reports required to be filed pursuant to Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the 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.

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

Registrant	:	Steniel Manufacturing Corporation
		By
Signature	:	Eliza C Macuray
Title	:	Vice President and CFO
Date	:	May 15, 2014

Distribution : *3 copies - Securities & Exchange Commission*
1 copy - File/receiving copy

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Exhibit 1

Steniel Manufacturing Corporation and Subsidiaries
Consolidated Statements of Total Comprehensive Income
For the period ended March 31, 2014, December 31, 2013
(All Amounts in Philippine Peso)
(Unaudited)

	31-Mar-14	31-Dec-13	31-Mar-13
Revenues			
Product sales	-	710,658	119,235
Service and rental income	1,800	15,649	3,074
Total revenues	**1,800**	**726,307**	**122,309**
Cost of sales and services		(664,986)	(114,575)
Gross profit	**1,800**	**61,321**	**7,734**
Operating expenses	(1,745)	(43,004)	(3,505)
Other income (expenses), net	92	(84,340)	(143)
Income (Loss) before provision for income tax	**147**	**(66,023)**	**4,086**
Income Tax Expense (Benefit)		(10,147)	(128)
Net Income (Loss)	**147**	**(76,170)**	**3,958**
Other Comprehensive Income (Loss)			
Item that will never be reclassified to profit or loss			
Remeasurement of defined benefit obligation		270	
Income tac benefit (expense)		(81)	
	-	189	-
Total Comprehensive Income (Loss)	**147**	**(75,981)**	**3,958**
Basic and Diluted Earnings (Loss) Per Common Share	**0.0001**	**(0.0762)**	**0.0040**

Please refer to the accompanying Notes to Unaudited Interim Consolidated Financial Statements.

Steniel Manufacturing Corporation &
Subsidiaries
Consolidated Balance Sheets
(Unaudited)

In Php '000	31-Mar-2014	31-Dec-2013	31-Mar-2013
Current Assets			
Cash & Short-term Investments	2,448	1,604	17,333
Receivables - net	194,916	238,229	150,978
Inventories	0	0	170,939
Prepaid Expenses and other current assets	117,810	117,622	225,797
	315,174	357,456	565,046
Assets held for Sale	216,677	216,677	216,677
Total current assets	531,850	574,132	781,723
Non Current Assets			
Property, Plant & Equipment - net	17,341	17,845	58,003
Available-for-sale financial assets	10,861	10,861	696
Other Non Current Assets	20	20	8,467
Total non-current assets	28,222	28,726	67,166
Total Assets	560,073	602,858	848,888
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade Payables and other current liabilities	254,665	277,597	445,449
Payable to government agencies	775	775	128
Total current liabilities	255,440	278,372	445,577
Non-current Liabilities			
Long-term Borrowings	548,301	568,301	568,301
Retirement benefits liability	0	0	0
Total non-current liabilities	548,301	568,301	568,301
Total Liabilities	803,741	846,673	1,013,878
Stockholders' Equity			
Capital Stock	1,000,000	1,000,000	1,000,000
Additional paid-in capital	414,632	414,632	414,632
Reserve for retirement benefits liabilty	0	0	0
Accumulated Deficit	(1,658,301)	(1,658,447)	(1,579,621)
Total Stockholders' Equity	(243,668)	(243,815)	(164,989)
Total Liabilities & Stockholders' Equity	560,073	602,858	848,888

Please refer to the accompanying Notes to Unaudited Interim Consolidated Financial Satements.

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31
UNAUDITED

(In Thousands)	31-Mar-14	31-Dec-13	31-Mar-13
Capital stocks			
Authorized – 1 billion common shares, P1 per share			
Issued and outstanding	1,000,000	1,000,000	1,000,000
Additional paid-in capital	**414,632**	**414,632**	**414,632**
Retained earnings/(deficit)			
Beginning	(1,658,447)	(1,584,158)	(1,583,579)
Net income/(loss) for the period	147	(74,289)	3,958
Ending	**(1,658,300)**	**(1,658,447)**	**(1,579,621)**
Stockholders' Equity	**(243,668)**	**(243,815)**	**(164,989)**

Please refer to the accompanying Notes to Unaudited Interim Consolidated Financial Statements.

