

**COVER SHEET**

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S.E.C. Registration Number

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 ,

B R G Y . J A V A L E R A , G E N E R A L

T R I A S , C A V I T E

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

MIA M. ORMITA

Contact Person

687 1195

Company Telephone Number

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Day

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Fiscal Year

SEC FORM 17-A

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

LCU

File Number

Cashier

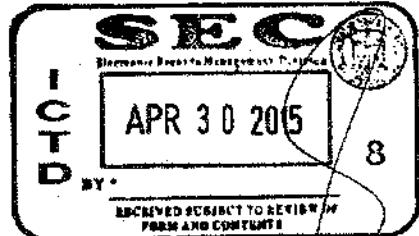
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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**



1. For the fiscal year ended : **31 December 2014**
2. SEC Identification Number : **23736**
3. BIR Tax Identification No. : **000-099-128**
4. Exact name of issuer as specified in its charter : **Steniel Manufacturing Corporation**
5. Province, Country or other jurisdiction of incorporation or organization : **Philippines**      6. **[redacted]** (SEC Use Only)  
Industry Classification Code:
7. Address of principal office  
**Gateway Business Park, Brgy. Javalera, General Trias, Cavite**
8. Issuer's telephone number, including area code  
**(046) 433-0066**
9. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>Common Shares</b>	<b>1,000,000,000</b>

10. Are any or all of registrant's securities listed on a Stock Exchange?

Yes [  ]      No [  ]

11. The Company's 876,182,045 common shares are listed at the Philippine Stock Exchange.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the SRC, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [  ]      No [  ]

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

Yes [  ]

No [  ]

The aggregate market value of voting stocks held by non-affiliates is Php40,386,613.28 computed on the basis of the average share price as of the 3<sup>rd</sup> quarter of 2006<sup>1</sup> of Php0.26 per common share.

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### (A) Description of Business.

Steniel Manufacturing Corporate (the "Company") was incorporated in 1963. On September 11, 2013, the Securities and Exchange Commission ("SEC") approved the extension of the corporate term of the Company for another 50 years.

The Company has the following subsidiaries (the Company and its subsidiaries hereinafter referred to as the "Steniel Group"):

Name of Subsidiary	Date of Registration	SEC Registration No.
STENIEL CAVITE PACKAGING CORPORATION	Oct. 21, 1993	AS093-8725
TREASURE PACKAGING CORPORATION	May. 23, 1994	AS094-004629

Prior to 2006, Steniel (Netherlands) Holdings B.V. ("Steniel Netherlands"), a company incorporated in Amsterdam, The Netherlands, owned 82.2716% of the shares of the Company. Steniel Netherlands was then 100%-owned by Steniel (Belgium) Holdings NV ("Steniel Belgium"). In 2006, Steniel Belgium sold its shares in Steniel Netherlands to certain directors and officers of the Company. With the sale of shares, the ultimate parent of the Company became Steniel Netherlands.

Pursuant to the restructuring of the Company's loans in 2010 as discussed in Section 1.H of this report, the Company's remaining unissued shares of 123,817,915 shares were issued to Roxburgh Investment Limited ("Roxburgh") to reduce the Company's outstanding debts. As a result, Roxburgh now owns 12.3818% of the Company.

On January 18, 2012, the shareholders of Steniel Netherlands 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. Under the agreement, Right Total shall purchase up to 100% of the issued and outstanding shares of Steniel Netherlands. Following the closing of the sale on March 29, 2012, Right Total became the owner (through Steniel Netherlands) of 72.0849% shares of the Company.

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<sup>1</sup> There were no transactions in the 4<sup>th</sup> quarter of 2006. Effective July 6, 2006, the Philippine Stock Exchange implemented a temporary trading suspension on the Company's shares.

On January 25, 2012, the Company received a tender offer report from Right Total on its offer to purchase 27.92% shares of the minority investing public. A total of 2,115,692 common shares were tendered and accepted by Right Total.

On March 2, 2012, the SEC issued a Certificate of Merger to Steniel Cavite Packaging Corporation ("SCPC"), Metroplas Packaging Products Corporation, Metro Paper and Packaging Products, Inc. and Steniel Cartons Systems Corporation, with SCPC as the surviving corporation.

On December 27, 2013, the Company sold its entire ownership, consisting of 9.25 million common shares, of Steniel Mindanao Packaging Corporation ("SMPC"). The transfer will be registered in the stock and transfer books of SMPC upon issuance of the relevant Certificates Authorizing Registration by the Bureau of Internal Revenue.

**(B) Nature of Business**

The Company has 2 operating subsidiaries nationwide that produce their own corrugated boards for conversion to finished boxes. These facilities are located in Cavite and Cebu and each is fully equipped with corrugator 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. Each of the operating subsidiaries is individually responsible for sales and marketing activities directed at their regional customers.

The business operations of SCPC gradually slowed down in 2006. SCPC's Board of Directors approved the temporary cessation of the plant's 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* in 2010 to reduce long-term borrowing as part of the loan restructuring agreement. The *dacion en pago* of its building was completed in 2014.

In September 2008, Treasure Packaging Corporation ("TPC") temporarily ceased its operations and separated all its employees. The Board formally approved the cessation of TPC's operation on March 10, 2009. The property and equipment of TPC were disposed of to partially settle its trade and other liabilities.

On December 27, 2013, the Company sold its 100% ownership in SMPC.

**(C) Transactions with and/or Dependence on Related Parties**

Transactions with related parties in the day-to-day course of business include inter-company sale and/or transfer of inventory and equipment. Related party transactions are always made at arms-length.

**(D) Total Number of Employees**

The Steniel Group employs a total number of two (2) regular and casual employees as at December 31, 2014 broken down as follows:

Supervisors and rank & file	2
<hr/>	
Total	2

**(E) Patents, Trademarks Copyrights and Licenses**

Not applicable.

**(F) New Products and Existing or Probable Government Approval for Products or Services**

Not applicable.

**(G) Cost and Compliance with Environmental laws**

The Steniel Group adopts a proactive approach in respect of environmental laws. All its facilities were constructed with high standards and in compliance with the basic requirements of existing environmental regulations. It is not feasible at the moment to determine the incremental cost of additional compliance with new regulations, if there are any.

**(H) Bankruptcy, Receivership or Similar Proceedings**

As discussed in Note 1 – General information/Status of Operations in the Notes to Consolidated Financial Statements, due to the working capital drain experienced by the Steniel Group as a result of prior debt service payments and the difficult business and economic conditions during the period, the Steniel Group found it difficult to make further payments of its bank debts while at the same time ensuring continued operations. On May 24, 2006, the lenders declared the Company in default for failure to meet its quarterly principal amortizations and interest payments since March 2004.

In November 2007, the Company including certain subsidiaries and an associate separately filed individual Petitions for Rehabilitation with the respective Regional Trial Courts to ensure recovery and address liquidity.

On July 7, 2008, the Regional Trial Court ("RTC") in Cavite issued an Order dismissing the Petition and lifting the Stay Order based on the comments filed by the creditors as to the deficiencies in the Rehabilitation Plan filed by the Company. Consequently, on August 19, 2008, the Company appealed the RTC Order to Court of Appeals but such appeal was denied. The Company filed a petition for review with the Supreme Court, which denied the petition on June 17, 2009, and subsequently, the motion for reconsideration on October 14, 2009.

In 2009, discussions commenced with the major creditors/lenders to restructure the outstanding loans. On October 15, 2010, the Company and the creditors/lenders signed an Amended and Restated Omnibus Agreement (the "Amended Agreement"). The essential elements of the Amended Agreement are summarized below:

- Restructuring of outstanding principal and accrued interest expense as of September 30, for twenty five (25) years.
- Conditional waiver of penalty and other charges upon the faithful performance by the Company of the terms of restructuring.
- Reduction of the outstanding principal and accrued interest expense as of September 30, 2010 via dacion en pago or sale of the following properties: (a) all outstanding common and preferred shares of stock held by the Company in Steniel Land Corporation ("SLC"); (b) identified idle assets of SMC and its subsidiaries; and (c) 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 ninety two (92) consecutive quarterly installments starting in January 2013.
- The outstanding portion of the accrued interest after equity conversion shall be paid in forty (40) consecutive quarterly installments starting after year fifteen (15) from the date of restructuring.
- Restructured outstanding principal will be subject to interest of 6% *per annum* for fifteen (15) years and 8% *per annum* on the sixteenth (16<sup>th</sup>) year.
- 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 Steniel Group.
- All other costs and expenses of restructuring, including documentation costs, legal fees and out-of-pocket expenses shall be for the account of the Steniel Group; and
- Other conditions include:
  - a. Lenders representative to be elected as director in SMC and in each of its subsidiaries.
  - b. A five (5)-year Business Plan for SMC'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 payment until the restructured obligations is 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 Steniel Group 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 and which resulted to a gain on disposal of property and equipment amounted to Php30.3 million. The *dacion en pago* transaction reduced outstanding principal amount by Php122 million while the equity conversion reduced outstanding accrued interest by Php248 million. The *dacion en pago* of the SCPC building, with a value of R99.1 million, was completed in 2014. With regard to the *dacion en pago* of the shares in SLC, in 2012, the Certificates Authorizing Registration were issued in relation to the transfer to Greenkraft of 1,749,500 common shares and 11,820 preferred shares in SLC. The Certificate Authorizing Registration covering the transfer of 727,050 preferred shares in SLC held by SCPC is currently being processed.

The change in management in early 2012 generally caused the delay in the implementation of the *dacion en pago*. The installment payment of outstanding principal based on the Amended Agreement above is also expected to be adjusted.

On December 2, 2011, the major creditors/lenders agreed to waive the payment of interest for the first 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 Agreement but shall commence on the 27<sup>th</sup> month after the restructuring date, inclusive of a 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.

Most recently, on December 27, 2014, lenders under the Amended Agreement agreed to the following repayment:

- (a) two (2)-year grace period on the payment of interest or until December 31, 2014;
- (b) quarterly payments of the principal amortization to commence on March 31, 2015 for a period of twenty five (25) years; and
- (c) reduction of interest rates from 6% to 2% per annum on the first two (2) years, 3% per annum on the third and fourth years and 4% per annum from the fifth year until full repayment of the loan.

There are no known trends, events or uncertainties that will have a material impact on the Steniel Group's future operations except those that have already been disclosed in the foregoing. There are no other sources of revenue or income that are not ordinary in nature.

**(I) Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets Not Within the Ordinary Course of Business**

On March 2, 2012, the SEC approved the merger of four (4) subsidiaries of the Company, with SCPC as surviving company (the "4-way Merger").

Also, as discussed in Note 8 - Non-current assets held for sale in the Notes to the Consolidated Financial Statements, the Company reclassified certain remaining assets and shares of stocks in an associate to assets held-for-sale which was subject to *dacion en pago* under 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 as at December 31, 2014.

**(J) Cost of Research and Development Activities**

Not applicable.

**(K) Major Risks and Management of the Risks**

The Company and the creditors/lenders signed the Amended Agreement on October 15, 2010 which restructured the Company's loans and resolved the default situation. The essential provisions of the Amended Agreement are discussed in detail in Item 1(H) above and in Note 1 – General information/Status of operations, in the Notes to Consolidated Financial Statements.

Please refer also to Note 20 - Financial risk management, of the Notes to Consolidated Financial Statements for additional discussions.

**Item 2. Properties**

Please refer to Note 8 – Non-current assets held for sale, Note 9 – Property and equipment, and Note 10 – Investment properties of the Notes to Consolidated Financial Statements for the table of properties.

The Steniel Group's building and building improvements, leasehold improvements and machinery and equipment are mortgaged to secure the payment of long-term debts under mortgage trust indentures. Consequent to the loan restructuring (please refer to Item 1(H) in the preceding), the *dacion en pago* of the Steniel Group's idle

machines had been completed as at December 31, 2010, thereby reducing outstanding principal amount by Php122 million. Furthermore, the dacion en pago relating to the Group's shares in SLC and a subsidiary's land and building has a total value of Php290.0 million. In 2012, certain certificates authorizing registration were issued. The remaining assignment of shares is still for finalization with buyers and this is expected to be completed in the last quarter of 2015.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

### **PART II - OPERATIONAL AND FINANCIAL INFORMATION**

#### **Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

##### **(1) Market Price**

The company's common shares are listed on the Philippine Stock Exchange ("PSE"), and a summary of the high and low share prices by quarter for the 3-year period ended December 31, 2006 is as follows:

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
2003 - high	0.100	0.140	0.200	0.210
- low	0.100	0.110	0.120	0.130
2004 - high	0.180	0.150	0.150	0.150
- low	0.130	0.100	0.100	0.120
2005 - high	0.260	0.180	0.150	0.150
- low	0.120	0.125	0.110	0.110
2006 - high	0.780	0.600	0.260	No transaction
- low	0.110	0.200	0.250	

The PSE has implemented a temporary trading suspension on the Company's shares following a disclosure dated July 5, 2006 relative to the authorization granted by the shareholders of the Company to enter into rehabilitation proceedings.

As discussed earlier in Section 1.B of this report, the Company received a tender offer report from Right Total on January 25, 2012, to purchase 27.92% shares of the minority stockholders. A total of 2,115,692 common shares were purchased by Right Total from tendering stockholders.

##### **(2) Holders**

As of December 31, 2014, the top twenty (20) stockholders of the Company are the following:

	Name	Citizenship	No. of shares	%
1	Steniel (Netherlands) Holdings B.V.	Dutch	720,848,912	72.08%
2	Roxburgh Investments Limited	BVI	123,817,953	12.38%

3	PCD Nominee Corporation	Filipino	86,106,583	8.61%
4	Valmora Investment & Mgt. Corp.	Filipino	10,443,860	1.04%
5	Rustico &/or Lolita Garingan	Filipino	2,097,276	0.21%
6	Delfin R. Maceda	Filipino	1,980,000	0.20%
7	Calvin C. Chua	Filipino	1,828,500	0.18%
8	PCD Nominee Corporation	Non-Filipino	1,460,919	0.19%
9	Sally C. Ong Pac	Filipino	1,450,000	0.15%
10	Leonardo T. Siguión-Reyna	Filipino	1,151,839	0.12%
11	Ella C. Santiago &/or Manuel A. Santiago	Filipino	1,100,000	0.13%
12	Christopher Chua	Filipino	1,000,000	0.10%
13	Estate of Mamerto Endriga	Filipino	906,011	0.09%
14	Stanley C. Sy	Filipino	750,000	0.08%
15	Manuel T. Carmona	Filipino	727,879	0.07%
16	Felisa Y. Tan	Filipino	582,000	0.06%
17	Gabriel Panlilio &/or Maritess Panlilio	Filipino	542,500	0.05%
18	Pua Yok Bing	Filipino	512,000	0.05%
19	Amolfo Lim Sih	Filipino	510,000	0.05%
20	Nicolas Schoenenberger	Swiss	509,000	0.05%

The Company's securities consist of outstanding common shares.

As of December 31, 2014, the Company has a public float level of 15.53%.

### (3) Dividends

The Company has not declared any dividends on its shares in the 4 most recent fiscal years and any subsequent interim period for which financial statements is required to be presented by SRC Rule 68.

The By-Laws of the Company state that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine in accordance with law and applicable rules and regulations.

Pursuant to its By-Laws, the board of directors of the Company has the power to determine whether any part of its surplus profits available for declaration as dividends shall be declared as dividends, subject to the provisions of law, and to provide that the dividends thus declared shall be applied in payment of new shares to be issued to the stockholders entitled to said dividends, which new shares shall be taken out of the authorized and unissued capital stock of the Company, unless said stockholders advise the Company in writing that they opt to have said dividends paid in cash.

### (4) Recent Sales of Unregistered Securities

Other than the issuance of 123,817,955 common shares to Roxburgh in 2010, the Company has not sold any unregistered securities or claimed an exemption from registration of the any securities sold or issued by it during the past five years.

## **Item 6. Management's Discussion and Analysis or Plan of Operation**

Consolidated revenues for the current year totaled Php17.444 million. The revenue generating activity for the current year was mainly from buying and selling of waste paper. The revenue shortfall as compared with those of last year's Php726.307 million was due to the sale of the operating company in Davao last year.

The Steniel Group's gross profit (GP) for the current year recorded Php109 million (GP rate - 6%) is lower than 2013's GP of Php61.321 million (GP rate - 8%) consequential to the shift in business activity as stated in the foregoing discussion.

Group wide operating expenses during the current year of Php6.664 million is also lower than last years' Php43.004 million. The difference is attributed to no operating expenses coming from the operating plant in Davao as it has already been sold in 2013.

Overall, the Company reported a consolidated net income for the current year of Php17.186 million as compared to consolidated net losses of Php76.170 million last year. The robust income is mainly from the inception of leasing activity during the 2<sup>nd</sup> semester of 2014. This record was partly offset by a marginal loss of Php6.542 million on sale of asset held-for-sale.

As stated in Part I, Item 1.H of this report, there are no financing charges during the current year pursuant to the 2-year grace on interest payment as provided for in the Amended Agreement.

### **Financial Position**

Total current assets as at December 31, 2014, totaled Php324.928 million as compared with Php574.132 million in 2013. The decrease was mainly due to partial settlement of related party transactions. Meanwhile, total non-current assets totaled Php74.832 million as at current year-end against last year's Php28.726 million. The increase is attributed to acquisition of property and equipment.

The Steniel Group's consolidated current liabilities as at current year-end totaled Php176.940 million as compared with those in 2013 of Php278.372 million. The decrease is attributed mainly to settlement of related party obligations arising from the proceeds of asset held-for-sale. With regard to non-current liabilities, the decrease to Php449.194 million in 2014 from Php568.301 million in 2013 is mainly due to partial payment of long term debt as a consequence of partial implementation of dacion en pago.

Total assets as at year-end 2014 totaled Php339.760 million (2013 – Php602.858 million). In view of the foregoing discussions, the Steniel Group's current ratio during the year recorded at 1.84 and last year's at 2.06. The debt-to-equity ratio in 2007 is 10.8. Debt-to-equity ratio is not computed in 2012 and 2011 because of the negative equity balances as at year-end.

### **Plans and Strategies**

For 2014, management will focus its major strategies towards leasing its remaining assets and maximizing its available resources in buying and selling activity in order to achieve healthier financial cash flows.

## **Item 7. Financial Statements**

The 2014 consolidated audited financial statements of the Company are attached as Exhibit III.

**Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no changes in or disagreements between the Company and the accountants on matters of accounting and financial disclosure.

**PART III - CONTROL AND COMPENSATION INFORMATION**

**Item 9. Directors and Executive Officers of the Issuer**

The term of office of directors of the Company is one (1) year. As of December 31, 2014, the directors and executive officers of the Company were:

Directors	Age	Position and Term of Office
Nixon Y. Lim	44	Chairman of the Board
Delma P. Bermundo	53	President & CEO
Eliza C. Macuray	56	Vice President & CFO
Esteban C. Ku	48	Director
Mia M. Ormita	38	Director, Corporate Secretary
Kenneth George D. Wood	56	Independent Director
Roberto Roman V. Andes	58	Independent Director

**(1) Board of Directors**

*Delma P. Bermundo*

Ms. Bermundo received her Doctor of Philosophy in Management, graduating with *Meritissimus* honors, and her Master in Business Administration, graduating with *Meritissimus* honors, from the De La Salle Araneta University. She received her Bachelor of Science in Commerce, Major in Accounting, from the University of Nueva Caceres, Naga City. She has been serving as a tax consultant for Greenstone Packaging Corporation, Greenkraft Corporation, Greencycle Corporation, Bigred Eagle Corporation, Lamitek Systems, Inc., SCG Trading Philippines, Inc., SCG Marketing Philippines, Inc. and Greensiam Resources Corporation for the past several years. Before that, she was the Accounting Head for Polytower General Marketing from 1994 to 1996.

*Eliza C. Macuray*

Ms. Macuray received her Bachelor of Science in Commerce, major in Accounting, from Arellano University. Prior to her joining Container Corporation of the Philippines, her previous work experience was with United Pulp and Paper Co., Inc. for more than 2 decades, where she gained her extensive experience in the paper business, particularly in finance with focus on tax matters. She also served as Accountant to Orange Performance Techniques Inc. She is currently the Comptroller of Container Corporation of the Philippines.

*Nixon Y. Lim*

Mr. Lim is currently the President of Green Siam Resources Corporation. Prior to this, he has had work experience in the packaging business particularly in the fields of sales, marketing, manufacturing and finance. He holds a degree in BS Physics from the De La Salle University, Manila, having graduated in 1992.

*Esteban Ku*

Mr. Ku holds a degree in Bachelor of Science, Major in Chemical Engineering from the University of San Carlos in Cebu City, where he graduated in 1988. From 1982 to 1992, he was a production supervisor for International Pharmaceutical, Inc. in Xiamen, China. He has since focused on the packaging business, having gained extensive experience in plant operations, sales and marketing and finance. Mr. Ku is currently the Managing Director of Corbox Corporation and Pakmaster Packaging Co.

*Mia M. Ormita*

Ms. Ormita is a partner of the firm Martinez Vergara Gonzalez & Serrano. She received her Juris Doctor degree from the Ateneo de Manila Law School in 2003, and her Bachelor of Arts in Political Science, Minor in Japanese Studies degrees from the Ateneo de Manila University in 1997. She was admitted to the Philippine Bar in 2004 and to the New York State Bar in 2013.

*Kenneth George D. Wood*

Mr. Wood received his Bachelor of Science in Commerce, Major in Accounting, graduating with *Magna cum Laude* honors. He has been a certified public accountant since 1981. He has advised investors extensively on taxation aspects of doing business in the Philippines, especially at the Clark Special Economic Zone. He was previously the Head of the Raw Materials Department and Cost Accountant for Container Corporation of the Philippines and Officer-in-Charge of the Management Information Systems Department of the Clark Development Corporation.

*Roberto Roman V. Andes*

Mr. Andes holds a degree in Bachelor of Science, major in Accounting, from the Far Eastern University, where he graduated from in 1976. He also holds a Masters in Management (Major in Industrial Relations) from the School of Labor and Industrial Relations of the University of the Philippines-Mindanao, which he attained in 1999. From 1977 to 1981, he was an external auditor of Price Waterhouse/Joaquin Cunanan & Co. He held the Branch Manager position at the Butuan and Davao branches of Marsman & Company, Inc. (from 1990 to 1997) and the Davao Branch of Zuellig Inchcape, Inc. (from 1999 to 2000). He was also the Operations Manager (from 2000 to 2007), Senior Operations Manager (from 2007 to 2009) and Logistics Consultant (from January to April 2010) of IDS Logistics (Philippines), Inc.. He served as the Senior Assistant VP – Luzon of Fastcargo Logistics Corporation, Inc. from June 2010 to July 2011. Thereafter, he was appointed as the General Manager of Filipinas Port Services, Inc. for the period from August 16, 2011 to April 15, 2012. Most recently, he was the Logistics Division Head of Sumifru (Phils.) Corporation, Inc. for the period from April 2012 to December 2012.

**(2) Executive Officers**

The business experience of Ms. Bermundo and Ms. Macuray are provided above.

The Company considers the efforts of its directors, officers and employees to be the driving factor behind the success of its business operations, and generally regards all such individuals to be significant officers and employees.

**(3) Involvement in Legal Proceedings**

Except as otherwise disclosed herein, the Company is not aware of: (a) any bankruptcy petition filed by or against any business of which any director or executive officers was a general partner or executive officer either at the time of bankruptcy or within 2 years prior to that time; (b) any conviction by final judgment of any director or senior executive in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any director, executive officer or person nominated to be a director; (c) any director or senior executive being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting such director's or executive officer's involvement in any type of business, securities, commodities or banking activities.

**Item 10. Executive Compensation SUMMARY COMPENSATION TABLE**

Please refer to the table below for a summary of the compensation received by the following executive directors: (a) Delma P. Bermundo – President and CEO, and (b) Eliza C. Macuray – VP and CFO:

Aggregate Amount of Salaries and Bonuses				
Year	Salary	Bonus	Other Compensation	TOTAL
2011	2,745,600	0	0	2,745,600
2012	2,745,600	0	0	2,745,600
2013	1,189,470	0	0	1,189,470
2014	750,000	0	0	,750,000

Aggregate Amount of Estimated Compensation for 2015				
Year	Salary	Bonus	Other Compensation	TOTAL
2015	1,000,000	0	0	1,000,000

No other directors and executive officers are receiving compensation.

The Company's By-Laws provide that directors as such shall receive compensation for their services as may be approved by stockholders representing at least a majority of the outstanding capital stock. During the current year, the stockholders did not pass any resolution authorizing payment of compensation to the Company's directors. However, directors may receive per diem allowances for their attendance at meetings of the board of directors.

The executives are engaged under standard terms and conditions and can be terminated for appropriate cause. These standard terms and conditions are based on what is required by the law. The standard terms and conditions include, among others: (a) a monthly basic salary including any sum receivable as director's fees or other remuneration from any subsidiary; (b) a monthly office subsidy fund; (c) reimbursement for all reasonable expenses properly incurred in the course of his employment; (d) deductions, to the extent permitted by Philippine Labor Laws,

from the executive's remuneration of moneys due from him to the Company or any subsidiary. The following is a summary of the benefits received by the executives of the Company:

COMPANY CAR	:	Eligibility to enroll in the company car plan program or its cash equivalent.
VACATION LEAVE	:	Twelve (12) days per year with carry over of unused to the next year. Unused balances convertible to cash up to a maximum of seven (7) days annually.
SICK LEAVE	:	Fourteen (14) days per year. Unused balances convertible to cash.
LIFE INSURANCE	:	Twenty four (24) months pay with AD & D provision subject to existing plan terms and condition.
HOSPITALIZATION	:	Based on applicable/existing Company health insurance policy.
PERFOMANCE BONUS	:	0 to 50% of annual pay as determined by the Board on company's overall performance goals.
STOCK OPTION	:	Eligibility to contribute to the management incentive share purchase plan.

The standard terms and conditions in the executive employment contracts also include provisions on vacation leave with full pay, provisions on confidentiality of any trade secrets or confidential information relating to or belonging to the Company or any subsidiary, and with respect to post-termination obligations on the part of the executive, provisions on non-competition, non-solicitation of customers, and non-solicitation of employees.

None of the directors, executive officers of the Company or persons nominated to the board of directors are related up to the 4<sup>th</sup> civil degree.

#### **Item 11. Security Ownership of Certain Record and Beneficial Owners and Management**

##### **(1) Security Ownership of Certain Record and Beneficial Owners**

As of December 31, 2014, the stockholders holding more than 5% of the outstanding stock of the Company were:<sup>2</sup>

Title of class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Shares	Steniel (Netherlands) Holdings B.V. Strawinskylaan 3105 Atrium, 1077 ZX Amsterdam, The Netherlands (Registered Shareholder)	record and beneficial	Dutch	720,848,912 (R)	72.08%
Common Shares	Roxburgh Investments Limited P.O. Box 957 Offshore Incorporations Center Road Town, Tortola British Virgin Islands	record and beneficial	BVI	123,817,953 (R)	12.38%

<sup>2</sup> Based on records of the stock transfer agent, Stock Transfer Service, Inc. (list of top 100 stockholders as of December 31, 2014)

	(Registered Shareholder)				
Common Shares	PCD Nominee Corporation <sup>3</sup> 6 <sup>th</sup> Flr. Makati Stock Exchange, 6767 Ayala Ave., Makati City (Registered Shareholder)	Philippine Central Depository, Inc.'s Various Participants	Filipino	85,915,748 (R)	8.59%

The Company is not aware of any voting trust or similar agreement where persons hold five percent (5%) or more of a class.

## (2) Security Interest of Directors and Management

As of December 31, 2014, the security interest of directors and management is as follows:

Name and Address of Owner	Title of Class	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Delma P. Bermundo	Common	1 (R)	Filipino	nil
Eliza C. Macuray	Common	1 (R)	Filipino	nil
Nixon Y. Lim	Common	1 (R)	Filipino	nil
Esteban C. Ku	Common	1 (R)	Filipino	nil
Mia M. Ormita	Common	1 (R)	Filipino	nil
Kenneth George D. Wood	Common	1 (R)	Filipino	nil
Roberto Roman V. Andes	Common	1 (R)	Filipino	nil
Directors and officers as a group	Common	7		nil

## (3) Changes in Control

On March 29, 2012, Right Total acquired 100% of the issued and outstanding capital of Steniel Netherlands from certain directors and officers of the Steniel Netherlands.

## Item 12. Certain Relationships and Related Transactions

Transactions with related parties in the day-to-day course of business include inter-company<sup>4</sup> sale and/or transfer of inventories and equipment. Related party transactions are always at arm's-length. Please refer also to Note 25 - Related party transactions of the Notes to the Consolidated Financial Statements.

## PART IV – CORPORATE GOVERNANCE

## Item 13. Corporate Governance

Please refer to the ACGR for 2014 attached as Exhibit I.

<sup>3</sup> PCD Nominee Corporation is a wholly-owned subsidiary of the Philippine Central Depository, Inc. ("PCD"). It is the registered owner of the shares in the books of the Company's stock and transfer agent. The beneficial owners of such shares are PCD's participants, who hold the shares on their own behalf or on behalf of their clients. PCD is a private company organized by major institutions actively participating in Philippine capital markets to implement the automated book-entry system of handling securities transactions in the Philippines.

<sup>4</sup> Pertaining to transactions within the Steniel Group.

