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SECURITIES AND EXCHANGE COMMISSION

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S T E N I E L M A N U F A C T U R I N G
C O R P O R A T I O N

(Company's Full Name)

G a t e w a y B u S i n e s s P a r k ,
J a v a l e r a , G e n . T r i a s , C a v i t e

(Complete Business Address)

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Month Day

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Secondary License Type, if applicable

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Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number LCU

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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)

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Amendment Designation
(If applicable)

September 30, 2016
Period Date Ended

Not Applicable
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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 : September 30, 2016
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 : (46) 433-0066
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 September 30, 2016*

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.

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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. Macaray

Title :

Vice President and CFO

Date :

November 14, 2016

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STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

Consolidated Statements of Total Comprehensive Income

For the period ended September 30, 2016, December 31, 2015 and September 30, 2015

(All Amounts in Philippine Peso)

(Unaudited)

<i>In Php '000</i>	Nine Months Ended		Three Months Ended	
	2016	2015	2016	2015
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Revenues				
Product sales	-	44,483	-	2,607
Service and rental income	45,579	45,579	15,193	15,193
Total revenues	45,579	90,062	15,193	17,800
Cost of sales and services	-	(44,354)	-	(2,597)
Gross profit	45,579	45,708	15,193	15,203
Operating expenses	(16,976)	(10,989)	(5,113)	(3,686)
Other income (expenses), net	1,046	4,659	660	(455)
Income (Loss) before interest & provision for income tax	29,649	39,378	10,740	11,062
Interest Expense	3,701		1,230	-
Net Income (Loss) from operations	25,948	39,378	9,510	11,062
Income Tax Expense (Benefit)	9,415	8,824	3,270	1,303
Net Income (Loss)	16,533	30,554	6,240	9,759
Other Comprehensive Income (Loss)				
Item that may be reclassified to profit or loss				
Changes in the fair value of available-for-sale				
financial assets	1,323	-	-	2,860
	1,323	-	-	2,860
Total Comprehensive Income (Loss)	17,856	30,554	6,240	12,619
Basic and Diluted Earnings (Loss) Per Common Share	0.0165	0.0306	0.0062	0.0098

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

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(Unaudited)

<i>In Php '000</i>	30-Sep- 2016	31-Dec- 2015	30-Sep- 2015
<u>ASSETS</u>			
Current Assets			
Cash & Short-term Investments	4,428	5,554	8,427
Receivables - net	47,507	24,529	46,234
Prepaid Expenses and other current assets	129,475	140,496	144,776
Assets held for Sale	120,850	120,849	120,850
Total current assets	302,261	291,428	320,287
Non Current Assets			
Property, Plant & Equipment - net	49,927	60,620	52,889
Available-for-sale financial assets	40,045	20,799	15,914
Other Non Current Assets	20	20	20
Total non-current assets	89,991	81,439	68,823
Total Assets	392,252	372,867	389,110
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>			
Current Liabilities			
Trade Payables and other current liabilities	142,213	136,026	146,176
Payable to government agencies	52	395	179
Total current liabilities	142,265	136,421	146,355
Non-current Liabilities			
Long-term Borrowings	431,087	438,847	441,434
Total non-current liabilities	431,087	438,847	441,434
Total Liabilities	573,352	575,268	587,789
Stockholders' Equity			
Capital Stock	1,000,000	1,000,000	1,000,000
Additional paid-in capital	414,632	414,632	414,632
Unrealized gain(loss) on AFS	1,323	(3,446)	(2,605)
Accumulated Deficit	(1,597,055)	(1,613,587)	(1,610,707)
Total Stockholders' Equity	(181,100)	(202,401)	(198,680)
Total Liabilities & Stockholders' Equity	392,252	372,867	389,110

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

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE
NINE MONTHS ENDED SEPTEMBER 30
(Unaudited)

<i>In Php '000</i>	30-Sep-16	31-Dec-15	30-Sep-15
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
Unrealized gain/(loss) on available-for-sale financial assets			
Beginning	(3,446)	255	255
Changes in fair value of available-for-sale financial assets	4,768	(3,701)	(2,860)
	1,322	(3,446)	(2,605)
Retained earnings (deficit)			
Beginning	(1,613,587)	(1,641,261)	(1,641,261)
Net income/(loss) for the period	16,533	27,674	30,554
Ending	(1,597,054)	(1,613,587)	(1,610,707)
Stockholders' Equity	(181,100)	(202,401)	(198,680)