Steniel Manufacturing Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For the 1st quarter of 2014 and the year ended December 31, 2013
(All Amounts in Philippine Peso)

In Php '000	31-Mar-2014	31-Dec-2013	31-Mar-2013
Cash flows from operating activities			
Income (loss) before income tax	147	(66,023)	3,958
Adjustments for:			
Loss on disposal of a subsidiary		135,107	
Depreciation & amortization	504	13,439	2,844
Provision for impairment (reversal of) losses on receivables		1,283	
Retirement benefit expense		514	
Write-off of accruals			
Provision for (Reversal of) impairment of receivables		(32,553)	
Interest income from banks			(5)
Provision for (Reversal of) inventory write down			
Gain on sale of property, equipment & investment			
Write-off of prepaid taxes and asset-held-for-sale			
Operating income (loss) before working capital changes	651	51,767	6,796
Decrease (increase) in:			
Receivables	43,314	(33,029)	
Prepaid expense and other current assets	(189)	8,302	108
Inventories		0	1,462
Trade Payables and other current liabilities	(22,932)	(112,055)	5,824
Payable to government agencies			(374)
Cash generated from (absorbed by) operations	**20,844**	**(85,015)**	**13,816**
Interest received		0	5
Pension benefits paid		0	
Net cash provided by (used in) operating activities	20,844	**(85,015)**	**13,821**
Cash flows from investing activities			
Proceeds from sale of a subsidiary		20,000	
Acquisition of available-for-sale assets		(9,900)	
Additions to property, plant and equipment		(11,526)	(11,876)
Proceeds from sale of property, plant & equipment			
Increase (decrese) in other non-current receivable		70,928	(1,730)
Net cash provided by (used in) investing activities	**0**	**69,502**	**(13,606)**
Cash flows from a financing activity			
Decrease in borrowings	(20,000)		
Net cash used in financing activity	(20,000)	0	0
Net increase (decrease) in cash & cash equivalents	**844**	**(15,513)**	**216**
Cash & cash equivalents, beginning	**1,604**	**17,117**	**17,117**
Cash & cash equivalents, ending	**2,448**	**1,604**	**17,333**

Please refer to the accompanying Notes to Unaudited Interim Consolidated Financial Statements

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

1. Corporate information

Steniel Manufacturing Corporation (STN or the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 13, 1963. The Company and its subsidiaries (the "Group)" are engaged in the manufacturing, processing, and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. The Company is listed in the Philippine Stock Exchange Inc. (PSE).

The Company is considered a public company under Part I Section2A (i) of the Securities Regulation Code (SRC) Rule 68, as amended on October 20, 2011, which, among others, defines a public corporation as any corporation with total assets of more than P350 million or total liabilities of more than P250 million. The Company with assets of at least P50 million and having 200 or more shareholders, each of which hold at least 100 shares of its equity securities is also covered by additional requirements under SRC Rule 68, as amended, Part II. As at December 31, 2013, 2012 and 2011, the Company has 3,528 shareholders each holding at least 100 common shares of the Company.

Following a decision made by the Board of Directors in 1996 to reorganize the Group, the Company ceased manufacturing operations in June 1997. As a result, reorganization of the Group was carried out and completed with the Company's principal activity now limited to holding of investments. In addition, the remaining idle assets of the Company were leased to its subsidiary.

The ultimate parent of the Company is Steniel (Netherlands) Holdings B.V. (SNHBV), incorporated in Amsterdam and the registered owner of 82.2716% of the shares of the Company prior to restructuring of the loan in 2010. The remaining 17.7284% of the shares are widely held.

Consequent to the restructuring of the loan in 2010, remaining unissued share capital of the Company totaling 123,818 shares were issued to Roxburgh Investment Limited to reduce the Company's outstanding debts (Note 13). As a result, Roxburgh Investment Limited now owns 12.3818% of the Company, while the ownership of SNHBV as well as that of the public have been reduced to 72.0849% and 15.5333%, respectively.

On January 18, 2012, the majority and minority shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total; a limited liability company incorporated in British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding shares of SNHBV. With this sale of shares by SNHBV, Right Total is now the owner of the 72.0849% shares of the Company consequently making it its ultimate holding company.