## PART V - EXHIBITS AND SCHEDULES

### Item 14. Exhibits and Reports on SEC Form 17-C

#### (1) Reports on SEC Form 17-C (Current Report) filed in 2014 to date

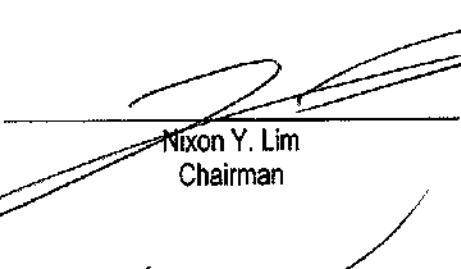
Date of Board Meeting	Action Taken
May 7, 2014	Setting of annual stockholders' meeting on June 20, 2014 and the Record Date on May 21, 2014.
June 20, 2014	Results of the Annual Stockholders' Meeting and Organizational Meeting of the Board of Directors both held on June 20, 2014
July 31, 2014	Approval of the Revised Manual on Good Corporate Governance.

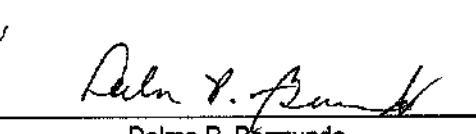
#### (2) Exhibits

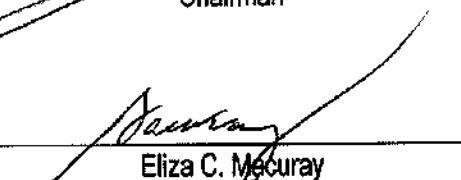
Exhibit	Description of Document
I	Annual Corporate Governance Report for 2014
II	Statement of Management's Responsibility for Financial Statements and Confirmation of No Change in Accounting Policies
III	Year 2014 Consolidated Audited Financial Statements of Steniel Manufacturing Corporation

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this Annual Report is signed on behalf of Steniel Manufacturing Corporation by the undersigned, thereunto duly authorized, in Pasig City on APR 30 2015 2015.

  
Nixon Y. Lim  
Chairman

  
Delma P. Bermundo  
President/CEO

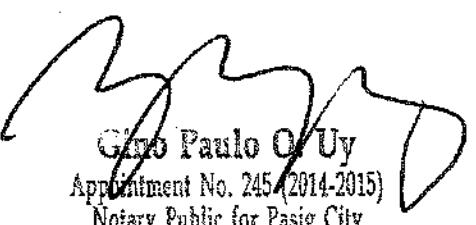
  
Eliza C. Macuray  
Vice President/Chief Financial Officer

  
Mia M. Ormita  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 30 2015 at Pasig City, affiants exhibiting to me the following:

Name	Valid Identification	Date/Place Issued
Nixon Y. Lim	TIN 117-748-507	
Delma P. Bermundo	TIN 116-179-192	
Eliza C. Macuray	TIN 100-377-040	
Mia M. Ormita	TIN 907-477-586	

Doc. No. 523 ;  
 Page No. 106 ;  
 Book No. 1 ;  
 Series of 2015.

  
Gino Paulo O. Uy  
Appointment No. 245 (2014-2015)

Notary Public for Pasig City

Until December 31, 2015

Attorneys Roll No. 61367

Suite 2401 The Orient Square

F. Ortigas, Jr. Road, Ortigas Center, Pasig City

Tel. No. (02) 633-0167; (02) 633-0165; FAX

(02) 633-0166; E-mail: 61367@ntm.gov.ph

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

**GENERAL INSTRUCTIONS**

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be manually signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2014**

2. Exact Name of Registrant as Specified in its Charter **Steniel Manufacturing Corporation**

3. **Gateway Business Park, Brgy. Javalera, Gen. Trias, Cavite** .....  
Address of Principal Office Postal Code

4. SEC Identification Number **23736**

5. **[REDACTED] (SEC Use Only)**

Industry Classification Code

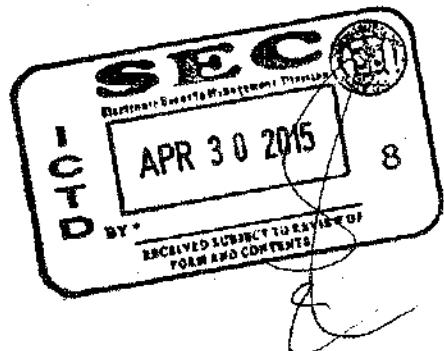
6. BIR Tax Identification Number **000-099-128**

7. **(046) 433-0066**

Issuer's Telephone number, including area code

8. **N.A.**

Former name or former address, if changed from the last report



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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Article 201 (incorporation)	7
---	---

Actual number of Directors for the year	7
---	---

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee identify the principal	Nominator in the last election (If ID, state the relationship with the nominator)	Date first seated	Date last elected (If ID, state the number of years since last DLE)	Elected where (Annual Meeting / Special Meeting)	No. of years served as director
Nixon Y. Lim	NED	Roxburgh Investments Limited	Roxburgh Investments Limited	October 14, 2011	June 20, 2014	Annual Meeting	3.5
Delma P. Bermundo	ED	N/A	Nomination Committee	June 29, 2012	June 20, 2014	Annual Meeting	2
Esteban C. Ku	NED	N/A	Nomination Committee	October 14, 2011	June 20, 2014	Annual Meeting	3.5
Kenneth George D. Wood	ID	N/A	Nomination Committee	June 29, 2012	June 20, 2014	Annual Meeting	2
Mia M. Ormita	NED	N/A	Nomination Committee	October 14, 2011	June 20, 2014	Annual Meeting	2
Eliza C. Macuray	ED	N/A	Nomination Committee	December 26, 2013	June 20, 2014	Annual Meeting	1
Roberto Roman V. Andes	ID	N/A	Nomination Committee	December 26, 2013	June 20, 2014	Annual Meeting	1

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors of Steniel Manufacturing Corporation (the "Corporation") has adopted a Revised Manual on Corporate Governance (the "Manual"), which provides for the following corporate governance policies: transparency, accountability, recognition, promotion and protection of shareholder rights. Specifically:

- Delineation of functions between the Chairman and the CEO to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board
- Creation of a monitoring and evaluation system of the various Board committees
- Clear enumeration of the duties and responsibilities of the Board, corporate officers, Compliance Officer
- Emphasis on compliance with reportorial or disclosure requirements
- Recognition that the Board is primarily accountable to the shareholders
- Instruction to Management to formulate, under the supervision of the Audit Committee, the rules and

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

- procedures on financial reporting and internal control**
- Recognition of investors' right and protection, namely: voting right, pre-emptive right, power of inspection, right of information, right to dividends, appraisal right and participation at Shareholders' Meeting**
- Timely and public disclosure of all material information about the Corporation which could adversely affect its viability or the interests of the stockholders**

(c) How often does the Board review and approve the vision and mission?

After every annual meeting, the newly-elected Board is provided the opportunity to review the vision and mission of the Corporation and each member is allowed to give his/her views on the matter.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Nixon Y. Lim	Steniel Mindanao Packaging Corporation ("SMPC") Steniel Cavite Packaging Corporation ("SCPC") Treasure Packaging Corporation ("TPC")	<u>ED in SMPC</u> <u>NED and Chairman in SCPC and TPC</u>
Delma P. Bermundo	SCPC, TPC, SLC	<u>ED</u>
Kenneth George D. Wood	SCPC, TPC, SLC	<u>NED</u>
Esteban Ku	<u>SMPC, TPC, SLC, SCPC</u>	<u>NED</u>
Eliza C. Macuray	<u>SCPC, TPC, SLC</u>	<u>NED</u>
Roberto Roman V. Andes	<u>SCPC, TPC, SLC</u>	<u>NED</u>

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Nixon Y. Lim	Crown Equities, Inc.	<u>NED</u>

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of Significant Shareholder	Description of the relationship
Nixon Y. Lim	Roxburgh Investments Limited	Sole Owner

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.


- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Corporation has yet to impose a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously.

	Adopted by the Board of Directors	Adopted by the Board of Directors
Executive Director		No limit has been imposed. The Board shall consider imposing such limits in accordance with the guidelines.
Non-Executive Director		
CEO	The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. A lower limit may be imposed on EDs.	

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct Shares	Number of Indirect shares (Through family & associates)	% of Capital Work
Nixon Y. Lim	1	123,817,953	12.38%
Delma P. Bermundo	1	N/A	nil
Esteban C. Ku	1	N/A	nil
Kenneth George D. Wood	1	N/A	nil
Mia M. Ormita	1	N/A	nil
Eliza C. Macuray	1	N/A	nil
Roberto Roman V. Andes	1	N/A	nil
<b>TOTAL</b>	<b>7</b>	<b>123,817,953</b>	<b>12.38%</b>

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

Identify the Chair and CEO:

Chairman of the Board	Nixon Y. Lim
CEO/President	Delma P. Bermundo

**(b) Roles, Accountabilities and Deliverables**

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Preside at Board and stockholders' meetings, and maintain qualitative and timely lines of communication and information between the Board and Management.	<ul style="list-style-type: none"> <li>▪ Initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board</li> <li>▪ Have general supervision and management of the business affairs and property of the Corporation</li> <li>▪ Ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control</li> </ul>
Accountabilities	The Chairman is accountable to the Board and stockholders for ensuring that the meetings of the Board are held in accordance with the By-laws, and proper supervision of the preparation of the meeting agenda in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors.	The CEO is accountable to the Board and stockholders. At stockholder meetings, the CEO renders a report on the results of operations of the Corporation for the past fiscal year.
Deliverables	<ul style="list-style-type: none"> <li>▪ Preside at Board and stockholders' meetings</li> <li>▪ Ensure that Board and stockholders' meetings are held in accordance with the By-laws.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subject to guidelines prescribed by law, appoint, remove, suspend or discipline employees, prescribe their duties and determine their salaries</li> <li>▪ Represent the Corporation at all functions and proceedings</li> <li>▪ Execute on behalf of the Corporation all contracts, agreements and other instruments which require the approval of the Board, except as otherwise directed by the Board</li> <li>▪ Report to the Board and stockholders</li> <li>▪ Sign stock certificates</li> <li>▪ Oversee the preparation of the budgets and statements of accounts</li> <li>▪ Prepare such statements and reports of the Corporation as may be required by law</li> </ul>

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The President/CEO and Treasurer/CFO are appointed annually by the Board. Succession in these key management positions entails review by the Board of the new appointee's curriculum vitae, experience and qualifications with emphasis on experience in similar industries, previous positions held and achievements, and the proper turnover of corporate documents and duties and responsibilities between outgoing and incoming management and management team. Should a key management position be suddenly left vacant, the Board will exert efforts to invite and promptly fill-up the vacancy with suitable candidates.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

**YES.** The Nomination Committee shall pre-screen nominees for directors taking into account, among other factors, their practical understanding of the business of the Corporation, memberships in good standing in relevant industry, business or professional organizations, and previous business experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

**Yes.** The non-executive directors must have relevant experience and practical understanding of the business of the Corporation.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	The Board is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, It shall provide an independent check on Management. The Board shall formulate the Corporation's vision, mission, strategic objective, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.		
Accountabilities	Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration	Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration	Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration; A member of the Nomination Committee, Executive Compensation Committee and Audit Committee shall be an independent director.
Deliverables	Attendance at board and committee meetings	Attendance at board and committee meetings	Attendance at board committee meetings

Provide the company's definition of "independence" and describe the company's compliance to the definition.

**The Company has adopted its definition of "independence" from the Securities Regulation Code and its**

**Implementing Rules.** Independence means being independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

YES. The Company follows SEC Memorandum Circular No. 9 (December 5, 2011) which imposed term limits on independent directors. The Company's independent directors can serve for five consecutive years. After the five-year period, an independent director shall be ineligible for election unless he undergoes a two-year "cooling off" period. After the "cooling-off" period, an independent director may be re-elected as such and he can serve for another five consecutive years. After serving for ten years, the independent director shall be perpetually barred from being elected as such in the Company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
N/A			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	Directors are elected annually by the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors.  The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees.	The Nomination Committee shall consider the following guidelines in pre-screening nominees: the nature of the business of the corporations of which he is a director; age of the director; number of directorships/active memberships and officerships in other corporations and organizations; possible conflict of interest; experience from other boards; experience as chief executive officer or chief operating officer; knowledge of finance and accounting; knowledge of the industry of the Corporation, local and international market; and contacts of value to the Corporation.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	In addition to the guidelines for the election of directors, the Nomination Committee also considers the following in pre-screening nominees for independent directors:

Procedure	Process / Method	Criteria
		<p>The nominee is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation, including, among others, any person who:</p> <ul style="list-style-type: none"> <li>(i) Is not a director or officer or substantial stockholders of the Corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);</li> <li>(ii) Is not relative of any director, officer or substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and spouse of such child, brother or sister;</li> <li>(iii) Is not acting as a nominee or representative of a substantial shareholder of the Corporation, any of its related companies or any of its substantial shareholders;</li> <li>(iv) Has not been employed in any executive capacity by the Corporation, any of its related companies or by any of its substantial shareholders within the last five (5) years;</li> <li>(v) Is not retained as professional adviser by the Corporation, any of its related companies or any of its substantial shareholders within the last five (5) year, either personally or through his firm; and</li> <li>(vi) Has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other</li> </ul>

Procedure	Process/ Approach	Criteria
		persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.
<b>b. Re-appointment:</b>		
(i) Executive Directors	Same as above	Same as above
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>c. Permanent Disqualification:</b>		
(i) Executive Directors	All nominees for election to the Board of Directors are pre-screened by the Nomination Committee which shall ensure that such nominees have all the qualifications and none of the disqualifications for such election.	<p>As provided in the By-laws and the Manual:</p> <p>(1) Conviction by final judgment or order of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of a person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker (hereinafter "Underwriter"); or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(2) Permanently enjoined by a final judgment or order of the SEC, or any court or administrative body from: (a) acting as Underwriter; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragaphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas (BSP) or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a</p>

Procedure	Process Adopted	Criteria
		<p>self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>(3) Conviction by final judgment or order an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(4) Adjudged by final judgment or order of the SEC, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or the BSP or any of its rules, regulations or orders;</p> <p>(5) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;</p> <p>(6) Any person judicially declared as insolvent;</p> <p>(7) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in clauses (1) to (5) above; and</p> <p>(8) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>c. Temporary Disqualification</b>		
(i) Executive Directors	All nominees for election to the Board of Directors are pre-screened by the Nomination Committee which shall ensure that such nominees have all the qualifications and none of the disqualifications for such election.	<p>Temporary Disqualification</p> <p>(1) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</p> <p>(2) Absence or non-participation without justifiable causes for more than fifty percent (50%) of all meetings, both</p>

Procedure	Process Adopted	Comments
		<p>regular and special, of the Board during his incumbency, or any twelve (12) month period during the said incumbency. This disqualification applies for purposes of the succeeding election. For this purpose, absence for justifiable causes may only include absence due to illness or death of immediate family and serious accidents or any other analogous or similar events;</p> <p>(3) Dismissal/termination from directorship of any company covered by the Code for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(4) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p> <p>(5) If the independent director becomes an officer or employee of the Corporation, he shall be automatically disqualified from being an independent director;</p> <p>(6) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final;</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>E. Removal</b>		
(i) Executive Directors	Removal procedure is in accordance with the Corporation Code.	Grounds for removal are in accordance with the Corporation Code.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>F. Reinstatement</b>		
(i) Executive Directors	Removed directors shall pass through the screening, nomination and election process. Directors are elected	The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and shortlists all qualified nominees.

Procedure	Protest Adopted	Criteria
	annually by the stockholders for a term of one year and shall serve until the election and acceptance of their duly qualified successors.	Hence, directors may be elected anew provided he has all the qualifications and none of the disqualifications of a director.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above
<b>Suspension</b>		
(i) Executive Directors	Suspension procedure is in accordance with the Corporation Code.	Grounds for suspension are in accordance with the Corporation Code.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	Same as above	Same as above

#### Voting Results of the last Annual General Meeting

Name of Director	Votes Received
Nixon Y. Lim	100% of shareholders present and represented
Delma P. Bermundo	100% of shareholders present and represented
Esteban C. Ku	100% of shareholders present and represented
Kenneth George D. Wood	100% of shareholders present and represented
Mia M. Ormita	100% of shareholders present and represented
Eliza C. Macuray	100% of shareholders present and represented
Roberto Roman V. Andes	100% of shareholders present and represented

#### 6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

**The newly-elected Directors are provided with copies of the Articles of Incorporation, By-laws, Manual on Corporate Government, latest Annual Report and latest audited financial statements, for his/her reference.**

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years:

**None for the past three (3) years.**

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

**In compliance with Memorandum Circular No. 20 series of 2013, the following directors and key officers of the Company attended the Corporate Governance Seminar conducted by Philippine Securities Consultancy Corporation ("PSCC"):**

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Nixon Y. Lim	December 16, 2014	Corporate Governance Seminar	PSCC
Delma P. Bermundo	December 16,	Corporate Governance	PSCC

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	<u>2014</u>	<u>Seminar</u>	
<u>Kenneth George D. Wood</u>	<u>December 16, 2014</u>	<u>Corporate Governance Seminar</u>	<u>PSCC</u>
<u>Mia M. Ormita</u>	<u>December 16, 2014</u>	<u>Corporate Governance Seminar</u>	<u>PSCC</u>
<u>Eliza C. Macuray</u>	<u>December 16, 2014</u>	<u>Corporate Governance Seminar</u>	<u>PSCC</u>
<u>Christina Eden M. Rondario</u>	<u>December 16, 2014</u>	<u>Corporate Governance Seminar</u>	<u>PSCC</u>

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

<u>Business Conduct &amp; Ethics</u>	<u>Directors</u>	<u>Senior Management</u>	<u>Employees</u>
(a) Conflict of Interest	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.  A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation	Ensures implementation of Corporation's policy	Ensures implementation of Corporation's policy
(b) Conduct of Business and Fair Dealings	Conduct fair business transactions with the Corporation and ensure that personal interest does not conflict with the interests of the Corporation	Ensures implementation of Corporation's policy	Ensures implementation of Corporation's policy
(c) Receipt of gifts from third parties	Highly discouraged as this may compromise their ability to make objective business decisions in the best interest of the Company.	Highly discouraged as this may compromise their ability to make objective business decisions in the best interest of the Company.	Highly discouraged as this may compromise their ability to make objective business decisions in the best interest of the Company.
(d) Compliance with	The Board acts as an	Ensures implementation	Ensures

<b>Business Conduct &amp; Ethics</b>	<b>Directors</b>	<b>Senior Management</b>	<b>Employees</b>
Laws & Regulations	independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including compliance with laws, rules, regulations.	of Corporation's policy on compliance.	implementation of Corporation's policy on compliance.
(e) Respect for Trade Secrets/Use of Non-public Information	A director is bound to keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board	Ensures implementation of Corporation's policy on confidentiality	Ensures implementation of Corporation's policy on confidentiality
(f) Use of Company Funds, Assets and Information	The Board acts as an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including safeguarding of assets.	Ensures implementation of Corporation's policy on safeguarding of assets.	Ensures implementation of Corporation's policy on safeguarding of assets.
(g) Employment & Labor Laws & Policies	The Board acts as an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including compliance with labor laws, rules, regulations.	Ensures implementation of Corporation's policy on compliance with labor laws, rules and regulations	Ensures implementation of Corporation's policy on compliance with labor laws, rules and regulations
(h) Disciplinary action	<p>The Board may impose other penalties in addition to those provided in the applicable regulations of the SEC after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.</p> <p>The commission of a grave violation of the Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.</p>	Reviews evaluation reports and implements appropriate sanctions in relation to violations of the Corporation's policies and rules, subject to due process and hearing in favor of the subject employee	Duly notified of the current policies and rules of the Corporation with respect to employee's rights, duties and responsibilities as well as grounds and procedure for disciplinary action
(i) Whistle Blower	N/A	Entertains anonymous reports of violations, but action thereon always	Encouraged to report violations to superiors and/or

Business Conduct & Ethics	Directors	Senior Management	Employees
		subject to due process and hearing in favor of the subject employee	senior Management
(j) Conflict Resolution	Enjoined to establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities	Supervises the internal grievance policies of the Corporation	Encouraged to raise concerns and recommendations to improve corporate policies and processes

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

**The code of ethics are currently embodied in the Manual. The Board will consider the formulation of a separate but complementary code of ethics. The Manual has been disseminated to all Directors and senior management.**

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

**The Compliance Officer monitors compliance by the Corporation with the Manual.**

**4) Related Party Transactions**

**(a) Policies and Procedures**

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Board is tasked to formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.  Further, all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes of ownership.
(2) Joint Ventures	Same as above
(3) Subsidiaries	Same as above
(4) Entities Under Common Control	Same as above
(5) Substantial Stockholders	Same as above
(6) Officers including	Same as above

spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	Same as above
(8) Interlocking director relationship of Board of Directors	Same as above

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

**There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.**

Details of conflict of interest (Actual or Probable)	
Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

Directors/Officers/Significant Shareholders	
Company	A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.
Group	Same as above

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Name of Related Significant Shareholder	Type of Relationship	Brief Description of the Relationship
N/A		

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Name of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock Affected (Parties)	Brief Description of the Transaction
N/A		

#### 6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

The Corporation will consider and review the establishment of an alternative dispute resolution system that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

#### C. BOARD MEETINGS & ATTENDANCE

##### 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

YES. The regular Board meetings are set forth in the By-laws. The Board of Directors set the dates of the regular (quarterly) meetings of the Board at the beginning of the year, subject to the finalization of the actual dates of meetings in accordance with the common schedule of the Directors.

##### 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held During the Year	No. of Directors Attended	%
Chairman	Nixon Y. Lim	June 20, 2014	6	6	100
Member	Delma P. Bermundo	June 20, 2014	6	6	100
Member	Esteban C. Ku	June 20, 2014	6	6	100
Member	Mia M. Ormita	June 20, 2014	6	6	100
Independent	Kenneth George D. Wood	June 20,	6	6	100

		<u>2014</u>			
<u>Independent</u>	<u>Roberto Roman V. Andes</u>	<u>June 20, 2014</u>	<u>6</u>	<u>5</u>	<u>83.33</u>
<u>Member</u>	<u>Eliza C. Macuray</u>	<u>June 20, 2014</u>	<u>6</u>	<u>6</u>	<u>100</u>

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

NO.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

**NO. The quorum requirement for Board meetings is majority of the number of directors.**

- 5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

**Board Meeting kits are provided to the Directors at least five (5) days prior to the meetings, unless certain documents are noted to be presented on-site due to finalization issues or sheer volume of the document pages. In any case, the agenda for the meeting is provided during the meeting.**

- (b) Do board members have independent access to Management and the Corporate Secretary?

**YES. Directors are granted independent access to the key management personnel and the Corporate Secretary.**

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

**The Corporate Secretary is an officer of the Corporation and must faithfully perform the duties of the office to the best of his ability. Likewise, his/her loyalty to the mission, vision and specific business objectives of the Corporation comes with his duties.**

**The Corporate Secretary has the following duties and responsibilities:**

- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other records of the Corporation;
- (ii) Be loyal to the mission, vision and objectives of the Corporation;
- (iii) Have appropriate administrative and interpersonal skills;
- (iv) Work fairly and objectively with the Board, Management and stockholders;
- (v) As to the agenda, get a complete schedule thereof at least for the current year and inform the members of the Board, in accordance with the By-laws, of the agenda. Also, the Corporate Secretary must ensure that the members of the Board have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (vi) If the Corporate Secretary is not at the same time the Corporation's legal counsel, he should be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vii) Have a working knowledge of the operations of the Corporation. Furthermore, the Corporate

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<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

**Secretary should assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;**

- (viii) **Attend all Board meetings, except when justifiable causes prevent him from doing so, and maintain record of the same;**

"Justifiable causes" shall include illness, death in the immediate family and serious accidents.

- (ix) **Ensure that all Board procedures, rules and regulations are strictly followed by the members;**

- (x) **If the Corporate Secretary is also the Compliance Officer, he shall perform all duties and responsibilities of the said officer as enumerated in the Revised Manual.**

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

**While it has been the policy of the Board and of Management to engage a lawyer to act as its Corporate Secretary, neither the By-laws nor the Revised Manual require the Corporate Secretary to be a lawyer. We note, however, that the incumbent Corporate Secretary is a lawyer.**

**(e) Committee Procedures**

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

Committee	Details of the procedure
Executive	The Executive Committee has access to all information and/or documents required for its meetings.
Audit	The Audit Committee receives and reviews the reports submitted by the internal and external auditors, the quarterly and annual financial statements before the submission to the Board and the internal audit plan to ensure conformity with the objectives of the Corporation, all prior to the meeting called to present, discuss and approve and/or endorse the same.
Nomination	The Nomination Committee receives all nominations, including supporting documents, for review and evaluation. Any further inquiry is directed to the nominee himself/herself.
Remuneration	The Executive Compensation Committee is provided the proposed remuneration packages for corporate officers and directors prior to any meeting called to approve the same.
Others (specify)	N/A

**6) External Advice**

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Directors may seek independent counsel and/or advice.	The Directors are encouraged to keep abreast of developments in the industry and to seek advice or opinion of industry players or professionals. Any findings may be presented to the Board during its meetings.

**7) Change/s in existing policies**

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Eexisting Policies	Changes	Reason
N/A		

**D. REMUNERATION MATTERS**

**1) Remuneration Process**

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

The Corporation fixes the salary, bonuses and benefits of its two (2) executive officers, namely the President/CEO and Vice President/CFO, according to industry standards to ensure that its remuneration package is competitive. Increases in such remuneration are determined based on actual performance and length of tenure.

Process	Top 4 Most Highly Compensated Management Officers
(1) Fixed remuneration	
(2) Variable remuneration	
(3) Per diem allowance	
(4) Bonus	
(5) Stock Options and other financial instruments	
(6) Others (specify)	

**2) Remuneration Policy and Structure for Executive and Non-Executive Directors**

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

Each director of the Corporation may receive a per diem allowance for his attendance at each meeting of the Board, in such amount as may be fixed by the Board or by resolution of the stockholders.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured	The Corporation, through its Board of Directors, may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers. No director should participate in deciding on his	There is no exact computation; rather, the Corporation fixes the compensation in accordance with industry standards.
Non-Executive Directors			

	or be based on corporate and individual performance.	remuneration.	
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Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Pursuant to the Manual, the Board Remuneration Committee shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and to designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board.

The Company's Annual Reports and Information Statements distributed and accessible to stockholders before the annual meetings disclose the compensation of its executive officers and directors for the previous fiscal year and the ensuing year. At annual meetings, stockholders are asked to ratify all acts and resolutions of its Board and its Committees, hence, they have the opportunity to approve decisions on total remuneration.

Remuneration Scheme	Date of Stockholders' Approval

### 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

For the last two (2) years, there have been no fees paid to Directors. However, the Corporation is currently planning to rationalize the remuneration scheme of the Directors, subject to Board and shareholders' approvals.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
1) Advances			

2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

**There are no such entitlements to stock rights, options or warrants over the Corporation's shares.**

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

**There are no such amendments or discontinuations of incentive programs during the last three (3) years.**

Incentive Program	Amendments	Date of Stockholder Approval

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name or Officer/Position	Total Remuneration
N/A	

## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Composed of	Functions	Key Responsibilities	Powers
	Executive Director (ED)	Non-executive Directors (NED)	Independent Directors (ID)				
Executive	N/A	N/A	N/A	N/A			
Audit	1	1	1	Based on the SRC, By-laws and Manual	Supervise the internal and external audit policies and procedures of the Corporation	Review all financial, findings and reports of the Corporation	Oversight over Management's activities specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation
Nomination	1	1	1	Based on the SRC, By-laws and Manual	Pre-screen and recommend the nominees to the Board of Directors	Review all qualifications of nominees and produce the Final List of Candidates for election to the Board of Directors	
Remuneration	N/A	N/A	N/A	Based on the SRC, By-laws and Manual	Supervise the remuneration of directors and key officers	Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board	
Others	N/A						

Committee	Type of Members			Corporation's Chairman	Functions	Key Responsibilities	Powers
	Executive Director (ED)	Non- Executive Director (NED)	Independent Director (ID)				
(specify)							

2) Committee Members

(a) Executive Committee

The Board has no Executive Committee.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Kenneth George D. Wood	June 20, 2014	1	1	100	2 years
Member (ED)	Eliza C. Macuray	June 20, 2014	1	1	100	1 year
Member (ED)	Delma P. Bermundo	June 20, 2014	1	1	100	2 years

Disclose the profile or qualifications of the Audit Committee members.

The Audit Committee is be composed of at least three (3) directors preferably with accounting and finance backgrounds, one (1) of whom shall be an independent director who shall be the Chairman and another one (1) with audit experience. Each member shall have at least adequate understanding of the Corporation's financial management systems and environment.

Currently, Mr. Kenneth George D. Wood, an Independent Director, acts as Chairman of the Audit Committee. Ms. Delma P. Bermundo, a Director who is also a certified public accountant, is a member. Ms. Eliza C. Macuray, a Director, Vice President and CFO, is also a member.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee performs oversight functions over the Corporation's internal and external auditors. It should ensure the independence of both internal and external auditors from each other. Furthermore, the Audit Committee makes certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

It also reviews the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

It likewise evaluates and determines the non-audit work, if any, of the external auditor, and review

periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report. Further, it pre-approves all audit plans, scope and frequency one (1) month before the conduct of external audit.