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

Steniel Manufacturing Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months ended September 30, 2016 and the year ended December 31, 2015
(All Amounts in Philippine Peso)
(Unaudited)

<i>In Php '000</i>	30-Sep-2016	31-Dec-2015	30-Sep-2015
Cash flows from operating activities			
Income (loss) before income tax	25,948	41,557	39,378
Adjustments for:			
Depreciation & amortization	10,693	11,552	8,577
Gain on settlement of debt		(1,007)	
Property dividend	(404)	(332)	(4,635)
Gain on sale of AFS assets	(188)	(202)	
Interest income from banks	(10)	(15)	(10)
Operating income (loss) before working capital changes	36,039	51,553	43,310
Decrease (increase) in:			
Receivables	(22,978)	14,857	(6,848)
Prepaid expense and other current assets	1,605	7,167	7,946
Trade Payables and other current liabilities	6,187	(39,693)	(30,548)
Payable to government agencies	(343)	181	(35)
Cash generated from (absorbed by) operations	20,509	34,065	13,825
Interest received	10	15	10
Dividend received	404	332	4,635
Net cash provided by (used in) operating activities	20,923	34,412	18,470
Cash flows from investing activities			
Proceeds from sale of AFS financial assets	3,021	1,130	
Additions to property, plant and equipment	0	(10,706)	
Acquisition of AFS financial assets	(17,310)	(12,082)	(5,430)
Net cash provided by (used in) investing activities	(14,289)	(21,658)	(5,430)
Cash flows from a financing activity			
Payment of long-term debt	(7,760)	(10,347)	(7,760)
Net cash used in financing activity	(7,760)	(10,347)	(7,760)
Net increase (decrease) in cash & cash equivalents	(1,126)	2,407	5,280
Cash & cash equivalents, beginning	5,554	3,147	3,147
Cash & cash equivalents, ending	4,428	5,554	8,427

**STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**

1. Corporate information

Steniel Manufacturing Corporation (STN or the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 13, 1963. The Parent 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 Parent Company is listed in the Philippine Stock Exchange Inc. (PSE).

On September 11, 2013, the SEC approved the Amended Articles of Incorporation of the Parent Company, extending the corporate life for another 50 years from September 13, 2013.

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

The ultimate parent of the Group is Steniel (Netherlands) Holdings B.V. (SNHBV), incorporated in Amsterdam and the registered owner of 82.2716% of the shares of the Parent 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 Parent Company totaling 123,818 shares were issued to Roxburgh Investment Limited (Roxburgh) to reduce the Parent Company's outstanding debts (Notes 12 and 19). As a result, Roxburgh then owns 12.3818% of the Parent 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 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 SNHBV consequently making Right Total its ultimate parent company.

On January 25, 2012, the Parent Company received a tender offer report from SNHBV 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 SNHBV, constituting 0.0021% of the total outstanding share capital of the Parent 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 SNHBV 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 Parent 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 November 14, 2016.

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, 2015 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, 2015.

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, 2015 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 financial statements.

- *Annual Improvements to PFRSs: 2010 -2012 and 2011 - 2013 Cycles* – Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRS would also apply. The following are the said improvements or amendments to PFRS, none of which has a significant effect on the consolidated financial statements of the Group:
 - *Disclosures on the aggregation of operating segments (Amendment to PFRS 8, Operating Segments)*. The amendments explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: (a) a brief description of the operating segments that have been aggregated; and (b) the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, this amendment clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
 - *Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16, Property, Plant & Equipment and PAS 38, Intangible Assets)*. The amendments clarify the requirements of the revaluation model in PAS 16 and PAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. PAS 16 and PAS 38 have been amended to clarify that, at the date of revaluation: the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset – e.g. restated in proportion to the change in the carrying amount or by reference to observable market data; and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after

taking into account accumulated impairment losses; or the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- *Definition of 'related party' (Amendment to PAS 24, Related Party Disclosures).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 – e.g. loans.
- *Scope of portfolio exception (Amendment to PFRS 13, Fair Value Measurement).* The scope of the PFRS 13 portfolio exception – whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met – has been aligned with the scope of PAS 39, *Financial Instruments: Recognition and Measurement* and PFRS 9, *Financial Instruments*.

PFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of PAS 39 and PFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under PAS 32, *Financial Instruments: Disclosure and Presentation* – e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

Standards Issued But Not Yet Adopted

A number of new and amended standards are effective for annual periods beginning after January 1, 2015 and have not been applied in preparing these consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

The Company will adopt the following new and amended standards on the respective effective dates:

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to PAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle.* This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Group's consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- *Changes in method for disposal (Amendment to PFRS 5, Non-current Assets Held for Sale and Discontinued Operations).* PFRS 5 is amended to clarify that:

- if an entity changes the method of disposal of an asset (or disposal group) – i.e. reclassifies an asset (or disposal group) from held-for-distribution to owners to held-for-sale (or vice versa) without any time lag – then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset (or disposal group) and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset (or disposal group); and
- if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed.

The amendment to PFRS 5 is applied prospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in methods of disposal that occur on or after January 1, 2016.

- *Investment Entities: Applying the Consolidation Exception (Amendments to PFRS 10, PFRS 12, Disclosure of Interests in Other Entities and PAS 28, Investments in Associates)* clarifies that:

- A subsidiary that provides investment-related services should not be consolidated if the subsidiary itself is an investment entity.
- The exemption from preparing consolidated financial statements for an intermediate held by an investment entity, even though the investment entity does not consolidate the intermediate.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Disclosure Initiative (Amendments to PAS 1, Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information.
- Materiality considerations apply to all parts of the consolidated financial statements, even when a standard requires a specific disclosure.
- The list of line items to be presented in the consolidated statements of financial position and consolidated statements of comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *PFRS 9 (2014)*. PFRS 9 (2014) replaces PAS 39 and supersedes the previously published

versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

- *PFRS 16, Leases* supersedes *PAS 17, Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted PFRS 15, *Revenue from Contracts with Customers*. The Group is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date once adopted locally.

Pending approval of local adoption of PFRS 15.

- *PFRS 15* replaces *PAS 11, Construction Contracts*, *PAS 18, Revenue*, *IFRIC 13, Customer Loyalty Programmes*, *IFRIC 18, Transfer of Assets from Customers* and *SIC-31, Revenue -Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Basis of Consolidation

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

	Percent of Ownership	
	2015	2014
Steniel Cavite Packaging Corporation (SCPC)	100	100
Treasure Packaging Corporation (TPC)	100	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, MPPPI 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%

On August 16, 2016 has issued the relevant Certificates Authorizing Registration by the Bureau of Internal Revenue.

3. Cash and cash equivalents

Cash at September 30 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:

	September 30, 2016	December 31, 2015	September 30, 2015
Trade Receivables	35,480	35,480	35,480
Allowance for doubtful accounts	(35,480)	(35,480)	(35,480)
	-	-	-
Non-trade receivables:			
Creditable withholding taxes	-	-	-
Excess Input VAT	-	-	-
Other receivables	51,251	29,898	49,978
	51,251	29,898	49,978
Allowance for doubtful accounts	(3,744)	(5,369)	(3,744)
	47,507	24,529	46,234

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	September 30, 2016	December 31, 2015	September 30, 2015
Creditable withholding taxes	81,369	87,042	91,342
Input VAT	56,099	61,447	61,427
Other prepayments	-	-	190
	137,467	148,489	152,959
Allowance for doubtful accounts	(7,993)	(7,993)	(8,183)
	129,475	140,496	144,776

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:

	September 30, 2016	December 31, 2015	September 30, 2015
Trade Payables	20,674	32,860	56,277
Accruals and others	24,676	9,389	4,383
Payable to an associate	96,863	93,777	85,516
	142,213	136,026	146,176

8. Long-term Borrowings

Long-term borrowings consist of:

	September 30, 2016	December 31, 2015	September 30, 2015
Greenkraft Corporation	256,505	258,633	253,711
Roxburgh Investments Limited	174,582	180,214	187,723
	431,087	438,847	441,434

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 principal on January 01, 2015 and recognition of 2% per annum interest expense thereon effective January 1, 2016.

9. Share capital

Share capital as at September 30, 2016 and December 31, 2015 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.

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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 nine months ended September 30, 2016 mainly generated from the leasing activity was recorded at Peso 45.579 million compared to combined business revenue generated of Peso 90.062 million for the same period last year. The significant decline in revenue was due to temporary stop operation of the trading business on August, 2015.