On January 25, 2012, the Company received a tender offer report from Right Total to purchase the 279,151,088 shares of minority investing public or 27.92% of the total issued shares at a price of P0.0012 per share or an aggregate price of P334.9 million. On February 25, 2012, only a total of 2,115,692 common shares were tendered in the Tender Offer and accepted by Right Total, constituting 0.0021% of the total outstanding share capital of the Company. On March 8, 2012, payment for the Tendered Shares was delivered to the relevant broker participants on behalf of interested parties and there was a transfer to Right Total of only 0.76% of the minority shares. Such accepted tender offer did not significantly change the percentage ownership of the minority investing public.

The Company's registered address and principal office is located at Gateway Business Park, Barrio Javalera, Gen. Trias, Cavite, Philippines.

The unaudited interim consolidated financial statements of the Company and its subsidiaries have been approved and authorized for issuance by the Company's Board of Directors on May 15, 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2013 annual audited consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of and for the year ended December 31, 2013.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited interim consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited interim consolidated financial statements include the accounts of Steniel Manufacturing Corporation and its subsidiaries. The unaudited condensed consolidated financial statements are presented in Philippine peso (Php), and all values are rounded to the nearest thousands except when otherwise indicated.

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following new and revised standards, amendments to standards and interpretations starting January 1, 2013 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and revised standards, amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Presentation of Items of Other Comprehensive Income (Amendments to PAS 1).* The amendments:
  - require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
  - do not change the existing option to present profit or loss and other comprehensive income in two statements; and
  - changed the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.
- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7).* These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are:
  - offset in the statement of financial position; or
  - subject to enforceable master netting arrangements or similar agreements.

They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

- PFRS 10, *Consolidated Financial Statements*

  PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

  An investor controls an investee when:

  - it is exposed or has rights to variable returns from its involvement with that investee;
  - it has the ability to affect those returns through its power over that investee; and
  - there is a link between power and returns.

  Control is re-assessed as facts and circumstances change.

  PFRS 10 supersedes PAS 27 (2008), *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12, *Consolidation - Special Purpose Entities.*

- PFRS 12, *Disclosure of Interests in Other Entities*

  PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

  - the nature of, and risks associated with, an entity's interests in other entities; and
  - the effects of those interests on the entity's financial position, financial performance and cash flows.

- PAS 28, *Investments in Associates and Joint Ventures* (2011)

  PAS 28 (2011) supersedes PAS 28 (2008), *Investments in Associates.* PAS 28 (2011) makes the following amendments:

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
  - on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest.

- PFRS 13, *Fair Value Measurement*

  PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRS. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- PAS 19, *Employee Benefits* (Amended 2011)

  The amended PAS 19 includes the following requirements:

- actuarial gains and losses are recognized immediately in other comprehensive income; this change removes the corridor method and eliminates the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss; and
- interest income on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

The Group has applied the relevant transitional provisions of the amended standard on a retrospective basis and provided more extensive disclosures. The nature and effects of the changes are explained below:

Changes in Accounting Policy

As a result of the adoption of PAS 19 (Amended 2011), the Group has changed its accounting policy with respect to the elimination of the "corridor method" under which the recognition of actuarial gains and losses could be deferred. Instead, all actuarial gains and losses are recognized immediately in other comprehensive income.

Basis of Consolidation

The consolidated financial statements include the separate financial statements of the Company and the following subsidiaries incorporated in the Philippines:

	Percent of Ownership	
	2013	2012
Steniel Cavite Packaging Corporation (SCPC)	100	100
Treasure Packaging Corporation (TPC)	100	100
Steniel Mindanao Packaging Corporation (SMPC)	-	100

SCPC

The business operations of SCPC gradually slowed down in 2006. The temporary cessation of the plant's operation was approved by SCPC's Board of Directors (BOD) on March 27, 2007 in view of the continued losses incurred since its incorporation in addition to difficult economic and business conditions. Its operations are now limited to leasing its existing assets to third parties.