**Finally, the Audit Committee reviews the reports submitted by the internal and external auditors.**

**(c) Nomination Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	Length of Service on the Committee
Chairman	<u>Eliza C. Macuray</u>	<u>June 20, 2014</u>	0	0	<u>1 year</u>
Member (ED)	<u>Delma P. Bermundo</u>	<u>June 20, 2014</u>	0	0	<u>2 years</u>
Member (ID)	<u>Kenneth George P. Wood</u>	<u>June 20, 2014</u>	0	0	<u>2 years</u>

**(d) Remuneration Committee**

**As of date hereof, the Executive Compensation Committee has not yet been constituted.**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	Length of Service on the Committee
Chairman					
Member (ED)					
Member (NED)					
Member (ID)					
Member					

**(e) Others (Specify)**

Provide the same information on all other committees constituted by the Board of Directors:

**There are no other committees constituted by the Board of Directors.**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	Length of Service on the Committee
Chairman					
Member (ED)					
Member (NED)					
Member (ID)					
Member					

**3) Changes in Committee Members**

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	N/A	
Audit	N/A	

Nomination	N/A	
Remuneration	N/A	
Others (specify)	N/A	

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issue Addressed
Executive	N/A	
Audit	Continuing review of the audited financial statement and annual report as of December 31, <u>2014</u> of the Corporation. <u>Finalizing</u> the quarterly report as of March 31, <u>2015</u> of the Corporation.	
Nomination	N/A	
Remuneration	N/A	
Others (specify)	N/A	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	
Audit	N/A	
Nomination	The nomination period for the election of the incoming directors for the year <u>2015</u> to <u>2016</u> shall soon commence, subject to the finalization of the date of the annual stockholders' meeting.	N/A
Remuneration	The nominees to the Executive Compensation Committee are being finalized and the appointment of the members thereto is forthcoming.	N/A
Others (specify)	N/A	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised, (b) a Management that actively manages and operates the Corporation in a sound and prudent manner, (c) the organizational and procedural controls supported by effective management information and risk management systems, and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

**The Directors have reviewed the effectiveness of the risk management system and found the same adequate.**

- (c) Period covered by the review;

**The risk management system was last reviewed by the Directors in connection with the finalization of the Annual Report as of December 31, 2014.**

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

**The risk management system is reviewed annually.**

- (e) Where no review was conducted during the year, an explanation why not.

N/A.

**2) Risk Policy**

- (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	The Company verifies credit worthiness of third party customers of the Corporation's operating subsidiaries.	Reduction of exposure to bad debts.
Liquidity Risk	Monitoring of assets to ensure sufficiency in meeting operational requirements.	Management of Liquidity Risk

- (b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Same as above.

Risk Exposure	Risk Management Policy	Objective

- (c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The small number of shareholdings of minority shareholders naturally limits the control of the latter in the approval of major corporate acts. However, the relevant regulations on rights of minority shareholders, including appraisal rights are recognized and respected by the Corporation.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit and liquidity risks	Management monitors, assesses and measures credit and liquidity risks, and subsequently discussed with the Board.	The Company verifies credit worthiness of third party customers of the Corporation's operating subsidiaries to manage credit risks. The Company monitors its assets to ensure sufficiency in meeting operational requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Same as above.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

**The Board of Directors in coordination with the Audit Committee defines the internal control mechanisms of the Corporation.**

Committee/Unit	Control Mechanism	Details of its Functions

## G. INTERNAL AUDIT AND CONTROL

### 1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised, (b) a Management that actively manages and operates the Corporation in a sound and prudent manner, (c) the organizational and procedural controls supported by effective management information and risk management systems, and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

**The Directors have reviewed the effectiveness of the internal control system and found the same adequate.**

- (c) Period covered by the review;

**The risk management system was last reviewed by the Directors in connection with the finalization of the Annual Report as of December 31, 2014.**

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

**The risk management system is reviewed annually.**

- (e) Where no review was conducted during the year, an explanation why not.

**A review was conducted this year.**

### 2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether in-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Provides reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate and complied with	The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture;	In-house	Eliza Macuray	Functionally reports directly to the Audit Committee

	the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance			
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- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

No. However, the terms and conditions of the engagement and subsequent removal is subject to the evaluation and recommendation of the Audit Committee.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The internal auditor functionally reports directly to the Audit Committee, and ensures that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties. Further, the Audit Committee performs oversight functions over the Corporation's internal and external auditors. It ensures the independence of both internal and external auditors from each other. Furthermore, the Audit Committee makes certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
N/A	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	N/A
Issues <sup>6</sup>	N/A
Findings <sup>7</sup>	N/A
Examination Trends	N/A

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.

- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The Internal auditor must be free from interference by outside parties.	Done
The Audit Committee shall review and approve the annual internal audit plan.	Done

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit Committee performs oversight functions over the Corporation's internal and external auditors. It ensures the independence of both internal and external auditors from each other. Furthermore, it makes certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions	In the event that independent appraisers and/or analysts are engaged, the Corporation provides access to all its available data and documents and respects the independence of such entities in the performance of their respective scope of work	Same as policy with Financial Analysts	Same as policy with Financial Analysts

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

**The Chairman.**

## H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	N/A	N/A
Supplier/contractor selection practice	The Corporation's operating subsidiaries select suppliers that are in good financial standing and repute.	Verification of creditworthiness and good industry repute.
Environmentally friendly value-chain	The Corporation has obtained approval from the SEC in relation to its last two (2) shareholders' meeting to distribute its Definitive Information Sheet via CD format, in part to minimize the usage of paper products.	The Corporation plans to continue this process for the foreseeable future.
Community interaction	N/A	N/A
Anti-corruption programmes and procedures?	Control policies	The Corporation strictly implements the control policies recommended by Management and the Audit Committee
Safeguarding creditors' rights	Election of creditor representative in the Board of Directors	Participation of the lender representative in ensuring sound financial policies and conduct are implemented.

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

No.

- 3) Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare?

**Employees are granted sick leave benefits of fourteen (14) days per year and unused balances are convertible to cash. The Corporation also grants vacation leave benefits of twelve (12) days per year, with carry-over of unused to the next year while unused balances are convertible to cash up to a maximum of seven (7) days annually.**

- (b) Show data relating to health, safety and welfare of its employees.

**No available data.**

- (c) State the company's training and development programmes for its employees. Show the data.

**No available data.**

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

**The Corporation has only two employees.**

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more

Shareholder	Number of shares	Percentage	Beneficial Owner
Steniel (Netherlands) Holdings B.V.	720,848,912	72.08%	Mark O. Vergara
Roxburgh Investments Limited	123,817,953	12.38%	Nixon Y. Lim

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Indirect name of record owner	% of Capital Stock
Delma P. Bermundo	1	-	nil
Eliza C. Macuray	1	-	nil
<b>TOTAL</b>	<b>2</b>	-	nil

### 2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

**The Board will consider establishing new whistle-blowing policies.**

**The number of board meeting held during the year, and the attendance of directors therein, is reported to the SEC on or before five days after the end of each year.**

**The training and/or continuing education programs attended by directors were not listed in the Annual Report as of December 31, 2013 due to incomplete information.**

### 3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
KPMG R.G. Manabat & Co.	Php500,000.00	N/A

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The Corporation submits the regulatory reports to the SEC and Bureau of Internal Revenue as well as disclosures to the Philippine Stock Exchange.

Prior to any stockholders' meeting, copies of the Definitive Information Sheet, and its attachments ("DIS"), are transmitted to its stockholders of record. For the past two (2) years, the DIS for the annual stockholders' meeting has been sent to the stockholders of record via CD format, in accordance with the applicable regulations.

5) Date of release of audited financial report:

The audited financial report as of December 31, 2014 was finalized and released on April 8, 2015.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Yes, the Corporation has a website.

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

The following are the related party transactions of the Company as of December 31, 2014:

RPT	Relationship	Description	Value
TPC	Subsidiary	Accounts Payable	<u>56,215</u>
SCPC	Subsidiary	Advances	<u>9,495</u>
SLC	Associate	Accounts Payable	<u>18,067</u>

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are conducted at arms-length.

Further, all material information, including related party transactions are disclosed in the financial statements of the Corporation filed with the SEC and the PSE.

**J. RIGHTS OF STOCKHOLDERS**

**1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings**

**(a) Quorum**

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

<b>Quorum Required</b>	Unless otherwise provided by law, in all regular or special meetings of stockholders, stockholders who own or hold a majority of the outstanding capital stock must be present or represented in order to constitute quorum.
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**(b) System Used to Approve Corporate Acts**

Explain the system used to approve corporate acts.

<b>System Used</b>	Voting, personal or by proxy
<b>Description</b>	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed and provided by the Board of Directors. All proxies must be acknowledged before the Corporate Secretary or a Notary Public and must be filed and received by the Corporate Secretary not later than ten (10) days before the date set for the meeting.

**(c) Stockholders' Rights**

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Notice of Meeting complying with the period for giving out notices, the contents of the notice and authorization requirements for the person issuing the notice	Special laws and the By-laws provide for other rights not in the Corporation Code, such as: <ul style="list-style-type: none"> <li>▪ Longer notice period (15 business days)</li> <li>▪ Transmittal to stockholders of a written information statement and management report which has been reviewed by the SEC</li> </ul>
Appraisal right	
Voting - voting by proxy, cumulative voting, creation of voting trusts	
Higher voting requirement for approval of certain corporate acts	

**Dividends**

**There have been no dividends declared during the past three (3) years.**

Declaration Date	Record Date	Payment Date

(d) Stockholders' Participation

- State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Respecting Right to Information	<p>(i) The shareholders shall be provided, upon request, periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the other corporations, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>(ii) The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and the best practice.</p> <p>(iii) The minority shareholders shall have access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.</p>

- State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - Amendments to the company's constitution

**All proposed amendments to the Articles of Incorporation and/or By-laws are detailed in the DIS transmitted to the stockholders of record prior to any stockholders' meeting called for such purpose, during which the proposed amendments are voted upon by the stockholders present or represented. During such stockholders' meeting, comments and/or objections from the stockholders present or represented are invited and entertained by the presiding officer.**

**Further, appraisal right, if applicable, is observed and respected by the Corporation in all instances.**

- Authorization of additional shares

**Any and all proposed increases to the authorized capital stock of the Corporation are detailed in the DIS transmitted to the stockholders of record prior to any stockholders' meeting called for such purpose, during which the proposed increases are voted upon by the stockholders present or represented presented for approval. During such stockholders' meeting, comments and/or objections from the stockholders present or represented are invited and entertained by the presiding officer.**

- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

**All proposed amendments to the Articles of Incorporation and/or By-laws are detailed in the DIS transmitted to the stockholders of record prior to any stockholders' meeting called for such purpose, during which the proposed amendments are voted upon by the stockholders present or represented. During such stockholders' meeting, comments and/or objections from the stockholders present or represented are invited and entertained by the presiding officer.**

**Further, appraisal right is observed and respected by the Corporation in all instances.**

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

- a. Date of sending out notices:

**The Corporation complies with the minimum notice requirement of 15 business days prior to an annual stockholders' meeting. The DIS for the last annual stockholders' meeting was transmitted to the stockholders beginning on May 28, 2014.**

- b. Date of the Annual/Special Stockholders' Meeting:

**The last annual stockholders' meeting was held on June 20, 2014.**

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

**There were no questions raised during the last annual stockholders' meeting.**

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Up-votes	Absentee votes	Abstaining
Election of Directors for the year <u>2014</u> to <u>2015</u>	All	None	None
Approval of the Audited Financial Statements as of December 31, <u>2013</u>	All	None	None
Appointment of KPMG R. G. Manabat & Co. as the External Auditor	All	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

**June 20, 2014, through a disclosure of the results of the annual stockholders' meeting with the PSE.**

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

**There were no such modifications.**

Modifications	Reason for Modification

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers Present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH Attending by Proxy	Total % of SH Attendance
Annual	All, except <u>Roberto Roman</u> <u>V. Andes</u>	June 20, 2014	Poll	.01	84.46	84.47
Special	N/A					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

**YES. The Corporation's stock transfer agent, Stock Transfer Service Inc. counts and/or validates the votes at the stockholders' meetings.**

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

**YES. The Corporation's common shares carry one (1) vote per share.**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

Company's Policies	
Execution and acceptance of proxies	At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact, on forms prescribed and provided by the Board of Directors.
Notary	All proxies must be acknowledged before the Corporate Secretary or a Notary Public.
Submission of Proxy	All proxies must be filed and received by the Corporate Secretary not later than ten (10) days before the date set for the meeting.
Several Proxies	Each stockholder must appoint a proxy, although an individual may be appointed as a common proxy of several stockholders.
Validity of Proxy	All proxies filed with the Corporate Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting.
Proxies executed abroad	As the proxies must be notarized, such notarization must be consularized with the Philippine Consulate at such foreign jurisdiction.
Invalidated Proxy	The decision of the Corporate Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.
Validation of Proxy	It shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Violation of Proxy	The decision of the Corporate Secretary on the validity of the proxies shall be final and binding until and unless set aside by a court of competent jurisdiction.
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(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<b>Compliance with the Securities Regulation Code</b>	Notice of meeting and the DIS for the annual shareholders' meeting are transmitted to the stockholders of record at least 15 business days prior to the meeting

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report (or other Materials)</b>	3,577 (Record Date of <u>May 21, 2014</u> )
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	<u>May 28, 2014</u>
<b>Date of Actual Distribution of definitive information Statement and Management Report and Other Materials held by stockholders</b>	<u>May 28, 2014</u>
<b>State whether CD format or hard copies were distributed</b>	CD format
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies, provided upon request.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation

<b>Respect for the rights of minority stockholders, including the right to information</b>	The minority shareholders are granted access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose such matters in the agenda of the shareholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.
<b>Encouraged participation in calling meetings.</b>	<p>Although all stockholders should be treated equally or without discrimination, the Board gives the minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.</p> <p>The minority shareholders are granted the right to propose the holding of a meeting, and the right to propose items in the agenda, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and the best practice.</p>

- (b) Do minority stockholders have a right to nominate candidates for board of directors?

**Yes, the Nomination Committee receives nominations of candidates for the Board of Directors from any and all stockholders. The status or shareholdings of the nominating stockholder is not relevant.**

#### K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

**All material information about the Corporation which could adversely affect its viability or the interests of the stockholders are publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information is disclosed through the appropriate exchange mechanisms and submissions to the SEC and the PSE.**

**The Board of Directors reviews and approves all major announcements of the Corporation.**

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

**The Corporation shall establish its Investor Relations Program.**

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital

markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

**Any and all proposed corporate actions which, by law or regulations, trigger appraisal right of stockholders are so noted in the DIS transmitted to all stockholders prior to the stockholders' meeting called to approve such actions.**

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

**There has been no such evaluation conducted recently.**

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

**The Corporation shall review and consider the establishment of a Corporate Social Responsibility Program.**

Initiative	Beneficiary

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The Board polices itself through annual review.	The Board reviews, among others, attendance of each director during Board meetings, quality of presentations, if any, disruptions caused, if any.
Board Committees	Each committee reports regularly to the Board of Directors.	The Board reviews performance based on the duties and responsibilities imposed on the relevant committee and its members.
Individual Directors	The Board polices itself through annual review.	The Board reviews, among others, attendance of each director during Board meetings, quality of presentations, if any, disruptions caused, if any.
CEO/President	The Board of Directors reviews the performance of the President/CEO.	The Board evaluates the milestones achieved by the President/CEO based on the projections/plans presented at the beginning of the fiscal year.

#### N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Simple violation	Board may impose other penalties in addition to those provided in the applicable regulations of the Commission, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation
Grave violation	The commission of a grave violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_  
on \_\_\_\_\_, 20\_\_\_\_\_.

**SIGNATURES**

---

**NIXON Y. LIM**  
**Chairman of the Board**

---

**DELMA P. BERMUNDO**  
**Vice President/CFO**

---

**KENNETH GEORGE D. WOOD**  
**Independent Director**

---

**Independent Director**

---

**MIA M. ORMITA**  
**Compliance Officer**

**SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2013, affiant(s) exhibiting to me their Taxpayer's Identification Numbers as follows:**

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
----------	---------------	----------------

Nixon Y. Lim  
Delma P. Bermundo  
Kenneth George D. Wood  
Mia M. Ormita

Doc No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2013.

REPUBLIC OF THE PHILIPPINES )  
QUEZON CITY ) S.S.

**SECRETARY'S CERTIFICATE**

I, Mia M. Ormita, of legal age, Filipino and with office address at Suite 2401 The Orient Square, F. Ortigas, Jr. Road, Ortigas Center, Pasig City, after having been sworn in accordance with law, do certify that:

1. I am the Corporate Secretary of Steniel Manufacturing Corporation, (the "Corporation"), a corporation organized and existing under Philippine laws with registered address at Gateway Business Park, Brgy. Javalera, Gen. Trias, Cavite, Philippines.

2. The reports filed by the Corporation with the Securities and Exchange Commission which were reflected as updates to the Annual Corporate Governance Report of the Corporation for 2014 are set forth in Annex A.

IN WITNESS WHEREOF, I hereby affix my signature this APR 30 2015 at Pasig City, Metro Manila.

*Mia Ormita*  
Mia M. Ormita  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 30 2015 at QUEZON C  
affiant exhibiting to me her TIN 907-477-586.

Doc. No. 13;  
Page No. 12;  
Book No. 2011;  
Series of 2015.

*Ramón L. Carpio*

**ATTY. RAMON L. CARPIO**

NOTARY PUBLIC

Np-89 (2015-2016) Commission Expires Dec. 31, 2016

Roll of Attorneys No. 22172

IBP OR 978729, 12/12/14, Pasig City

PTR No. 0350443, 1/6/15, Pasig City

TIN 106-918-897

MCLE IV-Compliance No. 000630, 6/19/13  
Rm. 326 Doña Consolacion Bldg., Cubao, Quezon City



105082014001465



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 726-5288 Email: info@sec.gov.ph



### Barcode Page

The following document has been received:

Receiving Officer/Encoder : Edmundo Guia

Receiving Branch : SEC Head Office

Receipt Date and Time : May 08, 2014 07:17:55 PM

Received From : Head Office

### Company Representative

### Doc Source

### Company Information

SEC Registration No. 0000023735

Company Name STENIEL MFG. CORP.

Industry Classification

Company Type Stock Corporation

### Document Information

Document ID 105082014001465

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered May 07, 2014

No. of Days Late 0

Department CFD

Remarks

Date: 30-4-2015 Time: 9:29:43 AM

24559 9957 8966

## COVER SHEET

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S.E.C. Registration Number

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 Legal Name)

G A T E W A Y B U S I N E S S P A R K

B R G Y . J A V A L E R A G E N . T R I A S

C A V I T E

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

MIA M. ORMITA

Contact Person

687 1195

Company Telephone Number

1 2

3 1

Month Day  
Fiscal Year

SEC Form 17-C

FORM TYPE

Last Tuesday of April

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID.

Cashier

STAMPS

Date: 30-4-2015 Time: 9:30:9 AM

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.27 THEREUNDER

MAY 08 2014

1. Date of Report (Date of earliest event reported): May 7, 2014
2. SEC Identification Number: 23736
3. BIR Tax Identification No.: 000-099-128
4. Exact name of issuer as specified in its charter: Steniel Manufacturing Corporation
5. Province, country or other jurisdiction of incorporation: Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of principal office and Postal Code: Gateway Business Park, Brgy. Javalera,  
General Trias Cavite
8. Issuer's telephone number, including area code: (046) 433-0066
9. Former name or former address, if changed since last report: N.A.
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of  
the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common shares</u>	<u>1,000,000,000</u>

11. Indicate the item numbers reported herein: Item 9  
Date: 30-4-2015 Time: 9:30:33 AM

**Item 9. Setting of Annual Stockholders' Meeting**

During the special meeting of the Board of Directors of the Company held on May 7, 2014, the Board approved the postponement of the annual stockholders' meeting to June 20, 2014. This is to give the Company time to adequately prepare for said meeting.

The Board also set May 24, 2014 as the Record Date for determining stockholders entitled to notice of, and to vote at, the annual stockholders' meeting.

Below is the agenda for the annual stockholders' meeting:

1. Call to order
2. Proof of notice and determination of existence of quorum
3. Approval of the minutes of the previous annual stockholders' meeting held on December 26, 2013
4. President's report
5. Approval and ratification of all acts of the Board of Directors and Management during their term of office
6. Election of Directors
7. Appointment of External Auditor
8. Other matters
9. Adjournment

**SIGNATURES**

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

**STENIEL MANUFACTURING  
CORPORATION**  
Issuer

*Mia M. Ormita*  
**MIA M. ORMITA**  
Corporate Secretary

Date: May 7, 2014

SUBSCRIBED AND SWORN to before me this May 7, 2014 at Pasig City, affiant exhibiting to me her TIN 907-477-586.

Doc. No. D15; Date: 30-4-2015  
Page No. 4; Notary Public: 55 AM  
Book No. E; Kristine Gail C. Ochoa  
Series of 2014.

WWW.SEC.GOV.PH

SEC Form 17-C

2

*Kristine Gail C. Ochoa*  
Appointment No.211 (2014-2015)  
Notary Public for Pasig City  
Until December 31, 2015  
Attorneys Roll No. 50847  
Suite 2403 The Orient Square Bldg.  
F. Ortigas Jr. Road Ortigas Center Pasig City  
IBP No. 950027; 01.03.14 QC  
PTR No. 9828833; 01.04.14 Pasig City



112272013000521



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

Receiving Officer/Encoder : Dharil Curañes

Receiving Branch : SEC Head Office

Receipt Date and Time : December 27, 2013 12:44:04 PM

Received From : Head Office

### Company Representative

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Doc Source

### Company Information

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SEC Registration No. 0000023736

Company Name STENIEL MFG. CORP.

Industry Classification

Company Type Stock Corporation

### Document Information

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Document ID 112272013000521

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered December 26, 2013

No. of Days Late 0

Department CFD

Remarks

**COVER SHEET**

**0 0 0 0 0 2 3 7 3 6**  
S.E.C. Registration Number

**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 ,**

**B R G Y . J A V A L E R A , G E N E R A L**

**T R I A S , C A V I T E**

**\_\_\_\_\_**

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

**MIA M. ORMITA**

Contact Person

**687 1195**

Company Telephone Number

**1 2**

**3 1**

Month

Day

Fiscal Year

**SEC Form 17-C**

FORM TYPE

**Last Tuesday of  
April**

Annual Meeting

**\_\_\_\_\_**

Secondary License Type, If Applicable

Dept. Requiring this Doc.

**Amended Articles  
Number/Section**

Total No. of Stockholders

Domestic

Foreign

**Total Amount of Borrowings**

**\_\_\_\_\_**

**\_\_\_\_\_**

**\_\_\_\_\_**

To be accomplished by SEC Personnel concerned

**\_\_\_\_\_**

**\_\_\_\_\_**

File Number

LCU

**\_\_\_\_\_**

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Document I.D.

Cashier

**STAMPS**

Remarks = pls. Use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. Date of Report (Date of earliest event reported): December 26, 2013
2. SEC Identification Number: 23736
3. BIR Tax Identification No.: 000-099-128
4. Exact name of issuer as specified in its charter: Steniel Manufacturing Corporation
5. Province, country or other jurisdiction of incorporation: Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of principal office and Postal Code: Gateway Business Park, Brgy. Javalera, General Trias Cavite
8. Issuer's telephone number, including area code: (046) 433-0066
9. Former name or former address, if changed since last report: N.A.
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common shares</u>	<u>1,000,000,000</u>

11. Indicate the item numbers reported herein: Item 4 (Results of Annual Stockholders' and Organizational Board Meeting)

**Item 4. Results of Annual Stockholders' and Organizational Board Meeting**

**(a) Results of Annual Stockholders' Meeting**

During the annual stockholders' meeting of Steniel Manufacturing Corporation (the "Corporation") held today, December 26, 2013, at which a quorum was present and acting throughout, the stockholders approved/ratified the following:

- (1) Minutes of the previous annual stockholders' meeting held on September 17, 2012, the President's report and the Audited Financial Statements of the Corporation for the period ended December 31, 2012
- (2) All acts of the Board of Directors, its committees and Management during their last term
- (3) Election of the following as directors of the Corporation for 2013-2014:

Nixon Y. Lim  
Eliza C. Macuray  
Esteban C. Ku  
Delma P. Bermundo  
Mia M. Ormita  
Kenneth George D. Wood (Independent Director)  
Roberto Roman V. Andes (Independent Director)

The business experiences of the above directors for the past five years are set forth in the Annex A.

- (4) Appointment of Marabat Sanagustin & Co. as external auditor for 2013-2014.

**(b) Results of Organizational Board Meeting**

During the organizational board meeting of the Corporation held immediately after the annual stockholders' meeting, the following were appointed officers and committee members:

Nixon Y. Lim  
Delma P. Bermundo

Chairman  
President/CEO

Eliza C. Macuray

Vice President/CFO

Christina Eden M. Rondario	Officer Asst. Corporate Secretary/ Asst. Corporate Information Officer
Carina B. Vargas	Compliance Officer

**Audit Committee**

Kenneth George D. Wood	Chairman
Eliza C. Macuray	Member
Delma P. Bermundo	Member

**Nomination Committee**

Eliza C. Macuray	Chairman
Delma P. Bermundo	Member
Kenneth George D. Wood	Member

**Compensation Committee**

Eliza C. Macuray	Chairman
Delma P. Bermundo	Member
Kenneth George D. Wood	Member

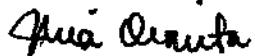
## SIGNATURES

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

**STENIEL MANUFACTURING CORPORATION**

Issuer

By:



Mia M. Ormita

Corporate Secretary

December 26, 2013

## Annex A

Below sets forth the business experiences of the directors of Steniel Manufacturing Corporation to serve for the year 2013-2014:

*Nixon Y. Lim*, 42, is currently the President of Green Siam Resources Corporation. Prior to this, he has had work experience in the packaging business particularly in the fields of sales, marketing, manufacturing and finance. He holds a degree in BS Physics from the De La Salle University, Manila, having graduated in 1992.

*Eliza C. Macuray*, 55, received her Bachelor of Science in Commerce, major in Accounting, from Arellano University. Prior to her joining Container Corporation of the Philippines, her previous work experience was with United Pulp and Paper Co., Inc. for more than 2 decades, where she gained her extensive experience in the paper business, particularly in finance with focus on tax matters. She also served as Accountant to Orange Performance Techniques Inc. She is currently the Comptroller of Container Corporation of the Philippines.

*Delma P. Bermundo*, 52, received her Doctor of Philosophy in Management, graduating with *Meritissimus* honors, and her Master in Business Administration, graduating with *Meritissimus* honors, from the De la Salle Araneta University. She received her Bachelor of Science in Commerce, Major in Accounting, from the University of Nueva Caceres, Naga City. She has been serving as a tax Consultant for Greenstone Packaging Corporation, Greenkraft Corporation, Greencycle Corporation, Bigred Eagle Corporation, Lamitek Systems, Inc., SCG Trading Philippines, Inc., SCG Marketing Philippines, Inc. and Greensiam Resources Corporation for the past several years. Before that, she was the Accounting Head for Polytower General Marketing for 1994 to 1996.

*Esteban Chu Ku*, 47, holds a degree in Bachelor of Science Major in Chemical Engineering from the University of San Carlos in Cebu City, where he graduated from in 1988. From 1989-1992, he was a production supervisor for International Pharmaceutical, Inc. in Xiamen, China. He has since focused on the packaging business, having gained extensive experience in plant operations, sales and marketing and finance. Mr. Ku is currently the Managing Director of Corbox Corporation and Pakmaster Packaging Co.

*Kenneth George D. Wood*, 55, received his Bachelor of Science in Commerce, Major in Accounting, graduating with *Magna cum Laude* honors. He has been a certified public accountant since 1981. He has advised investors extensively on taxation aspects of doing business in the Philippines, especially at Clark Special Economic Zone. He was previously the Head of the Raw Materials Department and Cost Accountant for Container Corporation of the Philippines and Officer-in-Charge of the Management Information Systems Department of the Clark Development Corporation.

*Roberto Roman V. Andes*, 58, holds a degree in Bachelor of Science, major in Accounting, from the Far Eastern University, where he graduated from in 1976. He also holds a Masters in Management (Major in Industrial Relations) from the School of Labor and SEC Form 17-C

Industrial Relations of the University of the Philippines-Mindanao, which he attained in 1999. From 1977 to 1981, he was an external auditor of Price Waterhouse/Joaquin Cunanan & Co. He held the Branch Manager position at the Butuan and Davao branches of Marsman & Company, Inc. (from 1990 to 1997) and the Davao Branch of Zuellig Inchcape, Inc. (from 1999 to 2000). He was also the Operations Manager (from 2000 to 2007), Senior Operations Manager (from 2007 to 2009) and Logistics Consultant (from January to April 2010) of IDS Logistics (Philippines), Inc.. He served as the Senior Assistant VP - Luzon of Fastcargo Logistics Corporation, Inc. from June 2010 to July 2011. Thereafter, he was appointed as the General Manager of Filipinas Port Services, Inc. for the period from August 16, 2011 to April 15, 2012. Most recently, he was the Logistics Division Head of Sumifru (Phils.) Corporation, Inc. for the period from April 2012 to December 2012.