Operating expenses Operating expenses on a consolidated basis for the nine months ended September 30, 2016 likewise increased by 35.27% or an aggregate amount of Peso 5.988 million. The increase in operating expense is relative to the additional depreciation expense coupled by maintenance cost for the machines being leased to a plant in Davao. All other operating expenses are being controlled by the group.

Income/(loss) from operations Overall, the Company reported a net income from operations for the period ended September 30, 2016 totaled Peso 25.948 million as compared with the same period last year of Peso 39.378 million. The decrease is attributed to interest charges on long term debts paid to creditors starting January, 2016.

Financial ratios Consolidated current assets as at September 30, 2016 totaled Peso 302.261 million while current liabilities as at the same reporting date totaled Peso 142.265 million. The net increase in current assets as at September 30, 2016 was consequential to sustainable business activity and partially offset by utilization of prepaid taxes. On the other hand, the balance of accounts payable and accrual as at September 30, 2016 decreased as compared to the same period last year, indicative of a healthier financial condition. With respect to long-term borrowings, the company is determined to implement the terms and conditions of the loan restructuring agreement. Commitment to creditors for debt service is strictly implemented as the obligations fall due. Working capital ratio for the current quarter is 2.12. 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 and 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 Stenie! 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 was completed during the 1st semester of 2014. 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:

- o The outstanding principal and accrued interest expense as at September 30, 2010 is restructured for 25 years.
- o Conditional waiver of penalty and other charges upon the faithful performance by the Company of the terms of restructuring.
- o 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.
- o 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.
- o 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.
- o Restructured outstanding principal will be subject to interest of 6% per annum for 15 years and 8% per annum on the 16th year onwards.
- o The restructured accrued interest expense will be subject to interest of 8% per annum.
- o The restructured loan shall be secured by the assets/collateral pool under the Collateral Trust Agreement.
- o All taxes and fees, including documentary stamp taxes and registration fees, shall be for the account of the Company.
- o 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
- o 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 is 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 nine months ended September 30, 2016 mainly generated from the leasing activity was recorded at Peso 45.579 million compared to combined business revenue generated of Peso 90.062 million for the same period last year. The revenue attributable to the leasing of machineries remain stable due to no increase provision from the inception date to present. The significant decline in revenue was due to temporary stop operation of the trading business on August, 2015.

Operating expenses on a consolidated basis for the nine months ended September 30, 2016 likewise increased by 35.27% or an aggregate amount of Peso 5.988 million. The increase in operating expense is relative to the additional depreciation expense coupled by maintenance cost for the machines being leased to a plant in Davao. All other operating expenses are being controlled by the group.

Interest expenses paid to creditors commencing on January 1, 2016 amounting to Peso 3.7million at 2% per annum. There are no financing charges recognized during the same period last year as the creditors granted a 2-year grace period from restructuring date.

Operating Plans

The Company's key strategies are focused towards leasing the remaining machineries and equipments to a subsidiary in Davao at the same time continuously make use of available financial assets to augment revenues.

Financial Conditions

Consolidated current assets as at September 30, 2016 totaled Peso 302.261 million while current liabilities as at the same reporting date totaled Peso 142.265 million. The increase in current assets as at September 30, 2016 was due to sustained leasing activity while partially offset by utilization of prepaid taxes as a consequence of improved company performance. Similarly, the balance of accounts payable and accrual as at September 30, 2016 also decreased as compared to the same period last year, mainly due to healthier financial condition that contributed to partial settlement of past due accounts. With respect to long-term borrowings, the company has diligently serviced its debts as they fall due. Working capital ratio for the current quarter is 2.12. 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 September 30, 2016 amounted to Peso 392.252 million compared to the

same period last year of Peso 389.110 million.

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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Steniel Manufacturing Corporation and Subsidiaries
Trade and Other Receivables
As at September 30, 2016

	Amount (In 000 Php)
Trade Receivables:	
1 to 60 days	10,838
61 to 120 days	17,561
Over 120 days	58,332
Allowance provision	86,731 (39,224)
Net	47,507
Other Receivables:	
Creditable Withholding Taxes	81,369
Excess Input Tax	56,099
Other Receivables	
Allowance provision	137,468 (7,993)
Net	129,475
Total, net	176,982