In October 2011, following the provisions of the Amended Omnibus Agreement between STN with its major creditors/lenders, SCPC submitted a merger application with SEC to absorb three (3) dormant subsidiaries namely Metroplas Packaging Products Corporation (MPPC), Metro Paper and Packaging Products, Inc. (MPPPI) and Steniel Carton System Corporation (SCSC), using June 30, 2011 financial statements, with the Company as the surviving entity. Prior to the merger with SCPC, MPPC, MPPI and SCSC are 100% owned by STN. This transaction was approved by the respective Companies' Board of Directors and Shareholders in October 2011.

On March 2, 2012, the SEC approved the certificate of filing of the articles and plan of merger, which documents were received by the Company on July 31, 2012. All the financial data presented for the periods prior to the merger have been restated to reflect the combined financial statements of the absorbed corporation as though the merger had occurred at the beginning of 2010. The effects of the Company's equity in the absorbed corporations, and intercompany receivables and payables were eliminated resulting in the combined results of operations.

The combined results of operations for the year ended December 31, 2011, which support the accompanying statements of total comprehensive income for the year ended December 31, 2011, include the results of operations of the absorbed corporations and of the Company for the year ended December 31, 2011 as if the entities had always been combined.

TPC

In September 2008, TPC temporarily ceased its operations due to the case filed against TPC by the owner of its office space and warehouse which was rendered by the court as meritorious and TPC then laid off its employees. In 2009, the obligation of TPC in relation to the above case was partially settled and fully settled in 2010.

SMPC

On December 27, 2013, the Board of Directors (BOD) of STN approved the sale of its 100% ownership or 9,249,995 common shares in the SMPC to the following entities and individuals:

Buyer	Number of Shares	Percentage of Ownership
Greenkraft Corporation	3,083,947	33.34%
Corbox Corporation	2,774,999	30.00%
Goldenbales Corporation	2,774,999	30.00%
Clement Chua	308,025	3.33%
Rex Chua	308,025	3.33%

The transfer of ownership shall be reflected in the stock and transfer books of SMPC upon issuance of the relevant Certificates Authorizing Registration by the Bureau of Internal Revenue.

3. Cash and cash equivalents

Cash at March 31 consist of cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates between 0.25% to 0.625%.

4. Trade and other receivables

Trade and other receivables consist of:

	March 31, 2014	December 31, 2013	March 31, 2013
Trade Receivables	41,157	52,411	122,931
Allowance for doubtful accounts	(35,677)	(35,677)	(53,188)
	5,481	16,734	69,742
Non-trade receivables:			
Creditable withholding taxes	4,996	4,996	4,996
Excess Input VAT	48,210	48,210	48,210
Other receivables	139,973	172,033	31,352
	193,179	225,239	84,559
Allowance for doubtful accounts	(3,744)	(3,744)	(3,323)
	194,916	238,229	150,978

5. **Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consist of:

	March 31, 2014	December 31, 2013	March 31, 2013
Creditable withholding taxes	89,745	89,655	106,870
Input VAT	35,196	35,097	122,693
Other prepayments	1,052	1,053	4,559
	125,993	125,804	234,122
Allowance for doubtful accounts	(8,183)	(8,183)	(8,325)
	117,810	117,622	225,797

6. **Assets held-for-sale**

This pertains to remaining assets and shares of stocks in an associate held for sale pursuant to the provisions of the Amended Agreement. The assets and shares are measured at lower of the carrying amount and fair value less cost to sell.

7. **Accounts payables and accruals**

Accounts payables and accruals consist of:

	March 31, 2014	December 31, 2013	March 31, 2013
Trade Payables	230,252	254,001	368,021
Accruals and others	4,441	3,624	57,455
Payable to an associate	19,972	19,972	19,973
	254,665	277,597	445,449

8. **Long-term Borrowings**

Long-term borrowings consist of:

	March 31, 2014	December 31, 2013	March 31, 2013
Greenkraft Corporation	360,578	380,578	380,696
Roxburgh Investments Limited	187,723	187,723	187,723
	548,301	568,301	568,419

The above secured loans were originally obtained from the lenders under the Omnibus Agreement's revolving working capital facility with annual interest rates.