*Mia M. Ormita*, 37, is currently a senior associate of the firm Martinez Vergara Gonzalez & Serrano. She received her Juris Doctor degree from the Ateneo de Manila Law School in 2003, and her Bachelor of Arts in Political Science, Minor in Japanese Studies degrees from the Ateneo de Manila University in 1997. She was admitted to the Philippine Bar in 2004 and to the New York State Bar in 2013.

*Carina B. Vargas*, 25, holds a degree in Bachelor of Science, with a Major in Accounting, from the Polytechnic University of the Philippines. Prior to joining the Company, she was most recently an Accountant with the Transnational Diversified Corporation. Before that she was part of the Accounting Staff of Container Corporation of the Philippines from July 2008 to February 2013.

## COVER SHEET

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S.E.C. Registration Number

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  
B R G Y . J A V A L E R A G E N . T R I A S  
C A V I T E

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

CHRISTINA EDEN M. RONDARIO

Contact Person

687 1195

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year

Secretary's Certificate  
re: Revised Manual on  
Corporate Governance

FORM TYPE

Last Tuesday of April

Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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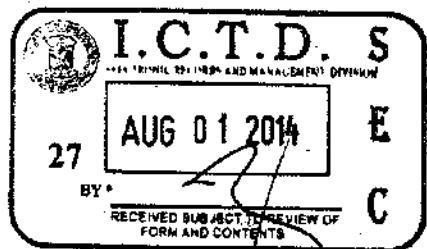
Document ID.

Cashier

STAMPS
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Remarks = pls. Use black ink for scanning purposes.

REPUBLIC OF THE PHILIPPINES )  
PASIG CITY ) S.S.



SECRETARY'S CERTIFICATE

I, Christina Eden M. Rondario, of legal age, Filipino and with office address at Suite 2401 The Orient Square, F. Ortigas, Jr. Road, Ortigas Center, Pasig City, after having been sworn in accordance with law, do certify that:

1. I am the Assistant Corporate Secretary of Steniel Manufacturing Corporation (the "Corporation"), a corporation organized and existing under Philippine laws with principal place of business at Gateway Business Park, General Trias, Cavite, Philippines.

2. At the meeting of the Board of Directors held on July 31, 2014, wherein quorum was present and acted throughout, a majority of the Board of Directors passed and approved the following resolution:

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Board of Directors of Steniel Manufacturing Corporation (the 'Corporation') hereby authorizes and approves the Revised Manual on Good Corporate Governance of the Corporation."

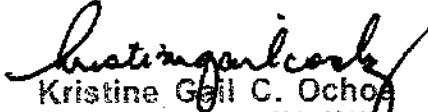
3. The foregoing is in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I hereby affix my signature this JUL 31 2014 at Pasig City, Metro Manila.

  
Christina Eden M. Rondario  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUL 31 2014 at Pasig City,  
affiant exhibiting to me her TIN 290-727-367.

Doc. No. 468;  
Page No. qc;  
Book No. 1;  
Series of 2014.

  
Kristine Gail C. Ochoa  
Appointment No.211 (2014-2016)  
Notary Public for Pasig City  
Until December 31, 2015  
Attorneys Roll No. 60847  
Suite 2401 The Orient Square Bldg.  
F. Ortigas Jr. Road Ortigas Center Pasig City  
ISP No. 950027; 01.03.14 QC  
PTR No. 9829633; 01.04.14 Pasig City

## COVER SHEET

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S.E.C. Registration Number

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

B R G Y . J A V A L E R A G E N . T R I A S

C A V I T E

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

CHRISTINA EDEN M. RONDARIO

Contact Person

687 1195

Company Telephone Number

1 2      3 1

Month      Day  
Fiscal Year

SEC Form 17-C

FORM TYPE

Last Tuesday of April

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

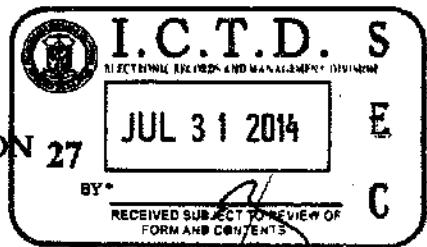
Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C



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

1. Date of Report (Date of earliest event reported): July 31, 2014
2. SEC Identification Number: 23736
3. BIR Tax Identification No.: 000-099-128
4. Exact name of issuer as specified in its charter: Steniel Manufacturing Corporation
5. Province, country or other jurisdiction of incorporation: Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of principal office and Postal Code: Gateway Business Park, Brgy. Javalera, General Trias Cavite
8. Issuer's telephone number, including area code: (046) 433-0066
9. Former name or former address, if changed since last report: N.A.
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common shares</u>	<u>1,000,000,000</u>

11. Indicate the item numbers reported herein: Item 9 (b)

In compliance with SEC Memorandum Circular No. 9, Series of 2014 ("MC No. 9"), the Board of Directors of the Company during its meeting held on July 31, 2014 has approved the revisions to the Company's Manual on Good Corporate Governance.

Attached is a copy of the Manual on Good Corporate Governance.

#### SIGNATURES

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

STENIEL MANUFACTURING  
CORPORATION  
Issuer



Christina Eden M. Rondario  
Assistant Corporate Information Officer

31 July 2014

# **STENIEL MANUFACTURING CORPORATION**

## **REVISED MANUAL ON GOOD CORPORATE GOVERNANCE**

We, the Board of Directors and Management of **STENIEL MANUFACTURING CORPORATION** (the "Corporation") hereby commit ourselves to the principles and best practices contained in this Revised Manual of Good Corporate Governance (the "Manual").

### **ARTICLE 1: DEFINITION OF TERMS**

<b>Corporate Governance</b>	: the framework of rules, systems, processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stockholders <u>and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates</u>
<b>Board of Directors or Board</b>	: the Board of Directors of the Corporation, the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties
<b>Commission</b>	: the Securities and Exchange Commission
<b>Exchange</b>	: the Philippine Stock Exchange, Inc.
<b>Management</b>	: the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Corporation
<b>Independent director</b>	: a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director
<b>Executive director</b>	: a director who is also the head of a department or unit of the Corporation or performs any work related to its operation
<b>Non-executive director</b>	: a director who is not the head of a department or unit of the Corporation nor performs any work related to its operation

<b>Non-audit work</b>	: the other services offered by an external auditor to the Corporation that are not directly related and relevant to its statutory audit functions, such as, accounting, payroll, bookkeeping, reconciliation, computer project management, data processing, or information technology outsourcing services, internal audit, and other services that may compromise the independence and objectivity of an external auditor
<b>Internal control</b>	: the system established by the Board of Directors and Management for the accomplishment of the Corporation's objectives, the efficient operation of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules
<b>Internal control system</b>	: the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Corporation is exposed
<b>Internal audit</b>	: an independent and objective assurance activity designed to add value to and improve the Corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes
<b>Internal audit department</b>	: a department or unit of the Corporation and its consultants, if any, that provide independent and objective assurance services in order to add value to and improve the corporation's operations
<b>Internal auditor</b>	: the highest position in the Corporation responsible for internal audit activities. If internal audit activities are performed by outside service providers, he is the person responsible for overseeing the service contract, the overall quality of these activities, and follow-up of engagement results.

## **ARTICLE 2: RULES OF INTERPRETATION**

- (a) All references to the masculine gender in this Manual shall cover the feminine gender.
- (b) All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Corporation.

## **ARTICLE 3: BOARD GOVERNANCE**

The Board of Directors is primarily responsible for the governance of the Corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

### **(a) Composition of the Board**

The Board shall be composed of seven (7) members.

The Corporation shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process.

The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

### **(b) Multiple Board Seats**

The Board may consider adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

### **(c) The Chair and Chief Executive Officer**

The roles of the Chair and the CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for

independent decision-making by the Board. A clear delineation of functions should be made between the Chair and the CEO upon their election.

If the positions of Chair and CEO are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The duties and responsibilities of the Chair in relation to the Board shall include the following:

- (i) ensure that the meetings of the Board are held in accordance with the By-laws or as the Chair may deem necessary;
- (ii) supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and
- (iii) maintain qualitative and timely lines of communication and information between the Board and Management.

**(d) Qualifications of Directors**

In addition to the qualifications for membership in the Board provided in the Corporation Code, the Securities Regulation Code (SRC) and other relevant laws, the Board may provide for additional qualifications which include, among others, the following:

- (i) college education or equivalent academic degree;
- (ii) practical understanding of the business of the corporation;
- (iii) membership in good standing in relevant industry, business or professional organization;
- (iv) previous business experience.

**(e) Disqualifications of Directors**

**(1) Permanent Disqualification**

Any of the following shall be a ground for permanent disqualification of a director:

- (i) any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities as defined in the SRC; (b) arises out of a person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- (ii) any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (iii) any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (iv) any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or the BSP or any of its rules, regulations or orders;
- (v) any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;
- (vi) any person judicially declared as insolvent;
- (vii) any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in clauses (i) to (v) above; and
- (viii) conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

(2) **Temporary Disqualification**

Any of the following shall be a ground for the temporary disqualification of a director:

- (i) refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- (ii) absence or non-participation without justifiable causes for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during the said incumbency. This disqualification applies for purposes of the succeeding election. For this purpose, absence for justifiable causes may only include absence due to illness or death of immediate family and serious accidents or any other analogous or similar events;
- (iii) dismissal/termination from directorship of any company covered by the Code for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) if the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- (v) if any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final;

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

(f) **Responsibilities, Duties and Functions of the Board**

(1) **General Responsibility**

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

The Board shall formulate the Corporation's vision, mission, strategic objective, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

(2) Duties and Functions

To ensure a high standard of best practice for the Corporation and its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

- (i) implement a process for selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest and highly-motivated management officers; adopt an effective succession planning for Management;
- (ii) provide sound strategic policies and guidelines to the Corporation on major capital expenditures; establish programs that can sustain its long-term viability and strength; periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance;
- (iii) ensure that the Corporation faithfully complies with all relevant laws, regulations and best business practices;
- (iv) establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation. If feasible, the Corporation's CEO or Chief Financial Officer (CFO) shall exercise oversight responsibility over this program;
- (v) identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- (vi) adopt a system of internal checks and balances. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. A continuing review of the Corporation's internal control system shall also be conducted in order to maintain its adequacy and effectiveness;
- (vii) identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
- (viii) define the role, duties, and responsibilities of the CEO as necessary, integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;
- (ix) formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures,

subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;

- (x) constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- (xi) establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities;
- (xii) meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded wherein independent views during Board meetings should be encouraged and given due consideration;
- (xiii) keep the activities and decisions of the Board within its authority under the articles of incorporation and By-laws, and in accordance with existing laws, rules and regulations;
- (xiv) appoint a Compliance Officer. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

**(g) Specific Duties and Responsibilities of a Director**

A director's office is one of trust and confidence. A director should act in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A director shall have the following duties and responsibilities:

- (i) **Conduct fair business transactions with the Corporation and ensure that personal interest does not conflict with the interests of the Corporation.**

A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

- (ii) **Devote time and attention necessary to properly and effectively discharge his duties and responsibilities.**

A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

- (iii) **Act judiciously.**

Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- (iv) **Exercise independent judgment.**

A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation.

- (v) **Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including its articles of incorporation and By-laws, the rules and regulations of the Commission, and where applicable, the requirements of relevant regulatory agencies.**

A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

- (vi) **Observe confidentiality.**

A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

**(h) Internal Control Responsibilities of the Board**

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised, (b) a Management that actively manages and operates the Corporation in a sound and prudent manner, (c) the organizational and procedural controls supported by effective management information and risk management systems, and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

- (i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:
  - (1) definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;
  - (2) selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
  - (3) evaluation of proposed senior management appointments;
  - (4) selection and appointment of qualified and competent management officers; and
  - (5) review of the Corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- (ii) The scope and particulars of the systems of effective organizational and operational controls may depend on the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- (iii) The Corporation may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an internal auditor to perform the audit function and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The internal auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

**(i) Board Meetings and Quorum Requirement**

The members of the Board should attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

Independent directors shall always attend Board meetings. Unless otherwise provided in the By-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

To monitor the directors' compliance with the attendance requirements, the Corporation shall submit to the Commission, on or before January 30 of the following year, a sworn certification on the directors' record of attendance in Board meetings. The certification shall be submitted through SEC Form 17-C or in a separate filing.

**(j) Remuneration of Directors and Officers**

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers. No director should participate in deciding on his remuneration.

The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

To protect the funds of the Corporation, the Commission may, in exceptional cases, e.g., when the Corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

**(k) Board Committees**

The Board shall constitute the proper committees to assist in good corporate governance.

**(i) Audit Committee**

The Audit Committee shall be composed of at least three (3) directors preferably with accounting and finance backgrounds, one (1) of whom shall be an independent director who shall be the Chairman and another one (1) with audit experience. Each member shall have at least adequate understanding of the Corporation's financial management systems and environment. The Audit Committee shall have the following duties and responsibilities:

- (1) assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- (2) provide oversight over Management's activities specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- (3) perform oversight functions over the Corporation's internal and external auditors. It should ensure the independence of both internal and external auditors from each other. Furthermore, the audit

committee shall make certain that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- (4) review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- (5) prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit scope, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (6) organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- (7) monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- (8) review the reports submitted by the internal and external auditors;
- (9) review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices;
  - Major judgmental areas;
  - Significant adjustments resulting from the audit;
  - Going concern assumptions;
  - Compliance with accounting standards;
  - Compliance with tax, legal and regulatory requirements;
- (10) coordinate, monitor and facilitate compliance with laws, rules and regulations;
- (11) evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Corporation's annual report;
- (12) establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee;

The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties;

(ii) **Nomination Committee**

The Nomination Committee shall be composed of at least three (3) directors (one of who must be independent). The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

The Nomination Committee shall pre-screen and shortlist all candidates nominated to become members of the Board.

The Nomination Committee shall consider the following guidelines in the determination of the availability of a director to serve as such:

- (i) the nature of the business of the corporations of which he is a director;
- (ii) age of the director;
- (iii) number of directorships/active memberships and officerships in other corporations and organizations;
- (iv) possible conflict of interest;
- (v) experience from other boards;
- (vi) experience as chief executive officer or chief operating officer;
- (vii) knowledge of finance;
- (viii) knowledge of accounting;
- (ix) knowledge of the industry of the Corporation;
- (x) knowledge of the local and international market and strategic vision; and
- (xi) contacts of value to the Corporation.

The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

(iii) **Compensation Committee**

The Compensation Committee shall be composed of at least three (3) directors, one of who shall be an independent director. The Compensation Committee shall establish a formal and transparent procedure for developing a policy on remuneration of directors and to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates.

## **(l) The Corporate Secretary**

The Corporate Secretary, who should be a Filipino citizen and a Philippine resident, is an officer of the Corporation. He shall have the following duties and responsibilities:

- (i) be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other records of the Corporation;
- (ii) be loyal to the mission, vision and objectives of the Corporation;
- (iii) work fairly and objectively with the Board, Management and stockholders and other stakeholders;
- (iv) have appropriate administrative and interpersonal skills;
- (v) if he is not at the same time the Corporation's legal counsel, he should be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vii) have a working knowledge of the operations of the Corporation.
- (viii) inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- (ix) attend all Board meetings, except when justifiable causes prevent him from doing so, and maintain record of the same;

"Justifiable causes" shall include illness, death in the immediate family and serious accidents.

- (x) ensure that all Board procedures, rules and regulations are strictly followed by the members;
- (xi) if he is also the Compliance Officer, he shall perform all duties and responsibilities of the said officer as enumerated in this Manual.

## **(m) The Compliance Officer**

The Board shall appoint a Compliance Officer who shall report directly to the Chair of the Board. He shall perform the following duties:

- (i) monitor compliance by the Corporation with the Revised Code of Corporate Governance (the "Code"), this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

- (ii) appear before the Commission when summoned in relation to compliance with the Code;
- (iii) issue a certification every January 30<sup>th</sup> of the year on the extent of the Corporation's compliance with the Code for the completed year, explaining the reason/s of the latter's deviation from the same, if any;

#### **ARTICLE 4: ADEQUATE AND TIMELY INFORMATION**

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

#### **ARTICLE 5: ACCOUNTABILITY AND AUDIT**

- (a) The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law. Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) the extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained for all stockholders and other stakeholders;

- (iii) on the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
  - (iv) the Corporation should consistently comply with the financial reporting requirements of the Commission;
  - (v) the external auditor should be rotated or changed very five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board or Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with said standards.
- (b) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to this independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

## **ARTICLE 6: STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS**

- (a) The Board shall respect the rights of the stockholders as provided in the Corporation Code, namely:
  - (i) right to vote on all matters that require their consent or approval
  - (ii) pre-emptive right to all stock issuances of the Corporation
  - (iii) right to inspect corporate books and records
  - (iv) right to information
  - (v) right to dividends
  - (vi) appraisal right
- (b) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholders' favor.

It is the duty of the Board to promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take appropriate steps to remove excessive or unnecessary costs and administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holdings of meetings and the items for discussion in the agenda that relate directly to the business of the Corporation.

## **ARTICLE 7: GOVERNANCE SELF-RATING SYSTEM**

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in this Code.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Corporation's annual report.

## **ARTICLE 8: DISCLOSURE AND TRANSPARENCY**

The essence of corporate governance is transparency. The more transparent the internal workings of the Corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the Corporation or misappropriate its assets.

It is therefore essential that all material information about the Corporation which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submission to the Commission.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

## **ARTICLE 9: ASSESSMENT AND REVIEW**

- (a) This Manual shall be subject to periodic review by the Board.
- (b) The Corporation shall, as may be required by the Commission, accomplish annually a scorecard on the scope, nature, and extent of the actions it has taken to meet the objectives provided in the Code.

## **ARTICLE 10: PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL**

To strictly observe and implement the provisions of this Manual, the Board may impose other penalties in addition to those provided in the applicable regulations of the Commission, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation.

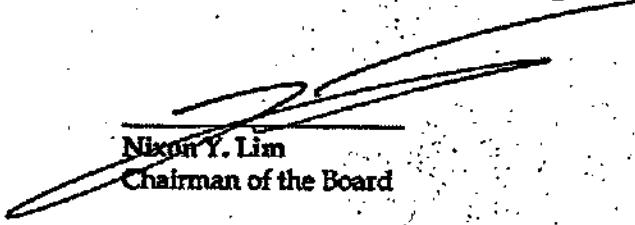
The commission of a grave violation of this Manual by any member of the Board of the Corporation shall be sufficient cause for removal from directorship.

## **ARTICLE 11: COMMITMENT TO GOOD CORPORATE GOVERNANCE**

The Corporation shall establish and implement its corporate governance rules in accordance with the Code. The corporate governance rules are embodied in this Manual, which can be used as reference by the members of the Board and Management. The Manual shall be made available for inspection by any shareholder at reasonable hours on business days.

**Approved by the Board of Directors on July 31, 2014.**

**Certified Correct:**

  
**Nixon Y. Lim**  
**Chairman of the Board**



112232014000811



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0831 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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### Company Representative

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### Company Information

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SEC Registration No. 0000023736

Company Name STENIEL MFG. CORP.

Industry Classification

Company Type Stock Corporation

### Document Information

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Document ID 112232014000811

Document Type LETTER/MISC

Document Code LTR

Period Covered December 23, 2014

No. of Days Late 0

Department CED/CFD/CRMD/MRD/NTD

Remarks



**MARTINEZ VERGARA GONZALEZ & SERRANO**

Suite 2401, The Orient Square  
F. Ortigas, Jr. Road, Ortigas Center  
1600 Pasig City, Metro Manila  
Philippines

Telephone (632) 687.1195  
Facsimile (632) 687.1197  
[www.mvgslaw.com](http://www.mvgslaw.com)

December 23, 2014

**SECURITIES AND EXCHANGE COMMISSION**  
SEC Bldg., EDSA, Greenhills  
Mandaluyong City

Attention: Atty. Justina F. Callangan  
Director, Corporate Governance & Finance Department

Re: Steniel Manufacturing Corporation -  
Corporate Governance Seminar

Dear Dir. Callangan:

We write on behalf of our client, Steniel Manufacturing Corporation (the "Company").

Please find attached the Certificates of Attendance issued in favor of the following directors and officers of the Company, in relation to their attendance in the Corporate Governance Seminar conducted by Philippine Securities Consultancy Corporation ("PSCC") on December 16, 2014:

Name	Position
Nixon Y. Lim	Chairman
Delma P. Bermundo	Director/President/CEO
Eliza C. Macuray	Director/Vice President/CFO
Kenneth George D. Wood	Independent Director
Mia M. Ormita	Director/Corporate Secretary/CIO
Christina Eden M. Rondario	Assistant Corporate Secretary/Assistant CIO

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Christina Eden M. Rondario".

## COVER SHEET

0 0 0 0 0 2 3 7 3 6

S.E.C. Registration Number

STE NIEL MANUFACTURING  
CORPORATION

(Company's Full Name)

GATEWAY BUSINESS PARK  
BRGY. JAVALERAGEN. TRIAS  
CAVITE

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

CHRISTINA EDEN M. RONDARIO

Contact Person

687 1195

Company Telephone Number

1 2      3 1  
Month      Day

Fiscal Year

Advisement Letter -  
Corporate Governance  
Seminar  
FORM TYPE

Last Tuesday of April

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID.

Cashier

STAMPS

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## PHILIPPINE SECURITIES CONSULTANCY CORPORATION

### CERTIFICATE OF ATTENDANCE

This is to certify that

Chairman / Director  
(Designation)

NIXON Y. LIM

(Name of Participant)

Steniel Manufacturing Corporation  
(Name of Company)

has attended the

#### CORPORATE GOVERNANCE SEMINAR

(Title of Seminar)

held at Dusit Thani Hotel, Ayala Center, Makati City, Philippines, on December 16, 2014, with the following particulars:

	TOPICS	SPEAKERS
08:00 - 10:00	Fundamental Corporate Governance Principles, Global & Local Developments; Philippine Regulatory Framework; Roles and Accountability of Board of Directors/ Corporate Officers in Companies imbued with Public Interest.	MRS. CATHERINE N. SAPLALA <i>Former Director Investments &amp; Research Dept. Securities &amp; Exchange Commission (SEC) BAPA, MBA, MA Research Communications</i>
10:00 - 12:00	Financial Management, Audit, & Assessment of Compliance with Corporate Governance Standards and Principles; Financial reporting & duties and responsibilities of corporate directors and officers on financial reporting, internal control and audit to ensure compliance with best practices in corporate governance; Annual Corporate Governance Scorecard (ACGS) and its role in the ASEAN Scorecard.	MRS. MERCEDES B. SULEIK <i>B.S.C., CPA, PH.D. (and), Fellow, Institute of Corporate Directors (ICD)</i>
12:00 - 01:00	Global Financial Governance And Its Impact In The Philippine Anti-Money Laundering Regime; Recent Updates In The Anti-Money Laundering Act, As Amended.	ATTY. RICHARD DAVID C. FUNK II <i>Former Deputy Director / Head Compliance and Investigation Group Anti-Money Laundering Council Bangko Sentral ng Pilipinas (BSP)</i>
01:00 - 03:00	Enterprise Risk Management (ERM), an Effective Framework In Corporate Governance - Fundamentals of Risk Management, the link of ERM with Corporate Governance, the structure of ERM and the Risk Management Committee.	MR. ROLANDO C. CABRERA <i>Chairman of the Board Risk Management Association of the Philippines (RMAP) Risk Management Consultant</i>

Given this 16<sup>th</sup> day of December, 2014, at Makati City, Philippines.

  
Atty. OLGA A. PACANA  
Acting President

  
Atty. ARLENE T. GONZALES  
Assistant Corporate Secretary

## PHILIPPINE SECURITIES CONSULTANCY CORPORATION

### CERTIFICATE OF ATTENDANCE

This is to certify that

**DELMA P. BERMUNDO**

(Name of Participant)

**President / CEO / Director**

(Designation)

**Steniel Manufacturing Corporation**

(Name of Company)

has attended the **CORPORATE GOVERNANCE SEMINAR**  
(Title of Seminar)  
held at Dusit Thani Hotel, Ayala Center, Makati City, Philippines, on December 16, 2014, with the  
following particulars:

	TOPICS	SPEAKERS
08:00 - 10:00	Fundamental Corporate Governance Principles, Global & Local Developments, Philippine Regulatory Framework; Role and Accountability of Board of Directors/ Corporate Officers in Companies Imbued with Public Interest.	MRS. CATHERINE N. SAPIALA <i>Former Director Investments &amp; Research Dept. Securities &amp; Exchange Commission (SEC) BAPA, MBA, MA Research Communications</i>
10:00 - 12:00	Financial Management, Audit, & Assessment of Compliance with Corporate Governance Standards and Principles; Financial reporting & duties and responsibilities of corporate directors and officers on financial reporting, internal control and audit to ensure compliance with best practices in corporate governance; Annual Corporate Governance Scorecard (ACGR) and its role in the ASEAN Scorecard.	MRS. MERCEDES B. SOLEIK <i>B.S.C., CPA, PH.D. (candidates) Fellow, Institute of Corporate Directors (ICD)</i>
12:00 - 01:00	Global Financial Governance And Its Impact In The Philippine Anti-Money Laundering Regime; Recent Updates In The Anti-Money Laundering Act As Amended.	ATTY. RICHARD DAVID C. FUNK II <i>Former Deputy Director (Head Compliance and Investigation Group Anti-Money Laundering Council Bangko Sentral ng Pilipinas (BSP)</i>
03:00 - 05:00	Enterprise Risk Management (ERM), an Effective Framework in Corporate Governance - Fundamentals of Risk Management, the link of ERM with Corporate Governance, the structure of ERM and the Risk Management Committee.	MR. ROLANDO C. CABRERA <i>Chairman of the Board Risk Management Association of the Philippines (RIMAP) Risk Management Consultant</i>

Given this 16<sup>th</sup> day of December, 2014, at Makati City, Philippines.

  
Atty. OLGA A. PACANA  
Acting President

  
Atty. ARLENE T. GONZALES  
Assistant Corporate Secretary

## PHILIPPINE SECURITIES CONSULTANCY CORPORATION

### CERTIFICATE OF ATTENDANCE

This is to certify that

VP / CFO / Director  
(Designation)

ELIZA C. MACURAY

(Name of Participant)

of Stenel Manufacturing Corporation  
(Name of Company)

has attended the

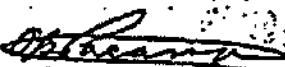
#### CORPORATE GOVERNANCE SEMINAR

(Title of Seminar)

held at Dusit Thani Hotel, Ayala Center, Makati City, Philippines, on December 16, 2014, with the following particulars:

	TOPICS	SPEAKERS
08:30 - 10:30	Fundamental Corporate Governance Principles; Global & Local Developments; Philippine Regulatory Framework; Role and Accountability of Board of Directors/ Corporate Officers in Companies Imbued with Public Interest.	MRS. CATHERINE N. SAPLALA <i>Former Director Investments &amp; Research Dept. Securities &amp; Exchange Commission (SEC) BAPA, MBA, MA Research Communications</i>
10:30 - 12:30	Financial Management, Audit, & Assessment of Compliance with Corporate Governance Standards and Principles; Financial reporting & duties and responsibilities of corporate directors and officers on financial reporting, internal control and audit to ensure compliance with best practices in corporate governance; Annual Corporate Governance Scorecard (ACGS) and its role in the ASEAN Scorecard.	MRS. MERCEDES B. SULEIK <i>B.S.C. CPA, Ph.D. (cond.) Fellow, Institute of Corporate Directors (ICD)</i>
11:00 - 03:00	Global Financial Governance And Its Impact In The Philippine Anti-Money Laundering Regime; Recent Updates In The Anti-Money Laundering Act, As Amended.	ATTY. RICHARD DAVID C. FUNK II <i>Former Deputy Director / Head Compliance and Investigation Group Anti-Money Laundering Council Bangko Sentral ng Pilipinas (BSP)</i>
03:30 - 05:00	Enterprise Risk Management (ERM), an Effective Framework in Corporate Governance - Fundamentals of Risk Management, the link of ERM with Corporate Governance, the structure of ERM and the Risk Management Committee.	MR. ROLANDO C. CABRERA <i>Chairman of the Board Risk Management Association of the Philippines (RIMAP) Risk Management Consultant</i>

Given this 16<sup>th</sup> day of December, 2014, at Makati City, Philippines.

  
Atty. OLGA A. PACANA  
Acting President

  
Atty. ARLENE T. GONZALES  
Assistant Corporate Secretary

## PHILIPPINE SECURITIES CONSULTANCY CORPORATION

### CERTIFICATE OF ATTENDANCE

This is to certify that

**Independent Director**  
(Designation)

of

**KENNETH GEORGE D. WOOD**

*(Name of Participant)*

Stenel Manufacturing Corp.