A substantial portion of the property and equipment of the Company and its subsidiaries, and present and future receivables and inventories of its subsidiaries are used as collateral for the term loans and revolving capital facilities in accordance with the Omnibus Agreement. Further, the Omnibus Agreement provides for certain affirmative and negative covenants subject for compliance by the Company and its subsidiaries, with respect to, among others, (a) restriction on the declaration of dividends, incurrence of significant capital expenditures and commitments, and merger or consolidation; and (b) maintenance of current and debt-to-equity ratios of at least 1:1 and 1.5:1, respectively. Requirements on certain financial ratios were not met.

The Company failed to settle its outstanding short-term and long-term loans which were supposed to mature at various dates in 2004, 2005, and 2006 and was declared by the lending banks in default on May 24, 2006. During the last quarter of 2006, a lending bank informed the Company of the assignment and sale of its outstanding balance of the loan to Greenkraft Corporation, a third party. Similarly, another lending bank advised the Company in June 2007 that it has also assigned its titles and rights relative to the loan to Investments 2234 Philippines Fund I (SPV-AMC), Inc. and in 2010, the latter assigned its titles and rights to the loan to Greenkraft Corporation. In 2009, the other lending bank also assigned its title and rights to the loan to Roxburgh Investments Limited.

On October 14, 2010, Greenkraft Corporation assigned its loans receivables amounting to P296,510 thousand to Roxburgh Investments Limited.

Consequently, the Company and its major creditors/lenders signed the Amended Agreement on October 15, 2010. The restructuring of the loan finally resolved the default situation. The Company's accrued interest which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was condoned during the year by its major creditors amounting to P294,634 thousand. In addition, the accrued interest in 2010 amounting to P13,052 thousand was also reversed in 2011 in relation to the 2-year grace period provided by its creditors .Further to this, additional 2-year grace period was provided by the creditors commencing repayment of the loan on January 01, 2015.

9. Share capital

Share capital as at March 31, 2014 and December 31, 2013 consist of:

	No. of Shares	Par value per share	Amount
Authorized	1,000,000,000	1	1,000,000,000
Issued and outstanding	1,000,000,000	1	1,000,000,000

10. Others

(a) Commitments and contingent liabilities

In the normal course of business, the Group has various outstanding commitments and contingent liabilities, such as guarantees, commitments to extend credit facilities, commitments on lease, and suits/claims under litigation which are not shown in the consolidated financial statements.

In the opinion of the management of the Group, based on the advice of its external legal counsels, the ultimate disposition of the foregoing commitments and contingencies will not have a significant effect on the consolidated financial condition or operating results of the Group.

(b) Related party transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

* * * * *

Exhibit 3

Part 1: PERFORMANCE INDICATORS

The following key performance indicators have been identified in measuring the performance of the Company: a) sales revenues, b) operating expenses, c) income from operations, and d) financial ratios. Key performance indicators are expressed in absolute peso amounts. These indicators are monitored on a periodic basis and are compared against targets set at the beginning of each year.

Revenues Consolidated revenue for the 1st quarter of 2014 posted Peso 1.8 million arising from lease activity while the same period last year posted Peso 122.3 million. The decrease was mainly due to the business activity shift as an impact of the sale of SMPC in December, 2013..

Operating expenses Operating expenses on a consolidated basis for the current quarter totaled Peso 1.745 million is lower than last year of Peso 3.5 million. Continued control of operating expenses is being observed.

Income/(loss) from operations Overall, the Company reported net income from operations for the current quarter of Peso .147 million as compared with the same period last year of Peso 4.1 million. This was mainly due to the reasons cited in the foregoing explanations.

Financial ratios Consolidated current assets as at March 31, 2014 totaled Peso 531.850 million while current liabilities as at the same date totaled Peso 255.440 million. Current assets as at current quarter-end slightly changed as compared with the year-end balance attributed to collection from related parties and associates., Consequently, the balance of accounts payable and accrual as at March 31, 2014 also decreased as compared with the the year-end balance. With respect to long-term borrowings, there is also a decrease in Peso 20 million. Working capital ratio for the current quarter is 2.08. Working capital ratio is computed as the ratio of current assets over current liabilities. Debt-to-equity ratio is not computed for the current quarter because of the negative equity balance.