*(Name of Company)*

has attended the

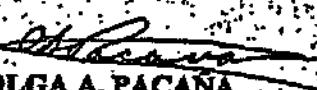
### CORPORATE GOVERNANCE SEMINAR

*(Title of Seminar)*

held at Dusit Thani Hotel, Ayala Center, Makati City, Philippines, on December 16, 2014, with the following particulars:

	TOPICS	SPEAKERS
08:00 - 10:00	Fundamental Corporate Governance Principles, Global & Local Developments, Philippine Regulatory Framework; Role and Accountability of Board of Directors/ Corporate Officers in Companies Imbued with Public Interest.	MRS. CATHERINE N. SAPLALA <i>Former Director Investments &amp; Research Dept. Securities &amp; Exchange Commission (SEC) BAPA, MBA, MA Research Communications</i>
10:00 - 12:00	Financial Management, Audit, & Assessment of Compliance with Corporate Governance Standards and Principles; Financial reporting & duties and responsibilities of corporate directors and officers on financial reporting, internal control and audit to ensure compliance with best practices in corporate governance; Annual Corporate Governance Scorecard (ACUR) and its role in the ASEAN Scorecard.	MRS. MERCEDES B. SULEIK <i>B.S.C., CPA, PH.D. ( cand.), Fellow, Institute of Corporate Directors (ICD)</i>
01:00 - 03:00	Global Financial Governance And Its Impact In The Philippines; Anti-Money Laundering Regime; Recent Updates In The Anti-Money Laundering Act, As Amended.	ATTY. RICHARD DAVID C. FUNK II <i>Former Deputy Director / Head Compliance and Investigation Group Anti-Money Laundering Council Bangko Sentral ng Pilipinas (BSP)</i>
03:00 - 05:00	Enterprise Risk Management (ERM), an Effective Framework in Corporate Governance - Fundamentals of Risk Management, the link of ERM with Corporate Governance, the structure of ERM and the Risk Management Committee.	MR. ROLANDO C. CABRERA <i>Chairman of the Board Risk Management Association of the Philippines (RMAP) Risk Management Consultant</i>

Given this 16<sup>th</sup> day of December, 2014, at Makati City, Philippines.

  
**Atty. OLGA A. PACANA**  
Acting President

  
**Atty. ARLENE T. GONZALES**  
Assistant Corporate Secretary

## PHILIPPINE SECURITIES CONSULTANCY CORPORATION

### CERTIFICATE OF ATTENDANCE

This is to certify that

**Corporate Secretary / CIO / Director**      of

(Designation)

**MIA M. ORMITA**  
*(Name of Participant)*  
**Stenel Manufacturing Corp.**  
*(Name of Company)*

has attended the

#### CORPORATE GOVERNANCE SEMINAR

held at Dusit Thani Hotel, Ayala Center, Makati City, Philippines, on December 16, 2014, with the following particulars:

TOPICS	SPEAKERS
08:00 - 10:00	Fundamental Corporate Governance Principles, Global & Local Developments; Philippine Regulatory Framework, Role and Accountability of Board of Directors/ Corporate Officers in Companies Imbued with Public Interest.  Chairperson: Atty. Richard David C. Funk II
10:00 - 12:00	Financial Management, Audit, & Assessment of Compliance with Corporate Governance Standards and Principles; Financial reporting & duties and responsibilities of corporate directors and officers on financial reporting, internal control and audit to ensure compliance with best practices in corporate governance; Annual Corporate Governance Scorecard (ACGR) and its role in the ASEAN Scorecard.
01:00 - 03:00	Global Financial Governance And Its Impact In The Philippine Anti-Money Laundering Regime; Recent Updates In The Anti-Money Laundering Act, As Amended.
03:00 - 05:00	Enterprise Risk Management (ERM), An Effective Framework In Corporate Governance • Fundamentals of Risk Management, the link of ERM with Corporate Governance, the structure of ERM and the Risk Management Committee.

Given this 16<sup>th</sup> day of December, 2014, at Makati City, Philippines.

  
**Atty. OLGA A. PACANA**  
 Acting President

  
**Atty. ARLENE T. GONZALES**  
 Assistant Corporate Secretary

# PHILIPPINE SECURITIES CONSULTANCY CORPORATION

## CERTIFICATE OF ATTENDANCE

This is to certify that

**Asst. Corp. Secretary & Asst. CIO**  
(Designation)

**CHRISTINA EDEN M. RONDARIO**

(Name of Participant)

**Stenel Manufacturing Corp.**

(Name of Company)

has attended the

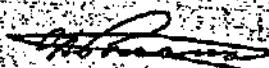
### CORPORATE GOVERNANCE SEMINAR

(Title of Seminar)

held at Dusit Thani Hotel, Ayala Center, Makati City, Philippines, on December 16, 2014, with the following particulars:

	TOPICS	SPEAKERS
08:00 - 10:00	Fundamental Corporate Governance Principles, Global & Local Developments, Philippine Regulatory Framework, Role and Accountability of Board of Directors/ Corporate Officers in Companies Imbued with Public Interest.	<b>MRS. CATHERINE N. SAPLALA</b> Former Director Investments & Research Dept. Securities & Exchange Commission (SEC) MBA, MBA, MA Research Communications
10:00 - 12:00	Financial Management, Audit, & Assessment of Compliance with Corporate Governance Standards and Principles; Financial reporting & duties and responsibilities of corporate directors and officers on financial reporting, internal control and audit to ensure compliance with best practices in corporate governance; Annual Corporate Governance Scorecard (ACGS) and its role in the ASEAN Scorecard.	<b>MRS. MERCEDES B. SULEIK</b> B.S.C. CPA, PH.D. (cond.) Fellow, Institute of Corporate Directors (ICD)
11:00 - 03:00	Global Financial Governance And Its Impact In The Philippine Anti-Money Laundering Regime, Recent Updates In The Anti-Money Laundering Act As Amended.	<b>ATTY. RICHARD DAVID C. FUNK II</b> Former Deputy Director / Head Compliance and Investigation Group Anti-Money Laundering Council Bangko Sentral ng Pilipinas (BSP)
03:00 - 05:00	Enterprise Risk Management (ERM), an Effective Framework in Corporate Governance - Fundamentals of Risk Management, the link of ERM with Corporate Governance, the structure of ERM and the Risk Management Committee.	<b>MR. ROLANDO C. CABRERA</b> Chairman of the Board Risk Management Association of the Philippines (RJMAP) Risk Management Consultant

Given this 16<sup>th</sup> day of December, 2014, at Makati City, Philippines.

  
**Atty. OLGA A. PACANA**  
Acting President

  
**Atty. ARLEN E. GONZALES**  
Assistant Corporate Secretary



101122015002257



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mls@sec.gov.ph



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### Company Information

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Company Name STENIEL MFG. CORP.  
Industry Classification  
Company Type Stock Corporation

### Document Information

Document ID 101122015002257  
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Document Code LTR  
Period Covered January 09, 2015  
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Remarks

Date : 30-4-2015 Time : 9:35:18 AM

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SEC Registration Number

STENIEL MANUFACTURING  
CORPORATION

GATEWAY BUSINESS PARK

BRGY. JAVALERA GEN. TRIAS  
CAVITE

(Company's Full Name)

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

**CHRISTINA EDEN M. RONDARIO**

Contact Person

**687 1195**

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

Fiscal Year

**Letter Advisement**

FORM TYPE

**Last Tuesday of April**

Annual Meeting

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.

Attended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

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File Number

LCU

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Document I.D.

Cashier

Date : 20-4-2015 Time : 0:25:40 AM

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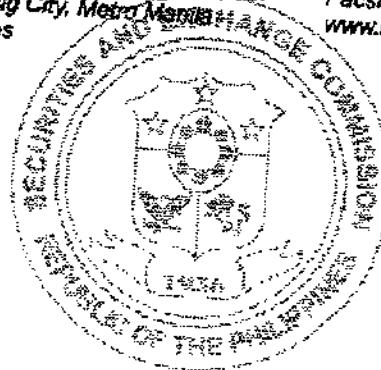
User Name : maryjoan

MVGS

MARTINEZ VERGARA GONZALEZ & SERRANO

Suite 2401, The Orient Square  
F Ortigas, Jr. Road, Ortigas Center  
1600 Pasig City, Metro Manila  
Philippines

Telephone (632) 687.1195  
Facsimile (632) 687.1197  
[www.mvgslaw.com](http://www.mvgslaw.com)



January 9, 2015

SECURITIES AND EXCHANGE COMMISSION  
SEC Building, EDSA  
Greenhills, Mandaluyong City

Attention: Ms. Ma. Lourdes S.P. Cabasug  
*Division Head, Corporate Governance Division*

Re: Steniel Manufacturing Corporation -  
ACGR Advisement - Attendance at Board Meetings

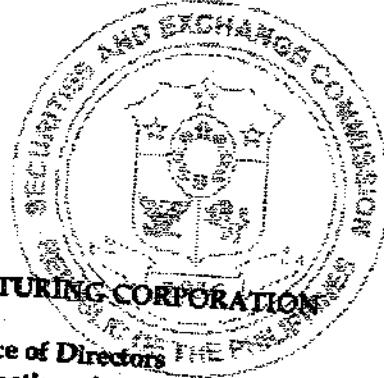
Gentlemen:

On behalf of Steniel Manufacturing Corporation ("Steniel"), we submit herewith the attendance at Board meetings of directors of Steniel for the year 2014.

This advisement constitutes an update to Part A, Sub-section C, item 2 of Steniel's Annual Corporate Governance Report.

Very truly yours,

Date: 30-4-2015 Time: *Mia M. Osmata* 6:2 AM



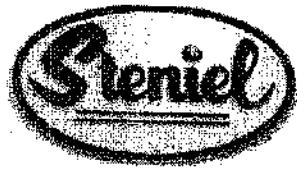
Annex A

STENIEL MANUFACTURING CORPORATION

Attendance of Directors  
at Board Meetings for 2014

Chairman	Nixon Y. Lim	September 17, 2012	6	6	100
Member	Delma P. Bermundo	September 17, 2012	6	6	100
Member	Esteban C. Ku	September 17, 2012	6	6	100
Member	Mia M. Ormita	September 17, 2012	6	6	100
Independent	Kenneth George D. Wood	September 17, 2012	6	6	100
Independent	Roberto Roman V. Andes	December 26, 2013	6	5	83.33
Member	Eliza C. Macuray	December 26, 2013	6	6	100

Date: 30-4-2015 Time: 9:36:25 AM



## STENIEL MANUFACTURING CORPORATION

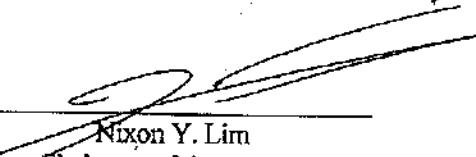
Gateway Business Park, Barangay Javaleria  
General Trias, Cavite

### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Steniel Manufacturing Corporation**, is responsible for the preparation and fair presentation of the financial statements as at and for the years ended **December 31, 2014 and 2013**, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

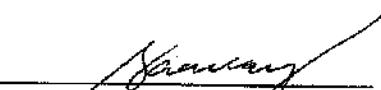
R.G Manabat and Co., the independent auditor appointed by the stockholders for the period December 31, 2014 and 2013, has audited the financial statements of the *Steniel Manufacturing Corporation* in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
Nixon Y. Lim

Chairman of the Board

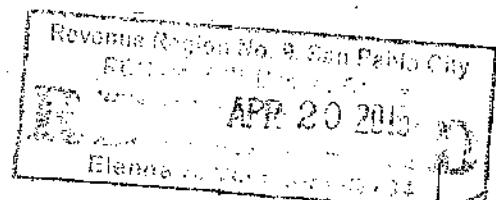
  
Delma P. Bermundo

President/CEO

  
Eliza C. Macuray

Chief Finance Officer

Signed this \_\_\_\_ day of April, 2015



**COVER SHEET**  
For  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

0 0 0 0 0 2 3 7 3 6

Company Name

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  
[REDACTED]  
[REDACTED]

Principal Office ( No./Street/Barangay/City/Town) Province)

Gateway Business Park  
Barrio Javaleria, Gen. Trias  
Cavite  
[REDACTED]

Form Type

Department requiring the report

Secondary License Type, if Applicable

A A F S

C K M D

N/A

**COMPANY INFORMATION**

Company's Email Address

Company's Telephone Number/s

Mobile Number

N/A

N/A

N/A

No. of Stockholders

Annual Meeting  
Month/Day

Fiscal Year  
Month/Day

N/A 9,577

N/A

December 31

**CONTACT PERSON INFORMATION**

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Email Address

Telephone Number/s

Mobile Number

Eliza Macuray

N/A

[REDACTED]

[REDACTED]

Contact Person's Address

Same as above

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

# **STENIEL MANUFACTURING CORPORATION**

**SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2014 and 2013**



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Makati City 1226, Metro Manila, Philippines

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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
Steniel Manufacturing Corporation  
Gateway Business Park, Barrio Javalera  
Gen. Trias, Cavite

### Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Steniel Manufacturing Corporation which comprise the separate statements of financial position as at December 31, 2014 and 2013, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether about due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these separate financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the separate financial statements present fairly, in all material respects, the unconsolidated financial position of Steniel Manufacturing Corporation as at December 31, 2014 and 2013, and its unconsolidated financial performance and its unconsolidated cash flows for the years ended in accordance with Philippine Financial Reporting Standards.

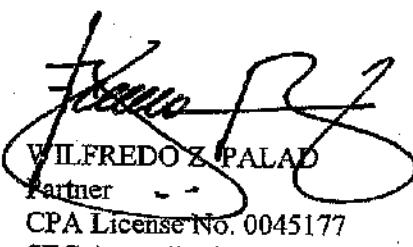
*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to the separate financial statements. The separate financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence. The validity of this assumption is dependent upon the Company's ability to meet its financing requirements on a continuing basis and the success of its future operations. The Company is currently in dormant status and has suffered recurring losses amounting to P83.9 million for the year ended December 31, 2013. Such losses resulted to a deficit of P1,787.38 million and P1,881.8 million and a capital deficiency of P372.7 million P467.2 million as at December 31, 2014 and 2013, respectively. These conditions, among others, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The separate financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010 of the Bureau of Internal Revenue**

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The information in Note 21 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

**R.G. MANABAT & CO.**

  
WILFREDO X. PALAD

Partner

CPA License No. 0045177

SEC Accreditation No. 0027-AR-3, Group A, valid until April 30, 2015

Tax Identification No. 106-197-186

BIR Accreditation No. 08-001987-6-2013

Issued May 9, 2013; valid until May 8, 2016

PTR No. 4748121MC

Issued January 5, 2015 at Makati City

APR 20 2015

April 8, 2015  
Makati City, Metro Manila



**STENIEL MANUFACTURING CORPORATION**  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
*(Amounts in Thousands)*

APR 27 2015

17

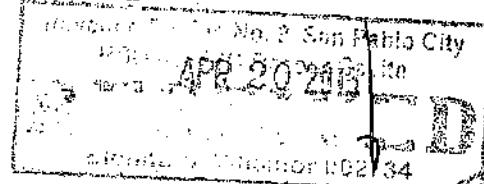
BY

RECEIVED SUBJECT TO REVIEW OF  
FORM AND CONTENTS

December 31

	Note	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	5	P1,246	P1,240
Receivables - net	6	8,371	28,594
Advances to subsidiaries - net	8	92,810	111,750
Other current assets	7	44,200	44,716
		146,627	186,300
Asset held-for-sale	9	249	249
<b>Total Current Assets</b>		<b>146,876</b>	<b>186,549</b>
<b>Noncurrent Assets</b>			
Investment in subsidiary and in an associate - net	10	-	-
Property and equipment - net	11	15,431	17,410
Available-for-sale financial assets	12	680	680
<b>Total Noncurrent Assets</b>		<b>16,111</b>	<b>18,090</b>
		<b>P162,987</b>	<b>P204,639</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and other current liabilities	13	P12,218	P29,130
Advances from a subsidiary and an associate	16	74,323	74,408
<b>Total Current Liabilities</b>		<b>86,541</b>	<b>103,538</b>
<b>Noncurrent Liability</b>			
Borrowings	14	449,194	568,301
<b>Total Liabilities</b>		<b>535,735</b>	<b>671,839</b>
<b>Equity</b>			
Capital stock	15	1,000,000	1,000,000
Additional paid-in capital	15	414,632	414,632
Deficit	1	(1,787,380)	(1,881,832)
<b>Total Equity</b>		<b>(372,748)</b>	<b>(467,200)</b>
		<b>P162,987</b>	<b>P204,639</b>

See Notes to the Separate Financial Statements.



**STENIEL MANUFACTURING CORPORATION**  
**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
*(Amounts in Thousands)*

		Years Ended December 31	
	<i>Note</i>	2014	2013
<b>RENTAL INCOME</b>	11	P -	P5,400
<b>OPERATING EXPENSE</b>	17	(4,657)	(7,664)
<b>OTHER INCOME (EXPENSE)</b>	18	99,109	(75,079)
		94,452	(82,743)
<b>LOSS BEFORE INCOME TAX</b>		94,452	(77,343)
<b>INCOME TAX EXPENSE</b>	19	-	(6,587)
<b>NET LOSS/TOTAL COMPREHENSIVE LOSS</b>		P94,452	(P83,930)

*See Notes to the Separate Financial Statements.*

APR 20 2015

**STENIEL MANUFACTURING CORPORATION**  
**SEPARATE STATEMENTS OF CHANGES IN EQUITY**  
*(Amounts in Thousands except par value)*

		<b>Years Ended December 31</b>	
	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>CAPITAL STOCK - P1 par value</b>			
Authorized and issued - 1,000,000,000 shares	15	P1,000,000	P1,000,000
<b>ADDITIONAL PAID-IN CAPITAL</b>	15	414,632	414,632
<b>DEFICIT</b>	<i>I, 15</i>		
Balance at beginning of year		(1,881,832)	(1,797,902)
Net loss for the year		94,452	(83,930)
Balance at end of year		(1,787,380)	(1,881,832)
		(P372,748)	(P467,200)

*See Notes to the Separate Financial Statements.*

**STENIEL MANUFACTURING CORPORATION**  
**SEPARATE STATEMENTS OF CASH FLOWS**  
*(Amounts in Thousands)*

		<b>Years Ended December 31</b>	
	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax			
		P94,452	(P77,343)
Adjustments for:			
Depreciation	17	1,979	1,926
Loss on write-off of asset-held-for-sale and due from subsidiaries		-	107,657
Unrealized foreign exchange gains	18	-	(26)
Gain on sale of property and equipment	18	-	(1)
Reversal of provision for impairment of advances to subsidiaries	18	(99,107)	-
Interest income from bank deposits	18	(3)	(4)
Operating income (loss) before working capital changes		(2,679)	32,209
Decrease (increase) in:			
Receivables	6	20,223	(21,128)
Advances to subsidiary and an associate	8	118,047	(1,021)
Other current assets	7	516	(1,831)
Increase (decrease) in:			
Trade payable and other current liabilities	13	(16,912)	14,606
Advances from subsidiaries and an associate		(85)	(32,804)
Net cash provided (used) in operating activities		119,110	(9,969)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		3	4
Proceeds from sale of investment in subsidiary	10	-	20,000
Proceeds from sale of equipment	11	-	435
Decrease in available for sale financial assets	12	-	16
Acquisition of property and equipment	11	-	(11,091)
Net cash provided by investing activities		3	9,364
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Payment of long-term borrowings		(119,107)	-
<b>EFFECTS OF FOREIGN EXCHANGE ON CASH</b>			
	18	-	23
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>6</b>	<b>(582)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>5</b>	<b>1,240</b>	<b>1,822</b>
<b>CASH AT END OF YEAR</b>	<b>5</b>	<b>P1,246</b>	<b>P1,240</b>

*See Notes to the Separate Financial Statements.*

**STENIEL MANUFACTURING CORPORATION**  
**SEPARATE STATEMENTS OF CASH FLOWS**  
*(Amounts in Thousands)*

		<b>Years Ended December 31</b>	
	<b>Note</b>	<b>2014</b>	<b>2013</b>
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<b>EFFECTS OF FOREIGN EXCHANGE ON CASH</b>			
	18	-	23
NET INCREASE (DECREASE) IN CASH		6	(582)
CASH AT BEGINNING OF YEAR	5	1,240	1,822
CASH AT END OF YEAR	5	P1,246	P1,240

*See Notes to the Separate Financial Statements.*

**STENIEL MANUFACTURING CORPORATION**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
(Amounts in Thousands unless otherwise indicated)

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**1. Reporting Entity**

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

The Company is considered a public company under Part I Section 2A (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, 2014 and 2013, 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 Company and its subsidiaries (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 is the registered owner of 82.2716% of the shares of the Group. 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 14). The issuance of shares was treated as share premium. As a result, Roxburgh Investment Limited now owns 12.3818% of the Company, while the ownership of SNHBV 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 the 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 P335.0 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 at Gateway Business Park, Barrio Javalera, Gen. Trias, Cavite, Philippines.

The separate financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company is currently in dormant status and has suffered recurring losses amounting to P83.9 million for the year ended December 31, 2013. Such losses resulted to a deficit of P1,787.4 million and P1,881.1 million and a capital deficiency of P372.7 million and P467.2 million as at December 31, 2014 and 2013, respectively. This is mainly brought about by the continuing losses incurred due to temporary cessation of operation of certain subsidiaries and from selling its only operating subsidiary in 2013 which resulted to a loss of P107.6 million (Note 10).

Due to the working capital drain experienced by the Group as a result of prior debt service payments and the difficult business and economic conditions during the period, the Group found it difficult to sustain further payments of debt while at the same time ensuring continued operations. 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 25, 2006. Subsequently until 2009, the lending banks assigned and sold their respective outstanding loan balances to various third parties. On October 14, 2010, one of the new lenders, Greenkraft Corporation (Greenkraft) further assigned some of its loan receivables to Roxburgh Investments Limited (Roxburgh).

After the assignment and sale of loans from the lending banks to third parties, discussions were made with new creditors/lenders to restructure the outstanding loans covered by the Omnibus Agreement which the Company has defaulted in 2006. On October 15, 2010, the Company and the current creditors/lenders signed the Amended and Restated Omnibus Agreement (Amended Agreement). The restructuring of the loan finally resolved the default situation. The essential elements of the Amended 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 STN 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 restructuring.
- Restructured outstanding principal will be subject to interest of 6% per annum for 15 years and 8% per annum on the 16<sup>th</sup> year onwards.
- The restructured accrued interest expense prior to loan restructuring will be subject to interest 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 Group.
- All other costs and expenses of restructuring including documentation costs, legal fees and out-of-pocket expenses shall be of the account of Group; and
- Other conditions include:
  - a. Lenders representative to be elected as director in STN and in each of its subsidiaries.
  - b. A merger, reorganization or dissolution of certain subsidiaries in line with the Business Plan.
  - c. No dividend declaration or payments until the restructured obligations are fully paid.
  - d. No new borrowing, unless with consent of the lenders.
  - e. No repayment or prepayment of any debt or obligation (other than operational expenses), unless with consent of the lenders.
  - f. Creditor's consent for change in material ownership in the Group and mortgagors.
  - g. Standard covenants, representations and warranties.

#### Dacion en pago

The dacion en pago relating to the Group's idle machineries, spare parts and the equity conversion through the issuance of the Company's share capital have been completed as at December 31, 2010. The dacion en pago transaction reduced the outstanding loan principal amount by P122 million while the equity conversion reduced outstanding accrued interest by P248 million.

The dacion en pago relating to the Group's shares in SLC and a subsidiary's land and building has a total value of P290.0 million. In 2012, certain certificates authorizing registration were issued and reduced the total value from P290.0 million to P289.88 million. The remaining assignment of shares is still for finalization with buyers to meet the regulatory requirements on transfer of assets as at reporting date and this is expected to be completed until first quarter of 2014. The change in ownership and management in early 2012 generally caused the delay in the implementation of the dacion en pago. The installment payment of outstanding principal based on the Amended Agreement above is also expected to be delayed.

#### Restructuring of Subsidiaries

In 2011, following the above provisions, STN filed a merger application with the SEC to absorb Treasure Packaging Corporation (TPC). On August 12, 2013, following management's assessment, the Board of STN and TPC approved the withdrawal of the merger application filed with SEC as the same no longer appears feasible. Management has been instructed to explore other options, i.e., merger of or with other subsidiaries.

In addition, Steniel Cavite Packaging Corporation (SCPC), a subsidiary, also submitted a merger application with SEC in October 2011 to absorb three (3) dormant subsidiaries: (a) Metroplas Packaging Products Corporation (MPPC), (b) Metro Paper and Packaging Products, Inc. (MPPPI) and (c) Steniel Carton System Corporation (SCSC) using June 30, 2011 financial statements. 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 Company also had a 39.71% interest in Steniel Land Corporation (SLC). In 2010, all of the ownership interest of TPC and STN were assigned to Greenkraft Corporation, a company incorporated in the Philippines (Note 9). The remaining interest of SCPC in SLC is 22.61% as at December 31, 2013 and 2012.

#### Interest Payments

On December 2, 2011, the current creditors/lenders agreed to waive the payment of interest for the first two (2) years of the loan commencing on the restructuring date, to correspond to the principal repayment as stated in the Amended Agreement. Hence, interest payments shall be made in accordance with the Amended Agreement but shall commence on the 27<sup>th</sup> 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.

In 2013 due to continuous working capital drain experienced by the group as a result of difficult economic and business conditions, STN requested reconsideration to defer the implementation of the loan agreement from the creditors which was acted favorably. STN was granted another two (2) years extension of principal repayment, reduction of interest rate from 6% to 2% for the first five (5) years and further waive interest charges until January 1, 2015.

With all the above matters, management believes that the Company's ability to continue operating as a going concern depends on the fulfillment of the restructuring plan and its ability to generate sufficient cash flows to meet its obligations and terms and conditions of the restructuring plan, which will contribute to the positive improvement of the operations; and ultimately to attain profitability. The improvement in market price of paper and continuing efforts of management to control costs throughout the Group contributed to reduced losses against prior years despite the restrictions from importations affecting the banana export industry. Further, as part of management's plan, the Group will continue to lease out its idle machinery and equipment and engage in the buying and selling of paper scrap materials to generate income. Also, the Group expects that it will be able to realize in 2015 the remaining assets held-for-sale through sale above the asset's carrying value at December 31, 2014. These activities are expected to generate for the Group sufficient cash flows to meet its maturing obligations. There are no known trends, events or uncertainties that will have a material impact on the Group's future operations except those that have already been disclosed in the foregoing.

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## 2. Basis of Preparation

### Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRS, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The separate financial statements as at and for the year ended December 31, 2014 were approved and authorized for issuance by the Board of Directors on April 8, 2015.

### Basis of Measurement

The financial statements of the Company have been prepared on a historical cost basis of accounting.

### Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information are rounded off to the nearest thousand peso, except when otherwise indicated.

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## 3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the separate financial statements, except for the changes in accounting policies as explained below.

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

The Company has adopted the following new and revised standards, amendments to standards and interpretations starting January 1, 2014 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 Company's financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32).* These amendments clarify that:
  - an entity currently has a legally enforceable right to set-off if that right is:
    - not contingent on a future event; and
    - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
  - gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
    - eliminate or result in insignificant credit and liquidity risk; and
    - process receivables and payables in a single settlement process or cycle
- *Investment Entities [Amendments to PFRS 10, PFRS 12, and PAS 27 (2011)].* These amendments provide consolidation exception for investment funds and require qualifying investment entities to recognize their investments in controlled entities, as well as investments in associates and joint ventures, in a single line item in the statement of financial position, measured at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. However, the parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries. This consolidation exception is mandatory.
- *Measurement of short-term receivables and payables (Amendment to PFRS 13).* Amendment to PFRS 13 is part of the Annual Improvements to PFRSs 2010-2012 Cycle. The amendment clarifies that, in issuing PFRS 13 and making consequential amendments to PAS 39 and PFRS 9, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial. The amendment to PFRS 13 is effective immediately.

*New and Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted*

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2014. However, the Company has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

The Company will adopt the following new or revised standards and amendments to standards on the respective effective dates:

- *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. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the financial statements of the Company:
  - *Definition of 'related party'* (*Amendment to PAS 24*). 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.
  - *Equity Method in Separate Financial Statements* (*Amendments to PAS 27*). The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.
- *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 Company's 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*). 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 to changes in methods of disposal that occur on or after January 1, 2016.

- *Offsetting disclosures in condensed interim financial statements (Amendment to PFRS 7)*. PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of *PAS 34 Interim Financial Reporting* require their inclusion.

The amendment to PFRS 7 is applied retrospectively, in accordance with *PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

- *PFRS 9 Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* 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.

#### Financial Assets and Financial Liabilities

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the separate statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

*Initial Recognition of Financial Instruments.* Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at fair value through profit or loss (FVPL), includes transaction costs.

The Company classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, financial assets as at FVPL and loans and receivables. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Company has no HTM investments and financial assets and financial liabilities at FVPL as at December 31, 2014 and 2013.

#### Non-derivative Financial Assets

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Interest income" in the separate statement of comprehensive income on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" in the separate statement of comprehensive income. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash and receivables are included under this category (Notes 5 and 6).

Cash in banks are carried in the separate statement of financial position at face amount or at nominal amount.

The Company's cash in banks, receivables, advances to subsidiaries and other current assets company are included in this category (Notes 5, 6 and 8).

*AFS Financial Assets.* AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income and presented in the "Unrealized gain on available-for-sale financial assets" in equity. Dividends earned on holding AFS equity securities are recognized as "Dividend income" when the right to receive payment has been established. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

#### Financial Liabilities

*Other Financial Liabilities.* This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Company's trade payables and other current liabilities and amount owed to a related party are included on this category (Notes 13 and 16).

#### Derecognition of Financial Assets and Financial Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statement of financial position.

#### Impairment of Financial Assets

The Company assesses, at the reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost such as loans and receivables, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets. If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

With respect to receivables, the Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. A review of the age and status of receivables, designed to identify accounts to be provided with allowance, is performed regularly.