Part 2: MANAGEMENT DISCUSSION AND ANALYSIS

General Information and Group Structure

The Company has three operating subsidiaries nationwide that produce their own corrugated boards for conversion to finished boxes. These facilities are located in Cavite, Cebu and Davao and each is fully equipped with corrugators and converting machines. The finished products are mainly used for packaging consumer goods, fresh fruits, canned sardines, furniture and electronic goods. Marketing activities are coordinated centrally for most of the Company's high volume customers. However, each of the operating subsidiaries is individually responsible for sales and marketing activities directed at their regional customers.

The business operations of Steniel Cavite Packaging Corporation (SCPC) gradually slowed down in 2006. The Board of Directors of SCPC approved the temporary cessation of plant operation on March 27, 2007 in view of the continued business losses incurred since its incorporation, in addition to difficult economic and business conditions. The machines and equipment of SCPC were disposed via dacion en pago during 2010 to reduce long-term borrowing as part of the loan restructuring agreement. The dacion en pago of its buildings will be completed during the second semester of 2011. The salient points of the loan restructuring agreement are discussed in the succeeding portion of this report.

On August 20, 2008, Treasure Island Industrial Corporation (TIIC), owner of office space and warehouses, which Treasure Packaging Corporation (TPC) leases in Cebu, filed a case for ejectment, mandatory injunction and damages against TPC in the Municipal Trial Court Branch 2 (the "Court) in Mandaue City due to unpaid rental. On December 3, 2008, a decision was rendered by the Court finding that TIIC's complaint is meritorious and ordered TPC to vacate the subject premises and improvements and restore TIIC's possession thereof. Consequently, starting September 2008, TPC temporarily ceased its operations and separated all its employees. The Board formally approved the cessation of TPC's operation on March 10, 2009. Following its closure, the property and equipment of TPC were disposed of to partially settle its trade and other liabilities.

Effective year-end 2008, only the manufacturing facility in Davao under SMPC remains operational.

Prior to 2006, Steniel (Netherlands) Holdings B.V. (SNHBV), incorporated in Amsterdam is the registered owner of 82.2716% of the shares of the Group and the former is 100% owned by Steniel (Belgium) Holdings NV (SBHNV). In 2006, SBHNV sold its shares in SNHBV to certain directors and officers of the Group. With the sale of shares, the ultimate parent of the Company became SNHBV. The remaining 17.7284% of the shares are widely held.

Consequent to the restructuring of the loan in 2010 as discussed in the succeeding part of this report, remaining unissued share capital of the Company totaling 123,818 shares were issued to Roxburgh Investment Limited to reduce the Company's outstanding debts. As a result, Roxburgh Investment Limited now owns 12.3818% of the Company, while the ownership of certain directors and officers of the Group as well as the public have been reduced to 72.0849% and 15.5333%, respectively.

On January 18, 2012, the major and minority shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total; a limited liability company incorporated in British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding shares of SNHBV. With this sale of shares by SNHBV, Right Total is now the owner of the 72.0849% shares of the Company consequently making it its ultimate holding company.

On January 25, 2012, the Company received a tender offer report from Right Total to purchase the 27.92% shares of minority investing public of the total issued shares at a price of P0.0012 per share or an aggregate price of P334,981. Payment of the price of the tender shares validly tendered and accepted for payment shall be by way of checks which shall be made available for pick up at the office of BDO Securities, Inc. three (3) days after the tender shares are crossed at PSE.

On December 27, 2013, the Board of Directors (BOD) of STN approved the sale of its 100% ownership or 9,249,995 common shares in the SMPC to the following entities and individuals:

Buyer	Number of Shares	Percentage of Ownership
Greenkraft Corporation	3,083,947	33.34%
Corbox Corporation	2,774,999	30.00%
Goldenbales Corporation	2,774,999	30.00%
Clement Chua	308,025	3.33%
Rex Chua	308,025	3.33%

The transfer of ownership shall be reflected in the stock and transfer books of SMPC upon issuance of the relevant Certificates Authorizing Registration by the Bureau of Internal Revenue.

Status of Operation

On May 24, 2006, the lending banks declared the Company in default for failure to meet its quarterly principal amortizations and interest payments since March 2004. During the last quarter of 2006, one of the lending banks informed the Company of the assignment and sale of its loan to a third party. Similarly, another lending bank advised the Company in June 2007 that it has also assigned the titles and rights relative to its loan balance to a third party. In 2009, another lending bank advised the Company that it has also assigned its loan balance to an investment entity. In 2010, an investment entity advised the Company that its right to the loan balances was assigned to the third party in the agreement.

Due to the working capital drain experienced by the Company as a result of prior debt service payments and the difficult business and economic conditions during the period, the Company found it difficult to sustain further payments of debt while at the same time ensuring continued operations.

In 2009, discussions were made with the major creditors/lenders to restructure the outstanding loans. Subsequently, on October 15, 2010 the Company and the creditors/lenders signed the Amended and Restated Omnibus Agreement. The restructuring of the loan finally resolved the default situation. The essential elements of the Amended and Restated Omnibus Agreement are summarized below:

- The outstanding principal and accrued interest expense as at September 30, 2010 is restructured for 25 years.
- Conditional waiver of penalty and other charges upon the faithful performance by the Company of the terms of restructuring.
- The outstanding principal and accrued interest expense as of September 30, 2010 shall be reduced via dacion en pago or sale of the following properties: (a) all of the outstanding common and preferred shares of stock in the Company's land holding entity, Steniel Land Corporation (SLC), (b) identified idle assets of the Company and its subsidiaries, and c) by way of conversion into equity through the issuance of the Company's unissued capital stock.
- The outstanding principal amount after the dacion en pago or sale of properties shall be paid in 92 consecutive quarterly installments starting in January 2013.
- The outstanding portion of the accrued interest after equity conversion shall be paid in 40 consecutive quarterly installments starting after year 15 from the date of restructuring.
- Restructured outstanding principal will be subject to interest of 6% per annum for 15 years and 8% per annum on the 16th year onwards.
- The restructured accrued interest expense will be subject to interest of 8% per annum.
- The restructured loan shall be secured by the assets/collateral pool under the Collateral Trust Agreement.
- All taxes and fees, including documentary stamp taxes and registration fees, shall be for the account of the Company.
- All other costs and expenses of restructuring, including documentation costs, legal fees and out-of-pocket expenses shall be for the account of the Company; and
- Other conditions include:

a. Lenders representative to be elected as director in the Company and in each of its subsidiaries.
b. A 5-year Business Plan for the Company's operating subsidiary including the execution of raw material supply contracts.
c. A merger, reorganization or dissolution of certain subsidiaries in line with the Business Plan.
d. No dividend declaration or payments until the restructured obligations are fully paid.
e. No new borrowing, unless with consent of the lenders.
f. No repayment or prepayment of any debt or obligation (other than operational expenses), unless with consent of the lenders.
g. Creditors' consent for change in material ownership in the Company and mortgagors.
h. Standard covenants, representations and warranties.

The dacion en pago of the Steniel Group's idle machines and the equity conversion through the issuance of the Company's capital stocks have been completed as at December 31, 2010. The dacion en pago transaction reduced outstanding principal amount by P122 million while the equity conversion reduced outstanding accrued interest by P248 million. The dacion en pago relating to the shares in SLC and the Group's building for a total value of P290 million are still under negotiations with buyers on meeting the regulatory requirements on transfer of assets as at reporting date. The change of ultimate parent company during the end of reporting period also caused the delay in dacion en pago. Upon completion of the tender offer in SMC's share of the ultimate parent company and final agreement with buyers to meet regulatory requirements relative to the transfer of assets, the dacion en pago is expected to be completed in 2012.

On December 2, 2011, the major creditors/lenders agreed to waive the payment of interest for the first two (2) years of the loan commencing of the restructuring date, to correspond to the principal repayment as stated in the Amended Agreement. Hence, interest payments on each interest payment date shall be made in accordance with the Amended and Restated Omnibus Agreement but shall commence on the 27th month after the restructuring date, inclusive of a two (2) year grace period. In relation to this, on March 1, 2012, the accrued interest, which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was also condoned by its major creditors effective December 31, 2011.