If impairment is fully evident, the Company then decides to write-off such to the extent of the carrying value of the receivable. This is, however, subject to the approval of the BOD. Impairment is said to be fully evident to a particular account with the cited reasons: (a) the counterparty declares bankruptcy; (b) the accounts remain uncollectible after exhausting all efforts; or (c) the account has been outstanding for at least two years.

### Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Property and Equipment

Property and equipment are recorded at historical cost less accumulated depreciation, amortization and impairment losses. The initial cost of property and equipment consists of its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which these are incurred.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Depreciation and amortization, which commences when the assets are available for its intended use, are calculated using the straight-line method over its estimated useful life as follows:

	Number of Years
Machinery and equipment	3 - 10
Computer equipment	3 - 5

The asset's residual values, estimated useful lives and depreciation method are reviewed periodically, and adjusted if appropriate, at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

The carrying amount of an item of property and equipment is derecognized on disposal; or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation are removed from the accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in other operating income/expenses account in the profit or loss.

#### Assets Held-for-Sale

Assets are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered primarily through a sale transaction rather than continuing use. When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented as part of the operating expenses in the profit or loss.

An impairments loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. The Company recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, not in excess of the cumulative impairment loss that has been recognized.

Once classified as held-for-sale, property, plant and equipment are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

When changes to the plan of sale are at the Group ceases to classify the asset as held-for-sale, the Group remeasures the asset at the lower of its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held-for-sale, and its recoverable amount at the date of the subsequent decision not to sell. Gain or loss recognized on measurement of a non-current asset classified as held-for-sale is presented under the operating income (expense) in the separate statement of comprehensive income.

An item of asset held-for-sale is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of asset held-for-sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

#### Impairment of Non-financial Assets

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Investments in a Subsidiary and in an Associate

The Company's investments in shares of stock of a subsidiary and an associate are accounted for under the cost method as provided for under PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*. The investments are carried in the separate statement of financial position at cost less any impairment in value. The Company recognizes dividend from a subsidiary and associate in profit or loss when its right to receive the dividend is established.

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Company holds between 20 to 50 percent of the voting power of another entity.

#### Capital Stock

Capital stock is classified as equity. Additional paid in capital is recognized for the excess of proceeds of subscriptions over the par value of the shares issued.

Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

#### Retained Earnings (Deficit)

Retained earnings (deficit) include all current and prior period results as reported in profit or loss net of dividend payments to stockholders.

#### Revenues

The Group recognizes the revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities as described below.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### Interest and Other Income

Interest income on bank deposits, net of withholding tax, and other income are recorded when earned.

### *Cost and Expenses*

Costs and expenses are recognized when they occur and are reported in the separate financial statements in the periods to which they relate. Interest expense on the borrowings is calculated using effective interest method by applying effective interest rate.

### Income Taxes

Income tax expense for the year is composed of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Recognition of deferred income tax assets depends on management's assessment of the probability of available future taxable income against which the temporary differences, unused tax credits and unused tax losses can be applied.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

*Value-added Tax (VAT).* Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted-average number of issued and outstanding common shares during the period.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all potential dilutive instruments.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Contingencies

Contingent liabilities are not recognized in the financial statement but are disclosed in the notes to the financial statement unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statement but are disclosed in the notes to the financial statement when an inflow of economic benefits is probable.

Provisions

Provisions are recognized only when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are revisited at each reporting date and adjusted to reflect current best estimate.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are recognized in the financial statement. Post year-end events that are not adjusting events are disclosed in the notes to the financial statement when material.

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**4. Significant Accounting Judgment, Estimates and Assumption**

The preparation of the Company's separate financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

*Measurement of Fair Values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Company's financial instruments are carried at fair value as at December 31, 2014 and 2013 (Note 20).

*Going Concern*

Management prepares its consolidated financial statements on going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The management plans as a going concern is discussed in Note 1.

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from such estimates:

*Estimating Allowance for Impairment Losses of Receivables and Advances to Subsidiaries*

Provision for impairment of receivables is based on the Company's assessment of the collectibility of payments from its trade customers, related and third parties. This assessment requires judgment regarding the ability of each of the customers to pay the amounts owed to the Company including those arising from related parties that are part of the Restructuring Plan as discussed in Note 1. Any change in the Company's assessment of the collectibility of receivable could significantly impact the calculation of such provision and results of operations.

Allowance for impairment losses on receivables amounted to P1,843 both as at December 31, 2014 and 2013 (Note 6). On the other hand, allowance for impairment of losses on advances to subsidiaries amounted to P8,629 and P107,736 as at December 31, 2014 and 2013 (Note 8).

*Estimating Allowance for Impairment of Creditable Withholding Taxes(CWT) and Input VAT*

The Company provides for an allowance for impairment losses on CWT and input value-added tax (VAT) at a level considered adequate to provide for potential loss where the Company cannot utilize the benefits therefrom. The level of this allowance is evaluated by management on the basis of factors that affect utilization of the benefit therefrom including the profitability of the Company and availability of appropriate supporting documentation the Company's input VAT was assessed by management to be utilized upon approval of merger and disposal of Steniel Group's idle assets to pay-off STN's loan to its major credits as discussed in Note 1 and therefore, no provision is recorded in the financial statement with respect to this balance.

*Income Taxes and Realizability of Deferred Tax Assets*

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes a provision for anticipated and pending tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income tax assets depends on management's assessment of the probability of available future taxable income against which the temporary differences, unused tax credits and unused tax losses can be applied. For 2014 and 2013, the Company did not recognize any deferred income tax assets as disclosed in Note 19.

*Provisions and Contingencies*

The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses was recognized in the Company's separate financial statements for the years ended December 31, 2014 and 2013.

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**5. Cash**

The Company's cash in bank earn annual interest at the respective bank deposit rates. Interest income from cash in banks amounted to P3 thousand and P4 thousand in 2014 and 2013, respectively (Note 18).

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## 6. Receivables - net

This account consists of:

	Note	2014	2013
Advances to suppliers		P2,282	P2,282
Advances to employees		41	483
		2,323	2,765
Less allowance for impairment losses		(1,843)	(1,843)
		480	922
Others	16	7,891	27,672
		P8,371	P28,594

Advances to employees pertain to receivables from employees of subsidiaries which are collected through salary deduction. Advances to employees represent balances from resigned employees and are subject to liquidation or will be charged against their separation pay after final determination by senior management.

“Others” include receivables from the sale of Company’s investment in subsidiary amounting to P20,000 thousand in 2013.

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## 7. Other Current Assets

This account consists of:

	2014	2013
Creditable withholding taxes	P44,421	P44,421
Provision for impairment	(2,209)	(2,209)
Net	42,212	42,212
Input value-added taxes	1,988	2,504
	P44,200	P44,716

As at December 31, 2014 and 2013, creditable withholding taxes (CWT) of P2,209 thousand were impaired and fully provided for. All impaired balances in the CWT account refer to tax certificate considered to be “out-of-period” for tax purposes and therefore cannot be utilized for future income tax obligations. The remaining balance of P42,212 thousand are not considered to be impaired as these relate to excess tax payments which have no prescription period and the balances are being carried forward annually in the tax returns.

## 8. Advances to Subsidiaries - net

Movements of this account are as follows:

	Note	2014	2013
<b>Advances to subsidiaries:</b>			
Balance at beginning of year		P219,486	P218,465
Additions	14	-	1,021
Settlement		(118,047)	-
		101,439	219,486
<b>Less provision for impairment</b>			
Balance at beginning of year		107,736	107,736
Reversal of provision for impairment		(99,107)	-
		8,629	107,736
<b>Balance at end of year</b>		<b>P92,810</b>	<b>P111,750</b>

Advances to subsidiaries are denominated in Philippine Peso, over 360 days and considered past due and demandable.

It was assessed that the remaining balance of advances account of P92,810 thousand and P111,750 thousand in 2014 and in 2013, respectively, are not impaired and are expected to be recovered from SCPC through the realization of its receivables and other assets and fair value of the fixed assets based on the assessed floor price as part of the debt restructuring plans of management with its major creditors (Note 1).

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## 9. Assets Held for Sale

Investment in associate (SLC) represents 249,500 common shares and 4,920 voting preferred shares with a par value of P1 per share and P10 per share, respectively. The Company's percentage of interest in SLC is based on its direct 10.22% equity plus the 29.49% equity in SLC held by its three (3) wholly-owned subsidiaries. All the shares of SLC are covered by the dacion en pago in compliance with the approved loan restructuring (Note 1). This arrangement materialized in 2010 and the amount was reclassified from investment to non-current assets held for sale.

The ownership with SLC is measured at lower of the carrying amount and fair value less cost to sell. In 2012, the preferred shares of the Company with SLC amounting to P49 thousand were transferred to Greenkraft in relation to dacion en pago (Notes 1) and reduced the loan for the same amount. As at December 31, 2012, the carrying value of the shares was also reduced to P249 thousand after issuance of the certificate authorizing registration related to the Company's preferred shares in SLC based on par value.

**10. Investment in Subsidiaries and Associates - net**

This account consists of:

Entity	% of Ownership	Acquisition Cost	2014		Total
			Impairment Loss		
Steniel Cavite Packaging Corporation (SCPC)	100%	P1,650,000	(P1,650,000)		P -
Treasure Packaging Corporation (TPC)	100%	50,000	(50,000)		-
			P1,700,000	(P1,700,000)	P -

Entity	% of Ownership	Acquisition Cost	2013		Total
			Impairment Loss		
Steniel Cavite Packaging Corporation (SCPC)	100%	P1,650,000	(P1,650,000)		P -
Treasure Packaging Corporation (TPC)	100%	50,000	(50,000)		-
Steniel Mindanao Packaging Corporation (SMPC)	100%	127,656	-		127,656
		P1,827,656	(P1,700,000)		P127,656

Movements in this account are as follows:

	2014	2013
Investment in subsidiaries:		
Balance at beginning of year	P1,700,000	P1,827,656
Sale of investment in subsidiary	-	(127,656)
	1,700,000	1,700,000
Provision for impairment		
Balance at beginning of year	1,700,000	1,700,000
	1,700,000	1,700,000
Balance at end of year	P -	P -

**SCPC, TPC and SMPC**

In 2006, the business operations of SCPC gradually slowed down. The temporary cessation of the plant operation was approved by SCPC's Board of Directors 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 2008, TPC temporarily ceased its operations due to the case filed against TPC by the owner of its space and warehouse which was rendered by the court as meritorious and TPC then laid off its employees. The obligation of TPC in relation to the above case was fully settled in 2010.

The related investment cost for SCPC and TPC have been fully provided with allowance for impairment losses following the cessation of operation.

On December 27, 2013, the Board of Directors of STN approved the sale of its 99.99% ownership or 9,249,995 common shares in 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 Company sold its outstanding common shares for a total consideration of P20,000 thousand which resulted to a loss of P107,656 thousand and further increase the deficit. 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.

#### 11. Property and Equipment - net

The movements in this account consist of:

	Note	Machinery and Equipment	Computer Equipment	Total
<b>Cost</b>				
January 1, 2013		P113,892	P456	P114,348
Additions		10,970	121	11,091
Disposals		(105,583)	-	(105,583)
December 31, 2013		19,279	577	19,856
Additions		-	-	-
<b>December 31, 2014</b>		<b>19,279</b>	<b>577</b>	<b>19,856</b>
<b>Accumulated Depreciation</b>				
January 1, 2013		105,241	427	105,668
Depreciation	16	1,884	42	1,926
Disposals		(105,148)	-	(105,148)
December 31, 2013		1,977	469	2,446
Depreciation	16	1,928	51	1,979
<b>December 31, 2014</b>		<b>3,905</b>	<b>520</b>	<b>4,425</b>
<b>Net Book Values</b>				
December 31, 2013		P17,302	P108	P17,410
<b>December 31, 2014</b>		<b>P15,374</b>	<b>P57</b>	<b>P15,431</b>

Fully depreciated property and equipment that are still being used by the Company for administrative purposes have a total gross carrying amount of P366 thousand in 2014 and 2013.

All machinery and equipment are leased to SMPC for a period of one (1) year renewable under terms and conditions to be agreed upon by both parties. In 2013 these machineries were sold to SCPC. These properties are also mortgaged to secure the payment of borrowings under mortgages trust indentures as at December 31, 2013 and 2012.

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#### 12. Available-for-sale Financial Assets

The account consists of investments in shares of stock of golf and country club memberships and publicly-listed utility companies in which the Company does not intend to dispose in the short-term and were designated as available-for-sale financial assets.

These investments were measured at fair value based on quoted prices as at December 31, 2014 and 2013 and did not result in any adjustment in the separate financial statements.

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#### 13. Trade Payables and Other Current Liabilities

This account consists of:

	Note	2014	2013
Trade payables	16	P8,288	P25,311
Accounts payable - others		2,808	1,841
Payable to government agencies		-	775
Other liabilities		1,122	1,203
		<b>P12,218</b>	<b>P29,130</b>

Trade payables mainly pertain to purchases of machineries during the year while other liabilities mainly pertain to advances from Greenkraft Corporation for payment of real property taxes.

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#### 14. Borrowings

This account consists of:

	Note	2014	2013
Greenkraft Corporation		P261,471	P380,578
Roxburgh Investment Limited		187,723	187,723
	16	<b>P449,194</b>	<b>P568,301</b>

The above secured loans were originally obtained from lending banks under the Omnibus Agreement's revolving working capital facility subject to annual interest rates prior to assignment of the loan to third parties in 2006. The said creditors/lenders are now considered related parties of the Company following the dacion arrangements in 2010 and re-assessment of related party relationship during the year (Notes 1 and 16).

The property and equipment of the Company and its subsidiaries and present and future receivables and inventories of its subsidiaries are used as collateral in accordance with Amended Agreement. The fair value of assets, which includes investment in an associate, land and land improvements and building and building improvements, pledged as security amounted to P120,849 and P216,667 as at December 31, 2014 and 2013, respectively.

Further, the Amended Agreement provides for certain affirmative and negative covenants subject for compliance by the Company and its subsidiaries and payment terms as discussed in Note 1 which is due after completion of *dacion en pago* or sale of properties that is expected to complete until first quarter of 2004. Upon approval of the Amended Agreement, the above creditors are aware of the Company's non-compliance with covenant due to the Company's financial condition and such will not be a ground to default from the Amended Agreement.

As discussed in Note 1, the accrued interest amounting to P294,634 thousand which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was condoned by its major creditors in 2011. 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. These were all offset against advances to SCPC (Notes 10 and 16) as the proceeds of the original loan were loaned by the Company to the subsidiary, subject to the same interest rates.

In 2012, the TPC and MPPC's investment in shares of stock with Steniel Land Corporation amounting to P0.64 million was assigned to Greenkraft Corporation as part of the *dacion en pago* arrangements (Note 1) resulting to a reduction of the borrowing balance. Such item is considered non-cash transaction in the statements of cash flows.

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## 15. Equity

This account consists of:

	No. of Shares	Par Value Per Share	Amount in Thousands
Authorized	1,000,000,000	1	P1,000,000
Issued and outstanding	1,000,000,000	1	1,000,000

At incorporation date, issued shares amounted to P876,182 thousand with share premium of P290,816 thousand. As discussed in Note 1, the Company's loans were restructured in October 2010 and unissued shares of 123,818 thousand amounting to P123,818 thousand were issued to a creditor to settle portion of the loan and the balance of P123,818 thousand was recognized as part of additional paid in capital account. Such transaction was considered non-cash financing activity for purposes of the statement of cash flows.

The Company has no dilutive equity instruments. Basic gain (loss) per common share in centavos for the years ended December 31 is calculated as follows:

	2014	2013
Income (loss) for the year available to common shares	P94,452	(P83,930)
Divided by weighted average number of common shares, in absolute number	1,000,000,000	1,000,000,000
Basic loss per share	0.0000945	(0.0000839)

#### **16. Related Party Transaction**

In the normal course of business, the Company transacts with companies considered as related parties. Following are the more significant related party transactions:

Category	Year	Note	Amount of Transaction	Receivables	Borrowings	Advances to Subsidiaries	Advances from a Subsidiary and an Associate	Terms	Conditions
<b>Subsidiaries</b>									
▪ Reimbursements	2014	8	(P117,941)	P115	P -	P101,439	P -	Receivable on demand; non-interest bearing	Unsecured; no impairment
	2013		1,022	8	-	219,486	-		
<b>Entity under common control</b>									
▪ Reimbursements	2014	6	109	109	-	-	-	Receivable on demand; non-interest bearing	Unsecured; no impairment
▪ Advances from	2014		(85)	-	-	-	74,323	Payable on demand; non-interest bearing	Unsecured;
	2013		3,933	-	-	-	74,408	Payable on demand; non-interest bearing	with impairment
▪ Borrowings	2014		(119,107)	-	449,194	-	-	Payable on demand; non-interest bearing	Unsecured; no impairment
	2013	I4	81	-	368,301	-	-		
<b>TOTAL</b>	<b>2014</b>			<b>P224</b>	<b>P449,194</b>	<b>P101,439</b>	<b>P74,323</b>		
<b>TOTAL</b>	<b>2013</b>			<b>P8</b>	<b>P568,301</b>	<b>P219,486</b>	<b>P74,408</b>		

## 17. Operating Expenses

This account consists of:

	<i>Note</i>	2014	2013
Depreciation	11	P1,979	P1,926
Professional fees		1,210	1,062
Salaries, wages and employee benefits		336	331
Taxes and licenses		215	2,159
Utilities		180	167
Representation and entertainment		159	413
Transportation and travel		88	435
Office and computer supplies		42	64
Miscellaneous		448	1,107
		<b>P4,657</b>	<b>P7,664</b>

## 18. Other Income (Expense) - net

This account consists of:

	<i>Note</i>	2014	2013
Reversal of provision for impairment loss on advances to subsidiaries	8	P99,107	P -
Interest income		3	4
Foreign exchange gain		1	26
Gain on sale of property and equipment		-	1
Other income		-	32,553
Loss on sale of investment in subsidiary		-	(107,657)
Bank charges		(2)	(6)
		<b>P99,109</b>	<b>(P75,079)</b>

## 19. Income Taxes

As at December 31, 2014 and 2013, deferred tax assets have not been recognized in respect of the following items as management believes that it is not probable that sufficient taxable profit will be available against which all deferred tax assets may be utilized.

The components of the Company's unrecognized deferred tax assets as at December 31, 2014 and 2013 are as follows:

	2014	2013
<b>Items recognized in the profit or loss</b>		
Provision for impairment of investment in or advances to subsidiaries and associates	P526,989	P556,721
Allowance for impairment of receivables	1,216	1,216
Minimum corporate income tax (MCIT)	99	423
Net operating loss carry over (NOLCO)	1,342	-
Unrealized foreign exchange loss	-	(8)
	<b>P529,646</b>	<b>P558,352</b>

As at December 31, 2014, the Company has available NOLCO which can be claimed as deduction against future taxable income as follows:

Year	Amount	Applied	Expired	Balance	Date of Expiry
2014	P1,342	P -	P -	P1,342	December 31, 2017

Details of MCIT are as follows:

Year	Amount	Applied	Expired	Balance	Date of Expiry
2012	P99	P -	P -	P99	December 31, 2015
2011	122	-	(122)	-	December 31, 2014
	P221	P -	(P122)	P99	

The reconciliation of the provision for (benefit from) income tax for the years ended December 31 computed at the statutory income tax rate to actual income tax provision shown in the profit or loss is shown below:

	2014	2013
Income (loss) before income tax	P94,452	(P77,343)
Income tax expense at statutory tax rate of 30%	P28,336	(P23,203)
Adjustments to income tax resulting from:		
Interest income subjected to final tax	(1)	(1)
Excess on representation and entertainment	48	108
Loss on disposal of sale of subsidiaries		32,297
Movement in unrecognized deferred tax asset	(28,383)	(2,614)
	P -	P6,587

## 20. Financial Risk and Capital Management

The Company's financial assets and liabilities, comprising mainly of other receivables, trade payables, borrowings and amounts due from/to related parties, are exposed to a variety of financial risks: market risk (include price risk and cash flow interest rate risk) credit risk and liquidity risk. Management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the Company's financial performance.

Risk management is carried out through the policies approved by the Board of Directors of the Company. They identify and evaluate financial risk. The Board provides principles on overall risk management and on specific areas such as market risk (which include price risk and cash flow interest rate risk) credit risk and liquidity risk.

### Liquidity Risk

Liquidity risk relates 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. The Company's financial liabilities include borrowings, trade payables and other current liabilities and advance from subsidiary and associate are due within 12 months (Notes 13, 14 and 16).

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the carrying balances, as the impact of discounting is not significant.

December 31, 2014	Due and Demandable	Over 360 Days	Total
Trade payables	P8,288	P -	P8,288
Accrued interest and other liabilities	1,123	-	1,123
Borrowings	-	449,194	449,194
	<b>P9,411</b>	<b>449,194</b>	<b>P458,605</b>

December 31, 2013	Due and Demandable	Over 360 Days	Total
Trade payables	P24,216	P -	P24,216
Accrued interest and other liabilities	861	-	861
Borrowings	-	568,301	568,301
	<b>P25,077</b>	<b>P568,301</b>	<b>P593,378</b>

Owing to the existence of conditions which cast material uncertainty on the Company's ability to continue as a going concern in the near future, as discussed in Note 1, the Company is considerably exposed to the risk of not being able to raise on a timely basis sufficient funds to meet its loan and other commitments. The Company regularly monitors its cash position, continuously negotiates with creditors for new credit terms and depends on the financial support from its operating subsidiary and shareholders to meet its obligation as they fall due.

The remaining assets subject to dacion en pago under the provisions of the Amended Agreement pertain to land and building with SCPC (subsidiary) with estimated floor price of P100.0 million and common and preferred shares with SLC (associate) with fair value of P189.9 million based on municipality zonal value (Note 8). Upon completion of this transaction, the balance of borrowings will be significantly reduced.

The details of updated forecasted liquidity reserve for the next 15 years based on the restructure loan and provisions of the Amended Agreement are as follows:

	2010 to 2015	2016 to 2024
Opening balance for the period	P4,184	P15,049
Operating cash flows	122,119	431,000
Cash inflows (outflows) for investment	175,175	(77,000)
Cash outflows from financing	<b>(286,429)</b>	<b>(247,320)</b>
	<b>P15,049</b>	<b>P121,729</b>

The above also excluded cash inflows from investments.

#### Market Risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### *Interest Rate Risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposures to interest rate risk relates primarily to the Company's long-term borrowings.

The Company manages its interest rate risk by limiting its borrowings to long-term loans with fixed interest rates over the term of the loan.

#### Credit Risk

Credit risk is managed on a Group basis at the STM level. Credit risk arises from deposits with banks, receivables and advances to subsidiaries. Cash transactions are limited to high-credit-quality financial institutions. For the Group's banks and financial institutions requirements, decisions are made at the group level that considers and leverages on Group's needs and cost. Cash in banks are maintained with universal and commercial banks which represent the largest single group, resource-wise, of financial institutions in the Philippines.

To minimize the credit risk, predefined exposure limits are observed and transactions are only conducted with third party customers of good credit standing. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Receivable balances including other non-current receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not material (Note 6). Advances to subsidiaries are also monitored by the Company (Note 8).

#### Capital Management

The Company's objectives when managing capital are to safeguard 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.

Cash flow from the activities of the Company's operating subsidiary is considered a measure that reflects the Company's ability to generate funding from operations for its investing and financing activities and is representative of the realization of value or shareholders from the Company's operations. Total capital comprises the total equity as shown in the statement of financial position. The Company being a listed entity is covered by the PSE requirement of 10% minimum public ownership. The Company is under suspended trading status in Philippine Stock Exchange in 2006 pursuant to the PSE's Implementing Guidelines for Companies under Corporate Rehabilitation when the Company notified the PSE in a disclosure that the stockholders have approved entering into rehabilitation proceedings (Note 1).

The Company is not subject to externally imposed capitalization requirements.

#### Fair Value Estimation of Financial Assets and Liabilities

The Company's financial instruments that are measured in the statements of financial position at fair value are required to disclose the following fair value in hierarchy by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observables for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as trading securities or available-for-sale. The Company's investment in available-for-sale financial assets (Note 12) which is measured at fair value at December 31, 2011 and 2010 is classified under level 1.

The Company does not have financial assets classified under level 2 and 3.

The nominal value less impairment provision of receivables and the carrying value of payables are assumed to approximate their fair values.

## **21. Supplementary Information Required by the Bureau of Internal Revenue (BIR)**

In addition to the disclosures mandated under PFRSs and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS. The following is the tax information required for the taxable year ended December 31, 2014 (amounts rounded off to the nearest peso):

### **I. Based on RR No. 15-2010**

#### **A. Value Added Tax (VAT)**

<b>1. Output VAT</b>	
<i>Account title used:</i>	
Basis of the Output VAT:	
Vatable sales	P700,200
	P700,200
<b>2. Input VAT</b>	
Beginning of the year	P2,503,993
Current year's domestic purchases:	
a. Goods other than for resale or manufacture	4,015
b. Capital goods subject to amortization	-
c. Services lodged under other accounts	180,970
Balance at the end of the year	P2,668,978

**B. Withholding Taxes**

Tax on compensation and benefits	P25,926
Creditable withholding taxes	258,666
	P284,592

**C. All Other Taxes (Local and National)**

<i>Other taxes paid during the year recognized under "Taxes and licenses" account under Operating Expenses</i>	
License and permit fees	P213,743

**D. Tax Cases**

As of December 31, 2014, the Company has no pending tax court cases nor has received tax assessment notices from BIR.



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## REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders

Steniel Manufacturing Corporation  
Gateway Business Park  
Barrio Javalera, Gen. Trias, Cavite

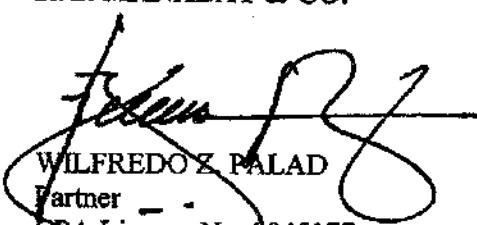
We have audited in accordance with Philippine Standards on Auditing, the financial statements of Steniel Manufacturing Corporation (the "Company") as at and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated April 8, 2015.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

### ▪ Schedule of Philippine Financial Reporting Standards

The supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

  
WILFREDO X. PALAD  
Partner

CPA License No. 0045177

SEC Accreditation No. 0027-AR-3, Group A, valid until April 30, 2015

Tax Identification No. 106-197-186

BIR Accreditation No. 08-001987-6-2013

Issued May 9, 2013; valid until May 8, 2016

PTR No. 4748121MC

Issued January 5, 2015 at Makati City

April 8, 2015  
Makati City, Metro Manila

**STENIEL MANUFACTURING CORPORATION**

<b>Framework for the Preparation and Presentation of Financial Statements</b> Conceptual Framework Phase A: Objectives and qualitative characteristics				
<b>PFRSs Practice Statement Management Commentary</b>				
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'			✓
<b>PFRS 3 (Revised)</b>	Business Combinations			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations	✓		

INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRS®				
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments			✓
	Financial Instruments	✓		
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
PFRS 9 (2014)	Financial Instruments		✓	
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12:			✓

Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) adopted by the Securities and Exchange Commission (SEC)				
	Philippine Financial Reporting Standard (PFRS)	International Financial Reporting Standard (IFRS)	Philippine Accounting Standard (PAS)	Other
	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception		✓	
PFRS 14	Regulatory Deferral Accounts			✓
<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		

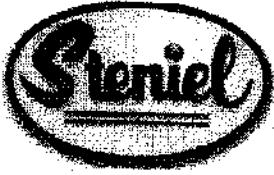
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Agriculture; Bearer Plants			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19  (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23  (Revised)	Borrowing Costs	✓		
PAS 24  (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'		✓	
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27  (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28  (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		

	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation [amortization] on revaluation (Amendments to PAS 16 and PAS 38)			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities		✓	
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓

	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓

REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS				
<b>IFRIC 21</b>	Levies			✓
<b>SIC-7</b>	Introduction of the Euro			✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			✓
<b>SIC-15</b>	Operating Leases - Incentives			✓
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
<b>SIC-29</b>	Service Concession Arrangements: Disclosures.			✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs			✓
<b>Philippine Interpretations Committee Questions and Answers</b>				
<b>PIC Q&amp;A 2006-01</b>	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✓
<b>PIC Q&amp;A 2006-02</b>	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✓
<b>PIC Q&amp;A 2007-01-Revised</b>	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
<b>PIC Q&amp;A 2007-02</b>	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
<b>PIC Q&amp;A 2007-03</b>	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
<b>PIC Q&amp;A 2007-04</b>	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
<b>PIC Q&amp;A 2008-01-Revised</b>	PAS 19.78 – Rate used in discounting post-employment benefit obligations			✓
<b>PIC Q&amp;A 2008-02</b>	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✓
<b>PIC Q&amp;A 2009-01</b>	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern	✓		
<b>PIC Q&amp;A 2009-02</b>	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
<b>PIC Q&amp;A 2010-01</b>	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
<b>PIC Q&amp;A 2010-02</b>	PAS 1R.16 – Basis of preparation of financial statements	✓		
<b>PIC Q&amp;A 2010-03</b>	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan	✓		

PIC Q&A				
2011-01 PAS 1.10(f) – Requirements for a Third Statement of Financial Position ✓				
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans			✓
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓



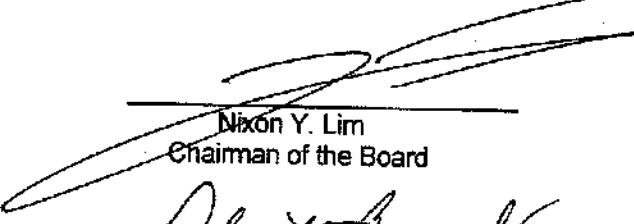
**STENIEL MANUFACTURING CORPORATION**  
Gateway Business Park, Barangay Javalera  
General Trias, Cavite

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of Steniel Manufacturing Corporation and Subsidiaries (the Company), is responsible for the preparation and fair presentation of the consolidated financial statements as at and for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2014 and 2013, respectively, have examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

  
Nixon Y. Lim  
Chairman of the Board

  
Delma P. Bermundo  
President/CEO

  
Eliza C. Macuray  
Chief Finance Officer

Signed this 8th day of April 2015

SUBSCRIBED AND SWORN to before me this April 8, 2015 at Quezon City, affiants exhibiting to me the following:

Name	Valid Identification
Nixon Y. Lim	TIN 177-748-507
Delma P. Bermundo	TIN 116-179-192
Eliza C. Macuray	TIN 100-377-040

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Page No. 71  
Book No. LXIII  
Series of 2015

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NOTARY PUBLIC UNTIL DEC. 31, 2015  
PTR NO. 0560704-1/5/15 - Q.C.  
IBP LBN 03543 - Q.C. CHAPTER  
ATTORNEY'S ROLL NO. 41164  
MCLE Comp. Cert. No. IV 0608176



**STENIEL MANUFACTURING CORPORATION  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2014 and 2013**



R.G. Manabat & Co.  
The KPMG Center, 9/F  
6787 Ayala Avenue  
Makati City 1226, Metro Manila, Philippines

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E-Mail [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

Branches: Subic • Cebu • Bacolod • Iloilo

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
Steniel Manufacturing Corporation  
Gateway Business Park  
Barrio Javalera, Gen. Trias, Cavite

We have audited the accompanying consolidated financial statements of Steniel Manufacturing Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Steniel Manufacturing Corporation and Subsidiaries as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

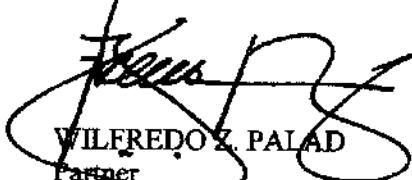
*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements. The Group has temporarily ceased its operations and has deficit of P1,641,261 and P1,658,447 as at December 31, 2014 and 2013, respectively. These conditions, among others, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in existence. The validity of this assumption is dependent upon the Group's ability to meet its financing requirements on a continuing basis and the success of its future operations in line with the provisions of the restructuring plan as discussed in Note 1. We conducted sufficient audit procedures to verify the validity of the aforementioned plan. The accompanying consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

*Other Matter*

The consolidated financial statements of Steniel Manufacturing Corporation and Subsidiaries for the year ended December 31, 2012 was audited by another auditor who expressed an unmodified opinion on those statements on October 22, 2013. We were not engaged to audit, review, or apply any procedures to the 2012 consolidated financial statements of Steniel Manufacturing Corporation and Subsidiaries, and accordingly, we do not express an opinion or any other form of assurance on the 2012 consolidated financial statements taken as a whole.