Results of Operations

Consolidated revenue for the 1st quarter of 2014 arising from the leasing activity amounted to Peso 1.8 million. There was a significant reduction of the revenue reported compared to year-end and same period last year as an effect of the sale of the operating company in December 27, 2013.

Operating expenses on a consolidated basis for the current quarter totaled Peso 1.745 million is lower than last year of Peso 3.5 million. Continued control of operating expenses is being observed.

The creditors granted the Company another 2-year grace period in the payment of interest commencing on the restructuring date. Thus, there are no financing charges recognized during the period reported.

Operating Plans

Consequential to the sale of SMPC shares held by SMC, the Company's key strategies are focused towards leasing the remaining assets to its subsidiary, specifically the plant in Davao.

Financial Condition

Consolidated current assets as at March 31, 2014 totaled Peso 531.850 million while current liabilities as at the same date totaled Peso 255.440 million. Current assets as at current quarter-end slightly changed as compared with the year-end balance attributed to collection from related parties and associates., Consequently, the balance of accounts payable and accrual as at March 31, 2014 also decreased as compared with the the year-end balance. With respect to long-term borrowings, there is also a decrease in Peso 20 million. Working capital ratio for the current quarter is 2.08. Working capital ratio is computed as the ratio of current assets over current liabilities. Debt-to-equity ratio is not computed for the current quarter because of the negative equity balance.

There are no significant capital expenditures during the period. Neither is there any significant capital spending anticipated in the immediate future.

There are no events that will trigger direct or contingent financial obligation that is material to the company and there are no off-balance sheet transactions or arrangements with any unconsolidated entity or other person during the period being reported Consolidated total assets as at current quarter-ending March 31, 2014 amounted to Peso 560.073 million as compared to Peso 602.858 million as at December 31, 2013.

Financial Risk Management

The Company's financial assets and liabilities, comprising mainly of cash in banks, receivables, other non-current receivables, trade payables and borrowings and amounts due from/to related parties are exposed to a variety of financial risks, which include currency risk, credit risk, liquidity/funding risk and cash flow interest rate risk. The Company's management ensures that it has sound policies and strategies made to minimize potential adverse effects of those risks on its financial performance. Risk management is carried out through the policies approved by Board of Directors of the Company.

The foreign exchange risk of the Company arising from cash, trade receivables and payables is not significant. The net exposure is kept to an acceptable level by buying foreign currencies at spot rates when necessary to address short-term needs.

The Company is not significantly exposed to price risk on equity securities and proprietary club shares classified in the consolidated balance sheet as other assets. Furthermore, there are no foreign securities owned and held by the Company.

The fluctuation of future cash flows risk relates to the fluctuations of a financial instrument as a result of changes in the market interest rates with possible additional penalty charges. Since the declaration of default by the Company's lending banks in 2005, the interest rates applied are fixed. As the borrowings are carried at amortized cost with fixed interest rate, the Company is not exposed to either cash flow or fair value interest rate risk. The Company has no significant interest-bearing assets, which are dependent on market interest rate that would affect the Group's income and operating cash flows.

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks, receivables and deposits with third parties. Cash transactions are limited to high-credit-quality financial institutions and are maintained with universal and commercial banks.

Liquidity risk relate to the failure of the Company or another party to discharge its obligations/commitments arising from receivables, payables and borrowings. Cash balances are considered low. The tight cash position limits its obligation to take advantage of increasing demands. Establishing new sources of trade credit and working capital facility will change this problem. The Company's financial liabilities, which include borrowings, trade payables and other current liabilities are due within 12 months.

The Company's objectives when managing capital are to safeguard the its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

PFRS 9, Financial Instruments

PFRS 9, Financial Instruments is a new standard, which becomes effective January 1, 2013, and is the first step in the process to replace PAS 39, Financial Instruments: Recognition and Measurement. PFRS 9 introduces new requirements for classifying and measuring financial assets and financial liabilities and is likely to affect the Group's accounting for its financial assets and financial liabilities. Given that the Company does not have complex financial instruments, this standard is not expected to have material impact on the financial statements. However, it may impact the classification of the Group's financial instruments. Based on the foregoing, the Company has decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2012 annual financial reporting based on the impact evaluation made using the year-end 2011 balances.

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