R.G. MANABAT & CO.



WILFREDO X. PALAD  
Partner

CPA License No. 0045177

SEC Accreditation No. 0027-AR-3, Group A, valid until April 30, 2015

Tax Identification No. 106-197-186

BIR Accreditation No. 08-001987-6-2013

Issued May 9, 2013; valid until May 8, 2016

PTR No. 4748121MC

Issued January 5, 2015 at Makati City

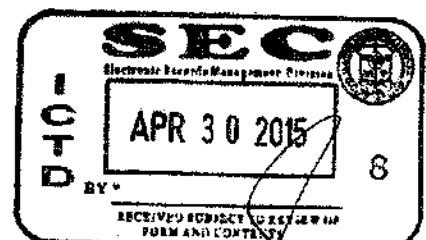
April 8, 2015

Makati City, Metro Manila

**STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**  
*(Amounts in Thousands)*

		December 31	
	Note	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	5, 20	P3,147	P1,604
Receivables - net	6, 13, 20	39,386	238,229
Prepaid expenses and other current assets	7	161,546	117,622
Assets held-for-sale	8	120,849	216,677
<b>Total Current Assets</b>		324,928	574,132
<b>Noncurrent Assets</b>			
Property and equipment - net	9	61,466	17,845
Available-for-sale financial assets	10	13,346	10,861
Other noncurrent assets		20	20
<b>Total Noncurrent Assets</b>		74,832	28,726
		<b>P399,760</b>	<b>P602,858</b>
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>			
<b>Current Liabilities</b>			
Trade payables and other current liabilities	11, 13	P176,726	P277,597
Payable to government agencies		214	775
<b>Total Current Liabilities</b>		176,940	278,372
<b>Noncurrent Liabilities</b>			
Long-term borrowings	12	449,194	568,301
<b>Total Liabilities</b>		626,134	846,673
<b>Capital Deficiency</b>			
Capital stock		1,000,000	1,000,000
Additional paid-in capital		414,632	414,632
Unrealized gain on available-for-sale financial assets		255	-
Deficit		(1,641,261)	(1,658,447)
<b>Total Capital Deficiency</b>		(226,374)	(243,815)
		<b>P399,760</b>	<b>P602,858</b>

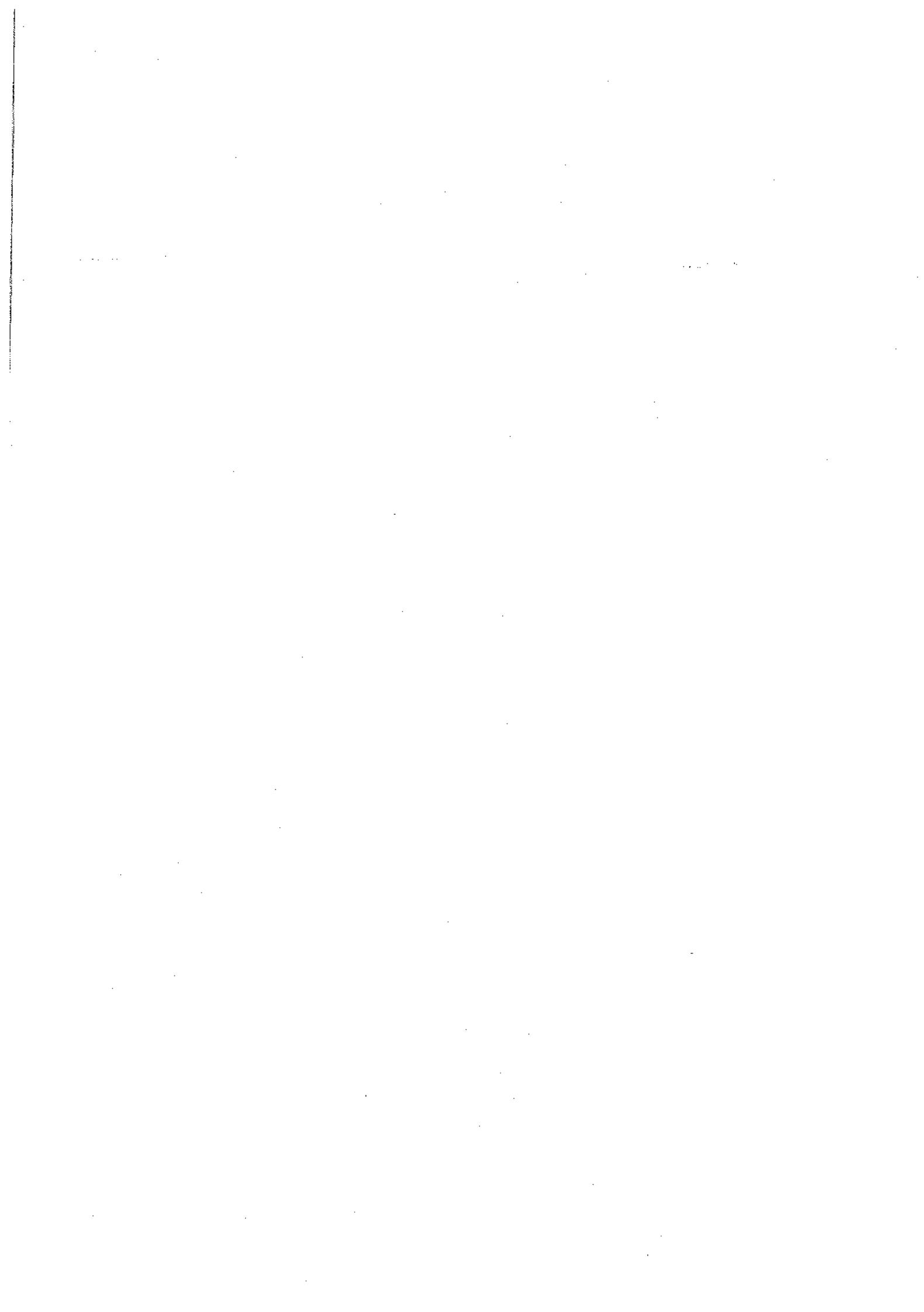
*See Notes to the Consolidated Financial Statements.*



**STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**  
(With Comparative Figures for 2012)  
*(Amounts in Thousands)*

		<b>Years Ended December 31</b>		
	<i>Note</i>	2014	2013	2012
<b>REVENUES</b>				
Product sales		P17,444	P710,658	P531,591
Service income		-	15,649	48,858
<b>TOTAL REVENUES</b>		<b>17,444</b>	<b>726,307</b>	<b>580,449</b>
<b>COST OF SALES AND SERVICES</b>	<i>15</i>	<b>(17,335)</b>	<b>(664,986)</b>	<b>(546,683)</b>
<b>GROSS PROFIT</b>		<b>109</b>	<b>61,321</b>	<b>33,766</b>
<b>OPERATING EXPENSES</b>	<i>16</i>	<b>(6,664)</b>	<b>(43,004)</b>	<b>(37,814)</b>
<b>OTHER INCOME (EXPENSES) - Net</b>	<i>17</i>	<b>24,355</b>	<b>(84,340)</b>	<b>10,294</b>
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX</b>		<b>17,800</b>	<b>(66,023)</b>	<b>6,246</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<i>18</i>	<b>614</b>	<b>10,147</b>	<b>(3,931)</b>
<b>NET INCOME (LOSS)</b>		<b>P17,186</b>	<b>(P76,170)</b>	<b>P10,177</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Item that may be reclassified to profit or loss				
Changes in the fair value of available-for-sale financial assets	<i>10</i>	255	-	-
Item that will never be reclassified to profit or loss				
Remeasurement of defined benefit obligation	<i>3</i>	-	270	(1,064)
Income tax benefit (expense)	<i>3</i>	-	(81)	320
		<b>255</b>	<b>189</b>	<b>(744)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>P17,441</b>	<b>(P75,981)</b>	<b>P9,433</b>
<b>Basic and Diluted Earnings (Loss) Per Common Share</b>	<i>19</i>	<b>P0.0172</b>	<b>(P0.0762)</b>	<b>P0.0102</b>

*See Notes to the Consolidated Financial Statements.*



**STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CAPITAL DEFICIENCY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(With Comparative Figures for 2012)**  
*(Amounts in Thousands, except par value)*

	Capital Stock P1 par value Authorized, Issued and Outstanding- 1,000,000,000 Shares	Additional Paid-in Capital	Reserve for Retirement Benefits Liability	Unrealized gain on available-for-sale financial assets	Total Deficit	Total Equity
<b>As at January 1, 2014</b>	<b>P1,000,000</b>	<b>P414,632</b>	<b>P -</b>	<b>P -</b>	<b>(P1,658,447)</b>	<b>(P243,815)</b>
Net income during the year	-	-	-	-	17,186	17,186
Changes in the fair value of available-for-sale financial assets	-	-	-	-	255	255
<b>Total comprehensive income during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255</b>	<b>17,441</b>
<b>As at December 31, 2014</b>	<b>P1,000,000</b>	<b>P414,632</b>	<b>P -</b>	<b>P255</b>	<b>(P1,641,261)</b>	<b>(P226,374)</b>
As at January 1, 2013, as restated	P1,000,000	P414,632	P1,692	P -	(P1,584,158)	(P167,834)
Net loss during the year	-	-	-	-	(76,170)	(76,170)
Remeasurements of defined benefit obligation	-	-	-	-	-	189
<b>Total comprehensive income (loss) during the year</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>-</b>	<b>(76,170)</b>	<b>(75,981)</b>
Transactions with the owners of the Group	-	-	-	-	-	-
Disposal of a subsidiary	-	-	(1,881)	-	1,881	-
<b>As at December 31, 2013</b>	<b>P1,000,000</b>	<b>P414,632</b>	<b>P -</b>	<b>P -</b>	<b>(P1,658,447)</b>	<b>(P243,815)</b>

P1 par value Authorized, Issued and Outstanding- 1,000,000,000 Shares	Additional Paid-in Capital	Reserve for Retirement Benefits Liability	Unrealized gain on available-for-sale financial assets	Deficit	Total Equity
As at January 1, 2012, as previously reported Adjustment due to Philippines Accounting Standard (PAS 19)	P1,000,000	P414,632	P -	(P1,594,335)	(P179,703)
As at January 1, 2012, as restated	1,000,000	414,632	2,436	-	2,436
Net income during the year Remeasurements of defined benefit obligation	-	-	(744)	-	(177,267)
Total comprehensive income (loss) during the year	-	-	(744)	-	10,177
As at December 31, 2012, as restated	P1,000,000	P414,632	P1,692	P - (P1,584,158)	(P167,834)

*See Notes to the Consolidated Financial Statements.*

**STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**  
(With Comparative Figures for 2012)  
*(Amounts in Thousands)*

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax		P17,800	(P66,023)	P6,246
Adjustments for:				
Write-off of receivables	6	9,305	-	-
Loss on sale of asset held-for-sale	17	6,542	-	-
Depreciation	9,16	3,282	13,439	8,760
Reversal of long-outstanding trade payables		(1,180)	-	(2,307)
Interest income		(5)	(36)	(31)
Loss on disposal of a subsidiary	17	-	135,107	
Provision for impairment losses on receivables	6	-	1,283	2,619
Retirement benefit expense		-	514	68
Write-off of prepaid taxes and assets-held-for-sale		-	-	13,980
Provision for inventory write-down		-	-	675
Gain on sale of property and equipment and investment		-	-	(33)
Write-off of accruals	17	-	(32,553)	(3,320)
Operating income before working capital changes		35,744	51,731	26,657
Decrease (increase) in:				
Receivables		189,538	(33,029)	(82,264)
Prepaid expenses and other current assets		(44,538)	8,302	29,347
Inventories		-	-	76,318
Decrease in:				
Trade payable and other current liabilities		(99,691)	(112,055)	(31,807)
Payable to government agencies		(561)	-	-
Cash generated from (absorbed by) operations		80,492	(85,051)	18,251
Interest received		5	36	31
Pension benefits paid		-	-	(480)
Net cash provided by (used in) operating activities		80,497	(85,015)	17,802

*Forward*

**Years Ended December 31**

	<i>Note</i>	2014	2013	2012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceed from sale of assets held-for-sale		P89,286	P -	P -
Additions to property and equipment	9	(46,903)	(11,526)	(10,503)
Acquisition of available-for-sale assets	10	(2,230)	(9,900)	-
Decrease in other noncurrent receivables		-	70,928	2,736
Proceeds from sale of a subsidiary		-	20,000	-
Proceeds from sale of property and equipment		-	-	33
Net cash provided by investing activities		40,153	69,502	(7,734)
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>				
Payment of long-term borrowings		(119,107)	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>1,543</b>	<b>(15,513)</b>	<b>10,068</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>1,604</b>	<b>17,117</b>	<b>7,049</b>
<b>CASH AT END OF YEAR</b>	<b>5</b>	<b>P3,147</b>	<b>P1,604</b>	<b>P17,117</b>

*See Notes to the Consolidated Financial Statements.*

**STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in Thousands, except number of shares)

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**1. Reporting Entity**

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).

The Parent Company is considered a public company under Part I Section 2A (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 Parent 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, 2014 and 2013, the Parent Company has 3,528 shareholders each holding at least 100 common shares of the Parent Company.

Following a decision made by the Board of Directors in 1996 to reorganize the Group, the Parent Company ceased manufacturing operations in June 1997. 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 to reduce the Parent Company's outstanding debts (Note 12). As a result, Roxburgh Investment Limited now 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 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 Parent Company consequently making it its ultimate holding company.

On January 25, 2012, the Parent 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 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 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 Parent Company Company's registered address and principal office is located at Gateway Business Park, Barrio Javalera, Gen. Trias, Cavite, Philippines.

*Group Structure*

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

	Percent of Ownership	
	2014	2013
Steniel Cavite Packaging Corporation (SCPC)	100	100
Treasure Packaging Corporation (TPC)	100	100

SCPC was incorporated and registered with the SEC on November 9, 1993 primarily to engage in the manufacturing, processing and selling of all kinds of paper products, paper board and corrugated carton containers and all others allied products and processes. The Company's registered address and principal office is located at Gateway Business Park, Bo. Javalera, Gen. Trias, Cavite, Philippines. The Company does not have regular employees.

TPC was incorporated and registered with the SEC on May 23, 1994 primarily to engage in the manufacturing, processing, purchasing, and selling on wholesale basis, paper, paper rolls, paper boards, cartons, containers, packaging material and other pulp and paper products. The Company has its registered office address and principal office at Hernan Cortes Street, Manduea City, Cebu, Philippines.

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 Parent 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 Parent 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 Parent 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 Parent Company for the year ended December 31, 2011 as if the entities had always been combined.

SCPC's operations during the year 2014 were limited to trading of scrap paper and rental of machinery and equipment to a third party.

#### 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. TPC is in a dormant status as at December 31, 2014 and 2013.

#### 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.

The Parent Company also had a 39.71% interest in Steniel Land Corporation (SLC). In 2010, the ownership interest of TPC and STN in SLC were assigned to Greenkraft Corporation, a company incorporated in the Philippines (Note 8). The remaining interest of SCPC in SLC is 22.61% as at December 31, 2014 and 2013.

In relation to the condonation of the Parent Company's borrowings by its major creditors in 2011 as discussed in Note 12, the Parent Company also condoned its advances to SCPC amounting to P294.6 million and P13.1 million for the reversal of accrued interest in 2010 in relation to the 2-year grace period provided by its creditors.

In a meeting held on January 18, 2012, the Board of Directors of STN approved the conversion of additional advances made to SCPC to share premium effective December 31, 2011 amounting to P1.4 billion.

### *Status of Operations*

The Group has temporarily ceased its principal operations and has deficit of P1,641,261 and P1,658,447 as at December 31, 2014 and 2013, respectively. These conditions, among others, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue in existence.

Due to the working capital drain experienced by the Group as a result of prior debt service payments and the difficult business and economic conditions during the period, the Group found it difficult to sustain further payments of debt while at the same time ensuring continued operations. The Parent 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 25, 2006. Subsequently until 2009, the lending banks assigned and sold their respective outstanding loan balances to various third parties. On October 14, 2010, one of the new lenders, Greenkraft Corporation (Greenkraft) further assigned some of its loan receivables to Roxburgh Investments Limited (Roxburgh).

After the assignment and sale of loans from the lending banks to third parties, discussions were made with new creditors/lenders to restructure the outstanding loans covered by the Omnibus Agreement which the Parent Company has defaulted in 2006. On October 15, 2010, the Parent Company and the current creditors/lenders signed the Amended and Restated Omnibus Agreement (Amended Agreement). The restructuring of the loan finally resolved the default situation. The essential elements of the Amended Agreement are summarized below:

- The outstanding principal and accrued interest expense as at September 30, 2010 was restructured for 25 years.
- Conditional waiver of penalty and other charges upon the faithful performance by the Parent 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 Steniel Land Corporation (SLC), (b) identified idle assets of STN and its subsidiaries, and (c) by way of conversion into equity through the issuance of the Parent 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 16<sup>th</sup> year onwards.
- The restructured accrued interest expense prior to loan restructuring 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 Group.
- All other costs and expenses of restructuring including documentation costs, legal fees and out-of-pocket expenses shall be for the account of the Parent Company; and

- Other conditions include:
  - a. Lenders representative to be elected as director in STN and in each of its subsidiaries.
  - b. A merger, reorganization or dissolution of certain subsidiaries in line with the Business Plan.
  - c. No dividend declaration or payments until the restructured obligations are fully paid.
  - d. No new borrowing, unless with consent of the lenders.
  - e. No repayment or prepayment of any debt or obligation (other than operational expenses), unless with consent of the lenders.
  - f. Creditor's consent for change in material ownership in the Group and mortgagors.
  - g. Standard covenants, representations and warranties.

#### Dacion en pago

The dacion en pago of the Group's idle machineries, spare parts and the equity conversion through the issuance of the Parent Company's share capital have been completed as at December 31, 2010. The dacion en pago transaction reduced the outstanding loan principal amount by P122 million while the equity conversion reduced outstanding accrued interest by P248 million.

The dacion en pago relating to the Group's shares in SLC and TPC's land and building has a total value of P290.0 million. In 2012, certain certificates authorizing registration were issued and reduced the total value from P290.0 million to P289.88 million. The remaining assignment of shares is still for finalization with buyers to meet the regulatory requirements on transfer of assets as at reporting date and this is expected to be completed until first quarter of 2014. The change in ownership and management in early 2012 generally caused the delay in the implementation of the dacion en pago. The installment payment of outstanding principal based on the Amended Agreement above is also expected to be delayed.

#### Interest Payments

On December 2, 2011, the current creditors/lenders agreed to waive the payment of interest for the first two (2) years of the loan commencing on the restructuring date, to correspond to the principal repayment as stated in the Amended Agreement. Hence, interest payments shall be made in accordance with the Amended Agreement but shall commence on the 27<sup>th</sup> 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 (Note 12).

In 2013 due to continuous working capital drain experienced by the group as a result of difficult economic and business conditions, STN requested reconsideration to defer the implementation of the loan agreement from the creditors which was acted favorably. STN was granted another two (2) years extension of principal repayment, reduction of interest rate from 6% to 2% for the first five (5) years and further waive interest charges until January 1, 2015.

With all the above matters, management believes that the Group's ability to continue operating as a going concern depends on the fulfillment of the restructuring plan and its ability to generate sufficient cash flows to meet its obligations and terms and conditions of the restructuring plan, which will contribute to the positive improvement of the operations; and ultimately to attain profitability. The improvement in market price of paper and continuing efforts of management to control costs throughout the Group contributed to reduced losses against prior years despite the restrictions from importations affecting the banana export industry. Further, as part of management's plan, the Group will continue to lease out its idle machinery and equipment and engage in the buying and selling of paper scrap materials to generate income. Also, the Group expects that it will be able to realize through sale in 2015 the remaining assets held-for-sale above the asset's carrying value at December 31, 2014. These activities are expected to generate for the Group sufficient cash flows to meet its maturing obligations. There are no known trends, events or uncertainties that will have a material impact on the Group's future operations except those that have already been disclosed in the foregoing.

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## 2. Basis of Preparation

### Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRS are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

### Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting, except for the available-for-sale financial assets which are measured at fair value.

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on April 8, 2015.

### Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All financial information are rounded off to the nearest thousand peso, except when otherwise indicated.

### Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Parent Company and its subsidiaries.

A subsidiary is an entity controlled by the Parent Company. The Parent Company controls an entity if, and only if, the Parent Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

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### 3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

#### 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, 2014 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.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32).* These amendments clarify that:
  - an entity currently has a legally enforceable right to set-off if that right is:
    - not contingent on a future event; and
    - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
  - gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
    - eliminate or result in insignificant credit and liquidity risk; and
    - process receivables and payables in a single settlement process or cycle
- *Investment Entities (Amendments to PFRS 10, PFRS 12, and PAS 27 (2011)).* These amendments provide consolidation exception for investment funds and require qualifying investment entities to recognize their investments in controlled entities, as well as investments in associates and joint ventures, in a single line item in the statement of financial position, measured at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. However, the parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries. This consolidation exception is mandatory.
- *Measurement of short-term receivables and payables (Amendment to PFRS 13).* Amendment to PFRS 13 is part of the Annual Improvements to PFRSs 2010-2012 Cycle. The amendment clarifies that, in issuing PFRS 13 and making consequential amendments to PAS 39 and PFRS 9, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial. The amendment to PFRS 13 is effective immediately.

*New and Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted*

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2014. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group will adopt the following new or revised standards and amendments to standards on the respective effective dates:

- *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. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the consolidated financial statements of the Group:
  - *Scope of portfolio exception (Amendment to PFRS 13)*. 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 and PFRS 9.

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 - e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

- *Definition of 'related party' (Amendment to PAS 24)*. 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.

- *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).* 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 to changes in methods of disposal that occur on or after January 1, 2016.

- *Offsetting disclosures in condensed interim financial statements (Amendment to PFRS 7).* PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of *PAS 34 Interim Financial Reporting* require their inclusion.

The amendment to PFRS 7 is applied retrospectively, in accordance with *PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

- *PFRS 9 Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* 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.

### Financial Assets and Financial Liabilities

*Date of Recognition.* The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

*Initial Recognition of Financial Instruments.* Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at fair value through profit or loss (FVPL), includes transaction costs.

The Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, financial assets at FVPL and loans and receivables. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2014 and 2013, the Group has no financial assets and liabilities at FVPL and no HTM investments.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### Non-derivative Financial Assets

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Interest income" account in profit or loss on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" account in profit or loss. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

The Group's cash and receivables are included under this category (Notes 5 and 6).

Cash in banks are carried in the consolidated statements of financial position at face amount or at nominal amount.

***AFS Financial Assets.*** AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income and presented in the “Unrealized gain on available-for-sale financial assets” in equity. Dividends earned on holding AFS equity securities are recognized as “Dividend income” when the right to receive payment has been established. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

AFS financial assets also include unquoted equity instruments with fair values which cannot be reliably determined. These instruments are carried at cost less impairment in value, if any.

#### *Financial Liabilities*

***Other Financial Liabilities.*** This category pertains to financial liabilities that are not designated or classified at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Group’s trade payables and other current liabilities and long-term borrowings are included under this category (Notes 11 and 12).

#### *Derecognition of Financial Assets and Financial Liabilities*

***Financial Assets.*** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

***Financial Liabilities.*** A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

### Impairment of Financial Assets

The Group assesses, at the reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost such as loans and receivables, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

### Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Parent Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

#### Property and Equipment

Property and equipment are recorded at historical cost less accumulated depreciation, amortization and impairment losses. The initial cost of property and equipment consists of its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which these are incurred.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Depreciation and amortization, which commences when the assets are available for its intended use, are calculated using the straight-line method over its estimated useful life as follows:

	Number of Years
Machinery and office equipment	3 - 10
Transportation equipment	3 - 5

Leasehold and land improvements are amortized over the lease term or estimated useful lives of the improvements, whichever is shorter.

The asset's residual values, estimated useful lives and depreciation and amortization methods are reviewed periodically, and adjusted if appropriate, at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

The carrying amount of an item of property and equipment is derecognized on disposal; or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation are removed from the accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in other operating income/expenses account in the profit or loss.

#### Assets Held-for-Sale

Assets are classified as assets held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered primarily through a sale transaction rather than continuing use. When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented as part of the operating expenses in profit or loss.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, not in excess of the cumulative impairment loss that has been recognized.

Once classified as held-for-sale, property and equipment are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

When changes to the plan of sale are made the Group ceases to classify the asset as held-for-sale, the Group remeasures the asset the lower of its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held-for-sale, and its recoverable amount at the date of the subsequent decision not to sell. Gain or loss recognized on measurement of a non-current asset classified as held-for-sale is presented under the operating income (expense) in the consolidated statements of comprehensive income.

An item of asset held-for-sale is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of asset held-for-sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

#### Impairment of Non-financial Assets

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### Capital Stock

Capital stock is classified as equity. Additional paid in capital is recognized for the excess of proceeds of subscriptions over the par value of the shares issued.

Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

### Deficit

Deficit includes all current and prior period results as reported in profit or loss net of dividend payments to stockholders.

### Revenue and Expense Recognition

#### *Revenues*

Revenue comprises the invoiced value on the sale of goods, net of value-added taxes, returns and discounts, if any.

The Group recognizes the revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities as described below.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### *Sale of Goods*

The Group manufactures and sells a wide range of paper, cartons and packaging materials in the domestic market. Sale of goods is recognized when the delivery has taken place and when significant risks and rewards of ownership are transferred to customers.

#### *Sale of Services*

Revenue from tolling services is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### *Interest and Other Income*

Interest income on bank deposits, net of withholding tax, and other income are recorded when earned.

#### *Rental Income*

Rental revenues from operating leases are recognized in profit or loss on a straight-line basis over the term of the lease agreement.

#### *Cost and Expenses*

Costs and expenses are recognized when they occur and are reported in the consolidated financial statements in the periods to which they relate. Interest expense on the borrowings is calculated using effective interest method by applying effective interest rate.

### Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted-average number of issued and outstanding common shares during the period.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares are adjusted for the effects of all potential dilutive instruments

Foreign Currency Transactions and Translation

*Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of outstanding monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss under other expenses/income.

Income Taxes

Income tax expense for the year is composed of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Value-added Tax (VAT).*** Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

#### Provisions

Provisions are recognized only when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are revisited at each reporting date and adjusted to reflect current best estimate.

#### Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

#### Operating Segment

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of the other operating segments. A geographical segment is engaged in providing product or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment (Note 22).

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has identified as the chief executive officer that makes strategic decisions.

All transactions between business segments and intra-segment revenue and costs are eliminated upon consolidation. Income and expense directly associated with each segment are included in determining business segment performance.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

#### Events After the Reporting Date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are recognized in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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#### **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### *Evaluation of Lease Agreements*

The Group has entered into lease agreement, where it was determined that the risks and rewards related to those properties are retained by the lessors. As such, these lease agreements are accounted for as operating leases.

In determining significant risks and rewards of ownership, the Group considered, among others, the significance of the lease term as compared with the estimated useful life of the related asset.

Rental income recognized in profit or loss amounted to P29,521 and P5,400 for the years ended December 31, 2014 and 2013, respectively (Note 17).

#### *Measurement of Fair Values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group's financial instruments are carried at fair value as at December 31, 2014 and 2013 (Note 20).

*Going Concern*

Management prepares its consolidated financial statements on going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The management plans as a going concern is discussed in Note 1.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates:

*Allowance for Impairment Losses on Receivables*

Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the related party, average age of accounts, collection experience and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in the allowance for impairment losses would increase the recorded selling and administrative expenses and decrease current assets.

The carrying amount of receivables amounted to P39,386 and P238,229 as at December 31, 2014 and 2013, respectively (Note 6).

*Estimating Allowance for Impairment of Creditable Withholding Taxes (CWT) and Input VAT*

The Group provides for an allowance for impairment losses on CWT and input value-added tax (VAT) at a level considered adequate to provide for potential loss where the Group cannot utilize the benefits therefrom. The level of this allowance is evaluated by management on the basis of factors that affect utilization of the benefit therefrom including the profitability of the Group and availability of appropriate supporting documentation the Group's input VAT was assessed by management to be utilized upon approval of merger and disposal of Steniel Group's idle assets to pay-off STN's loan to its major credits as discussed in Note 1 and therefore, no provision is recorded in the financial statement with respect to this balance.

*Estimating Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded costs and expenses and decrease noncurrent assets.

The carrying amount of the Group's property and equipment as at December 31, 2014 and 2013 amounted to P61,466 and P17,845, respectively (Note 9).

*Impairment of AFS Equity Financial Assets*

The Company treats AFS equity financial assets as impaired when objective evidence of impairment exists. The amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Based on management's assessment, there is no objective evidence of impairment as at December 31, 2014 and 2013. The carrying amount of AFS equity financial assets as at December 31, 2014 and 2013 amounted to P13,346 and P10,861 (Note 10).

*Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed on prepaid expenses and other current assets, assets held-for-sale and property and equipment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Based on the assessment of the Group, certain non-financial assets are to be provided with allowance for impairment. Combined allowance for impairment for non-financial assets amounted to P199,768 and P222,472 as at December 31, 2014 and 2013, respectively.

As at December 31, 2014 and 2013, the combined carrying amounts of prepaid expenses and other current assets, assets held-for-sale, property and equipment and available-for-sale financial assets amounted to P357,207 and P363,005 as at December 31, 2014 and 2013, respectively.

*Estimating Realizability of Deferred Tax Assets*

The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the projected taxable income in the following periods. The management considered it probable that future taxable profits would be available against which such losses can be used.

Deferred tax assets have not been recognized as at December 31, 2014 because management believes that it is not probable that future taxable profit will be available against which the deferred tax assets may be utilized (Note 18).

*Provisions and Contingencies*

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses was recognized in the Group's consolidated financial statements for the years ended December 31, 2014 and 2013.

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## 5. Cash

The Group's cash in bank earn annual interest at the respective bank deposit rates. Interest income from cash in bank amounted to P5 and P36 in 2014 and 2013, respectively (Note 17).

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## 6. Receivables

This account consists of:

	<i>Note</i>	2014	2013
Trade receivables			
Third parties		P40,748	P71,282
Related parties	13	303	130,290
Other receivables		37,756	85,383
		78,807	286,955
Less: allowance for impairment losses on:			
Trade receivables			
Third parties		(35,374)	(44,639)
Related parties		(303)	(343)
Other receivables		(3,744)	(3,744)
		(39,421)	(48,726)
		P39,386	P238,229

Other receivables pertain to receivable from rental income, scrap sales transactions and reimbursements of costs incurred in behalf of trade customers.

Changes in allowance for impairment losses as at December 31 are as follows:

	<i>Note</i>	2014	2013
Balance at beginning of year		P48,726	P46,993
Provisions	16	-	1,283
Write-off		(9,305)	-
Balance at end of year		P39,421	P48,726

## 7. Prepaid Expenses and Other Current Assets

This account consists of:

	2014	2013
Creditable withholding tax	P95,233	P81,611
Allowance for impairment losses	(5,783)	-
Input VAT	89,450	81,611
Other prepayments	72,096	35,097
	-	914
	<b>P161,546</b>	<b>P117,622</b>

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against future income tax liability.

Input VAT represents accumulated input taxes from purchases of goods and services for business operations which can be applied against future output VAT.

## 8. Assets Held-for-Sale

As at December 31, 2014 and 2013, the Group has remaining assets and shares of stocks in an associate classified as assets held-for-sale which are subject to disposal under the provisions of the Amended Agreement in 2010 as discussed in Note 1. The assets and shares with details below are measured at carrying amount which is lower than fair value less cost to sell.

	Investment in Associate	Land and land Improvements	Building and Building Improvements	Total
<b>Cost of Assets</b>				
January 1, 2010	P417,779	P941	P117,592	P536,312
<b>Accumulated Share in Net Losses</b>				
January 1, 2010	(28,013)	-	-	(28,013)
Share in financial performance for the year	(55,197)	-	-	(55,197)
	(83,210)	-	-	(83,210)
Allowance for impairment	(199,767)	-	(22,705)	(222,472)
Carrying amount reclassified as asset-held-for-sale in 2010	134,802	941	94,887	230,630
<b>Asset-Held-for-Sale</b>				
January 1, 2012	134,802	941	94,887	230,630
Disposals in 2012	(118)	-	-	(118)
Write-off	(13,835)	-	-	(13,835)
December 31, 2012/ 2013	120,849	941	94,887	216,677
Disposals in 2014	-	(941)	(94,887)	(95,828)
<b>December 31, 2014</b>	<b>P120,849</b>	<b>P -</b>	<b>P -</b>	<b>P120,849</b>

The disposal during the year of asset held-for-sale resulted to a loss of P6,542 presented as part of 'Other income (expenses) - net' in the consolidated statements of comprehensive income (Note 17).

## 9. Property and Equipment

This account consists of:

	Machinery and Office Equipment	Transportation Equipment	Leasehold and Land Improvements	Total
<b>Cost</b>				
January 1, 2013	P229,093	P19,708	P38,951	P287,752
Additions	11,526	-	-	11,526
Disposals	(220,329)	(19,708)	(38,951)	(278,988)
December 31, 2013	20,290	-	-	20,290
Additions	46,903	-	-	46,903
<b>December 31, 2014</b>	<b>67,193</b>	-	-	<b>67,193</b>
<b>Accumulated Depreciation and Amortization</b>				
January 1, 2013	194,417	16,808	27,556	238,781
Depreciation and amortization	1,926	-	-	1,926
Disposals	(193,898)	(16,808)	(27,556)	(238,262)
December 31, 2013	2,445	-	-	2,445
Depreciation and amortization	3,282	-	-	3,282
<b>December 31, 2014</b>	<b>5,727</b>	-	-	<b>5,727</b>
<b>Carrying Amount</b>				
December 31, 2013	P17,845	P -	P -	P17,845
<b>December 31, 2014</b>	<b>P61,466</b>	<b>P -</b>	<b>P -</b>	<b>P61,466</b>

## 10. Available-for-Sale Financial Assets

The account consists of investments in shares of stock of utility companies and golf/country club memberships which the Group does not intend to dispose in the short-term and as such, were designated as available-for-sale financial assets.

These investments were measured at fair value based on quoted prices as at December 31, 2014 and 2013.

Details of available-for-sale financial assets are as follows:

	2014	2013
<b>Cost</b>		
Balance at beginning of year	P10,861	P945
Purchase	2,230	13,906
Disposal	-	(3,990)
<b>Balance at end of year</b>	<b>13,091</b>	<b>10,861</b>
<b>Changes in Fair Value</b>		
Balance at beginning of year	-	-
Changes in fair value	255	-
Balance at end of year	255	-
	<b>P13,346</b>	<b>P10,861</b>

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## **11. Trade Payables and Other Current Liabilities**

This account consists of:

	<i>Note</i>	<b>2014</b>	<b>2013</b>
Trade payables		P78,667	P76,678
Amounts owed to related parties	13	75,701	177,503
Payable to an associate	13	18,067	19,892
Accrued expenses		3,169	1,560
Other payables		1,122	1,964
	20	<b>P176,726</b>	<b>P277,597</b>

Trade payables mainly pertain to purchase of machinery and equipment and scrap materials.

Accrued expenses include accrued taxes and other payables. Accrued expenses pertain to accrued charges from Bureau of Customs for raw materials imported, payable to other tolling customers and suppliers for paper purchases. Other payables consist mainly of advances from suppliers as payment for the long-outstanding real property taxes of SCPC.

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## **12. Long-Term Borrowings**

This account consists of:

	<b>2014</b>	<b>2013</b>
Greenkraft Corporation	P261,471	P380,578
Roxburgh Investment Limited	187,723	187,723
	<b>P449,194</b>	<b>P568,301</b>

The above secured loans were originally obtained from lending banks under the Omnibus Agreement's revolving working capital facility subject to annual interest rates prior to assignment of the loan to third parties in 2006. The above creditors/lenders are now considered related parties of the Parent Company following the *dacion en pago* arrangements in 2010 and re-assessment of related party relationship during the year (Note 1).

The property and equipment of the Parent Company and its subsidiaries and present and future receivables and inventories of its subsidiaries are used as collateral in accordance with the Amended Agreement. The fair value of assets, which includes investment in an associate, land and land improvements and building and building improvements, pledged as security amounted to P120,849 and P216,667 as at December 31, 2014 and 2013, respectively.

Further, the Amended Agreement provides for certain affirmative and negative covenants subject for compliance by the Parent Company and its subsidiaries and payment terms as discussed in Note 1 which is due after completion of *dacion en pago* or sale of properties that is expected to complete until first quarter of 2004. Upon approval of the Amended Agreement, the above creditors are aware of the Parent Company's non-compliance with covenant due to the Parent Company's financial condition and such will not be a ground for default on the Amended Agreement.

As discussed in Note 1, the accrued interest which was capitalized as part of the loan principal in 2010 in accordance with the Amended Agreement, was condoned by its major creditors in 2011 amounting to P294.6 million. In addition, the accrued interest in 2010 amounting to P131,067 was also reversed in 2011 in relation to the 2-year grace period provided by its creditors.

### **13. Related Party Transaction**

The Group, in the normal course of business, has transactions with related parties. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

As at December 31, 2014 and 2013, outstanding balances arising from related party transactions are as follows:

Relationship	Year	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Entities under Common Management	2014	P303	P75,701	Payable/collectible on demand; non-interest bearing	Unsecured; no impairment
Investment in an Associate	2014	-	18,067	Payable on demand; non-interest bearing	Unsecured
	2013	-	19,892		
		<b>P303</b>	<b>P93,768</b>		
	<b>2013</b>	<b>P130,290</b>	<b>P197,395</b>		

- a. Amounts owed by related parties consist mainly of non-interest bearing advances for working capital requirements with no definite repayment dates. These are expected to be settled in cash.
- b. Amounts owed to related parties represent amount due from various corporate and individual related parties for reimbursements of expenses. These are expected to be settled in cash.
- c. There is no key management compensation as the Group's finance and administrative functions are being handled by a related party under common control without any charge.

### **14. Significant Agreements**

#### Lease Agreement

The Group, as a lessor, entered into a lease contract with Steniel Mindanao Packaging Corporation (SMPC), a company under common control, for certain machinery and equipment. The lease contract is for a period of one year and automatically renewed or extended for further one-year period under the same terms and conditions as agreed upon by both parties. Rental income from this transaction amounted to P29,521 and P5,400 for the years ended December 31, 2014 and 2013, respectively (Note 17).

## 15. Cost of Sales and Services

This account consists of:

	2014	2013	2012
<b>Cost of Sales</b>			
Raw materials, January 1	P -	P128,312	P208,551
Add: Purchases	17,335	565,380	376,676
<b>Total raw materials</b>	<b>17,335</b>	<b>693,692</b>	<b>585,227</b>
Less: Raw materials, December 31	-	(105,962)	(128,312)
Raw materials used	17,335	587,730	456,915
Direct labor	-	19,677	12,315
Factory overhead	-	44,883	17,471
<b>Total manufacturing cost</b>	<b>17,335</b>	<b>652,290</b>	<b>486,701</b>
Add: Work-in-process, January 1		4,536	5,313
<b>Total goods available for manufacturing</b>	<b>17,335</b>	<b>656,826</b>	<b>492,014</b>
Less: Work-in-process, December 31		(8,104)	(4,536)
<b>Total goods manufactured</b>	<b>17,335</b>	<b>648,722</b>	<b>487,478</b>
Add: Finished goods, January 1		11,363	8,604
<b>Total goods available for sale</b>	<b>17,335</b>	<b>660,085</b>	<b>496,082</b>
Less: Finished goods, December 31		(12,977)	(11,363)
<b>Provision for inventory obsolescence</b>	<b>17,335</b>	<b>647,108</b>	<b>484,719</b>
		(5,154)	675
	<b>P17,335</b>	<b>P641,954</b>	<b>P485,394</b>

	Note	2013	2012
<b>Cost of Services</b>			
Material used		P8,794	P22,963
Salaries, wages and benefits		4,319	10,921
Rent, utilities and office expenses		4,437	10,086
Depreciation	9	2,072	6,538
Supplies		1,623	4,096
Warehousing cost		-	2,163
Repairs and maintenance		995	1,916
Outside services		526	1,432
Insurance, taxes and licenses		238	575
Warehousing cost		-	2,163
Others		28	599
		<b>P23,032</b>	<b>P61,289</b>
<b>Direct cost of investment properties:</b>			
Depreciation		-	-
Insurance, taxes and licenses		-	-
		<b>P664,986</b>	<b>P546,683</b>

Details of factory overhead for the years ended December 31 are as follows:

	Note	2013	2012
Utilities		P9,678	P5,161
Rent and office expenses		9,609	812
Depreciation	9	9,136	1,782
Manufacturing supplies		7,396	4,619
Repairs and maintenance		4,533	2,160
Outside services		2,398	1,614
Insurance, taxes and licenses		1,084	648
Power, fuel and oil		923	329
Others		126	346
		P44,883	P17,471

## 16. Operating Expenses

This account consists of:

	Note	2014	2013	2012
Depreciation	9	P3,282	P2,231	P440
Professional fees, security and outside services		1,701	3,040	4,229
Salaries, wages and employee benefits		336	10,783	5,594
Delivery		-	7,947	6,354
Representation and entertainment		262	5,270	8,195
Insurance, taxes and licenses		237	5,160	4,993
Rent, utilities and office expenses		234	2,407	5,308
Transportation and travel		130	-	-
Provision for impairment of receivables	6	-	1,283	2,619
Repairs and maintenance		-	450	241
Retirement benefit income		-	-	(353)
Others		482	4,433	194
		P6,664	P43,004	P37,814

## 17. Other Income (Expenses) - net

This account consists of:

	Note	2014	2013	2012
Rental income		P29,521	P5,400	P -
Reversal of long-outstanding trade payables		1,180	-	2,307
Dividend income	10	191	-	-
Interest income from banks	5	5	36	31
Foreign exchange gain - net		1	3,971	1,918
Loss on sale of asset held-for-sale	8	(6,542)	-	-
Write-off of accruals		-	32,553	3,320
Gain on sale of property and equipment and investment		-	1	33
Loss on disposal of a subsidiary		-	(135,107)	-
Gain on sale of scrap	6	-	-	15,185
Income from refund of deposit		-	-	4,724
Write-off of prepaid taxes and asset-held-for-sale	8	-	-	(13,980)
Other expense		-	(5)	(3,259)
Others - net		(1)	8,811	15
		P24,355	(P84,340)	P10,294

## 18. Income Taxes

The components of the income tax expense are as follows:

	2014	2013
Current tax expense	P614	P9,596
Deferred tax expense	-	551
	P614	P10,147

The reconciliation of the income tax expense computed at the statutory income tax rates to the income tax expense recognized in profit or loss is as follows:

	2014	2013
Income (loss) before income tax expense	P17,800	(P66,023)
Tax statutory tax rate of 30%	P5,340	(P19,807)
Adjustments to income tax resulting from tax effects of:		
Movement of MCIT	614	166
Movement of NOLCO	156	179
Non-deductible expenses	53	108
Unrecognized deferred income tax assets on temporary differences	(5,462)	(11,021)
Dividend income	(57)	-
Reversal of accruals	(28)	-
Loss on disposal of a subsidiary	-	40,532
Interest income subjected to final tax	(2)	(10)
	P614	P10,147

The Group has unrecognized deferred tax assets on the following temporary differences, and unused net operating loss carryover (NOLCO) and credits (minimum corporate income tax).

	2014	2013
<b>Temporary differences:</b>		
Impairment losses of investment in associate	P199,767	P199,767
Impairment losses of receivables	39,421	48,726
Allowance for impairment loss on CWT	5,783	-
Impairment losses of assets-held-for-sale	-	22,705
Provision for inventory obsolescence	-	12,930
Accrued expenses	-	3,220
	<b>244,971</b>	<b>287,348</b>
<b>NOLCO</b>	<b>21,517</b>	<b>32,609</b>
<b>MCIT</b>	<b>1,396</b>	<b>1,040</b>
	<b>P267,884</b>	<b>P320,997</b>

The Group has NOLCO amounting to P21,517 as at December 31, 2014, which can be carried forward as deduction against future taxable income as follows:

Year Incurred	Amount	Expired/Applied	Balance	Date of Expiry
2011	P13,039	(P13,039)	P -	2014
2012	8,687	-	8,687	2015
2013	10,883	(63)	10,820	2016
2014	2,010	-	2,010	2017
	<b>P34,619</b>	<b>(P13,102)</b>	<b>P21,517</b>	

The Group has MCIT amounting to P1,396 as of December 31, 2014, which can be carried forward as deduction against future taxable income as follows:

Year Incurred	Amount	Expired/Applied	Balance	Date of Expiry
2011	P245	(P245)	P -	2014
2012	682	(13)	669	2015
2013	113	-	113	2016
2014	614	-	614	2017
	<b>P1,654</b>	<b>(P258)</b>	<b>P1,396</b>	

#### 19. Earnings Per Share

Basic and diluted earnings/loss per common share in centavos for the years ended December 31 is calculated as follows:

	2014	2013	2012
Net income (loss) for the year available to common shares	P17,186	(P76,170)	P10,177
Divided by weighted average number of common shares, in absolute number	1,000,000	1,000,000	1,000,000
Basic and diluted earnings/loss per share	<b>P0.0172</b>	<b>(P0.0762)</b>	<b>P0.0102</b>

There are no dilutive shares used in the computation of the earnings per shares, hence basic earnings per share is the same with the dilutive earnings per share.

## **20. Financial Risk and Capital Management, Objectives and Policies**

### **Objectives and Policies**

The Group has significant exposure to the following financial risks primarily from its use of financial instruments.

- Liquidity Risk
- Credit Risk
- Market Risk

This note presents information about the Group's exposure to each of the foregoing risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework.

*Liquidity Risk.* Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's objectives in managing its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management.

<b>December 31, 2014</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>Less than 1 Year</b>	<b>More than 1 Year</b>
<b>Financial Assets</b>				
Cash	P3,147	P3,147	P3,147	P -
Receivables - net	39,386	39,386	39,386	
<b>Financial Liabilities</b>				
Trade payables and other current liabilities	176,726	176,726	176,726	
Long-term borrowings	449,194	1,194,648	24,708	1,169,940

<b>December 31, 2013</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>Less than 1 Year</b>	<b>More than 1 Year</b>
<b>Financial Assets</b>				
Cash	P1,604	P1,604	P1,604	P -
Receivables - net	238,229	238,229	238,229	
<b>Financial Liabilities</b>				
Trade payables and other current liabilities	277,597	277,597	277,597	
Long-term borrowings	568,301	1,194,648	24,708	1,169,940

**Credit Risk**

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

The Group has established controls and procedures in its credit policy to determine and monitor the credit worthiness of its counterparties. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

The maximum exposure of the Group to credit risk as at December 31, 2014 and 2013, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	2014	2013
Cash	5	P3,147	P1,604
Receivables - net	6	39,386	238,229
		<b>P42,533</b>	<b>P239,833</b>

The aging of receivables at the reporting dates is as follows:

**December 31, 2014**

	Gross Amount	Impairment	Net Realizable Value
<b>Trade receivables:</b>			
Current	P31,694	P -	P31,694
Past due			
1-30 days	1,354	-	1,354
31-60 days	1,334	-	1,334
61-90 days	2,630	-	2,630
More than 365 days	41,795	39,421	2,374
	<b>P78,807</b>	<b>P39,421</b>	<b>P39,386</b>

**December 31, 2013**

	Gross Amount	Impairment	Net Realizable Value
<b>Trade receivables:</b>			
Current	P191,705	P -	P191,705
Past due			
1-30 days	8,189	-	8,189
31-60 days	8,066	-	8,066
61-90 days	15,908	-	15,908
More than 365 days	63,087	48,726	14,361
	<b>P286,955</b>	<b>P48,726</b>	<b>P238,229</b>

The table below shows the credit quality of the Group's financial assets as at December 31, 2014 and 2013:

December 31, 2014	Neither Past Due nor Impaired				Past Due but not Impaired		Total
	High Grade	Medium Grade	Low Grade	Total	Past Due but not Impaired	Impaired	
Cash in bank	P3,147	P -	P -	P3,147	P -	P -	P3,147
Receivables - net	31,694	-	-	31,694	7,692	39,421	78,887
	<b>P34,841</b>	<b>P -</b>	<b>P -</b>	<b>P34,841</b>	<b>P7,692</b>	<b>P39,421</b>	<b>P81,954</b>

December 31, 2013	Neither Past Due nor Impaired				Past Due but not Impaired		Total
	High Grade	Medium Grade	Low Grade	Total	Past Due but not Impaired	Impaired	
Cash in bank	P1,604	P -	P -	P1,604	P -	P -	P1,604
Receivables - net	191,705	-	-	191,705	46,524	48,726	286,955
	<b>P193,309</b>	<b>P -</b>	<b>P -</b>	<b>P193,309</b>	<b>P46,524</b>	<b>P48,726</b>	<b>P288,559</b>

It is the Group's policy to maintain accurate and consistent risk ratings across the financial assets which facilitates focused management of applicable risks. The Group utilizes an internal credit rating system based on its assessment of the quality of the financial assets. The Group classifies its unimpaired receivables into the following credit grades:

**High Grade** - This pertains to accounts with a very low probability of default as demonstrated by the customer/debtor long history of stability, profitability and diversity. The customer/debtor has the ability to raise substantial amounts of funds through the public markets. The customer/debtor has a strong debt service record and a moderate use of leverage.

**Medium Grade** - The customer/debtor has no history of default. The customer/debtor has sufficient liquidity to fully service its debt over the medium term. The customer/debtor has adequate capital to readily absorb any potential losses from its operations and any reasonably foreseeable contingencies. The customer/debtor reported profitable operations for at least the past 3 years.

**Low Grade** - The customer/debtor is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. Operating performance could be marginal or on the decline. The customer/debtor may have a history of default in interest but must have regularized its service record to date. The use of leverage is above industry standards but has contributed to shareholder value.

#### Market Risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### *Interest Rate Risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposures to interest rate risk relates primarily to the Company's long-term borrowings.

The Group manages its interest rate risk by limiting its borrowings to long-term loans with fixed interest rates over the term of the loan.

#### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

Total capital being managed by the Group consists of capital, additional paid-in capital and deficit as shown in the consolidated statements of financial position.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

There were no changes in the Group's approach to capital management during the year.

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## 21. Financial Instruments

*Cash and Receivables.* The carrying amounts of cash and receivables approximate fair values due to the relatively short-term maturities of these financial instruments.

*AFS Financial Assets.* The fair value of quoted AFS equity securities is determined by reference to their quoted bid prices at the reporting date. The fair values of unlisted AFS financial assets are based on cost since there is no realizable basis for fair value.

*Trade Payables and Other Current Liabilities.* The carrying amounts of trade payables and other current liabilities approximate fair value due to the relatively short-term maturities of these financial instruments.

*Long-term Borrowings.* Long-term borrowings is reported at its present value, which approximates the cash amounts that would fully satisfy the obligations as of reporting date. The carrying amount approximates fair value since the interest rates are repriced monthly.

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## 22. Segment Information

The primary reporting format of business segments are the areas of operations comprising the manufacturing of corrugated carton containers, and other segment for administrative services and lease of properties. The Group's business segments operate in two main geographical areas namely Mindanao and Cebu. The business segment in Mindanao was sold in 2013 while Cebu operations has temporarily ceased in 2008.

The Group's operating segment is only its manufacturing plant in Mindanao and lease of property with the following information in 2014, 2013 and 2012, respectively:

**2014**

	Manufacturing	All Other Segments	Total
<b>Revenues:</b>			
Services, rent, and interest income	P -	P17,444	P17,444
<b>Total segment revenues</b>	<b>P -</b>	<b>P17,444</b>	<b>P17,444</b>
<b>Total segment operating profit</b>	<b>P -</b>	<b>P109</b>	<b>P109</b>

**2013**

	Manufacturing	All Other Segments	Total
<b>Revenues:</b>			
Net product sales	P710,658	P -	P710,658
Services, rent, and interest income	15,649	5,400	21,049
Inter-segment rent and interest income	-	(5,400)	(5,400)
<b>Total segment revenues</b>	<b>P726,307</b>	<b>P -</b>	<b>P726,307</b>
<b>Total segment operating profit</b>	<b>P61,321</b>	<b>P -</b>	<b>P61,321</b>

**2012**

	Manufacturing	All Other Segments	Total
<b>Revenues:</b>			
Net product sales	P531,591	P -	P531,591
Services, rent, and interest income	48,858	5,400	54,258
Inter-segment rent and interest income	-	(5,400)	(5,400)
<b>Total segment revenues</b>	<b>P580,449</b>	<b>P -</b>	<b>P580,449</b>
<b>Total segment operating profit</b>	<b>P22,774</b>	<b>P10,992</b>	<b>P33,766</b>

The segment assets and liabilities for the years ended December 31, 2014, 2013 and 2012 are as follows:

	Manufacturing		All Other Segment	Total
	Mindanao	Cebu		
<b>2014</b>				
Segment assets	P -	P53,385	P346,375	P 399,760
Segment liabilities	-	2,048	624,086	626,134
<b>2013</b>				
Segment assets	-	109,627	493,231	602,858
Segment liabilities	-	57,990	788,683	846,673
<b>2012</b>				
Segment assets	396,521	109,614	332,621	838,756
Segment liabilities	388,788	57,909	559,893	1,006,590

The segment capital expenditure, depreciation and amortization expense for the years ended December 31, 2014, 2013 and 2012 are as follows:

	All Other Manufacturing Segments		Total
<b>2014</b>			
Capital expenditure	P -	P46,903	P46,903
Depreciation and amortization expense	-	3,282	3,282
<b>2013</b>			
Capital expenditure	-	P11,526	P11,526
Depreciation and amortization expense	-	1,926	1,926
<b>2012</b>			
Capital expenditure	10,503	8,810	19,313
Depreciation and amortization expense	8,583	177	8,760

### 23. Commitments

In the normal course of business, the Group entered into various outstanding commitments and contingent liabilities, such as commitments on claims under litigation which are not shown in the consolidated financial statements, including pending tax assessments that are presently being contested.

In the opinion of management and 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 financial condition or operating results of the Group.



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## REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders  
Steniel Manufacturing Corporation  
Gateway Business Park  
Barrio Javalera, Gen. Trias, Cavite

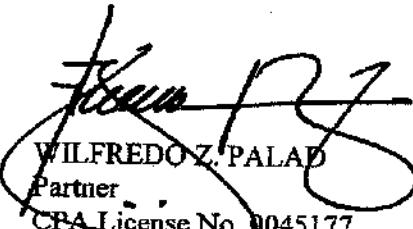
We have audited in accordance with Philippine Standards on Auditing, the financial statements of Steniel Manufacturing Corporation and its subsidiaries (the "Group") as at and for the years ended December 31, 2014 and 2013, and have issued our report thereon dated April 8, 2015.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Map of the Conglomerate
- Schedule of Philippine Financial Reporting Standards

The supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**R.G. MANABAT & CO.**

  
**WILFREDO N. PALAD**

Partner

CRA License No. 0045177

SEC Accreditation No. 0027-AR-3, Group A, valid until April 30, 2015

Tax Identification No. 106-197-186

BIR Accreditation No. 08-001987-6-2013

Issued May 9, 2013; valid until May 8, 2016

PTR No. 4748121MC

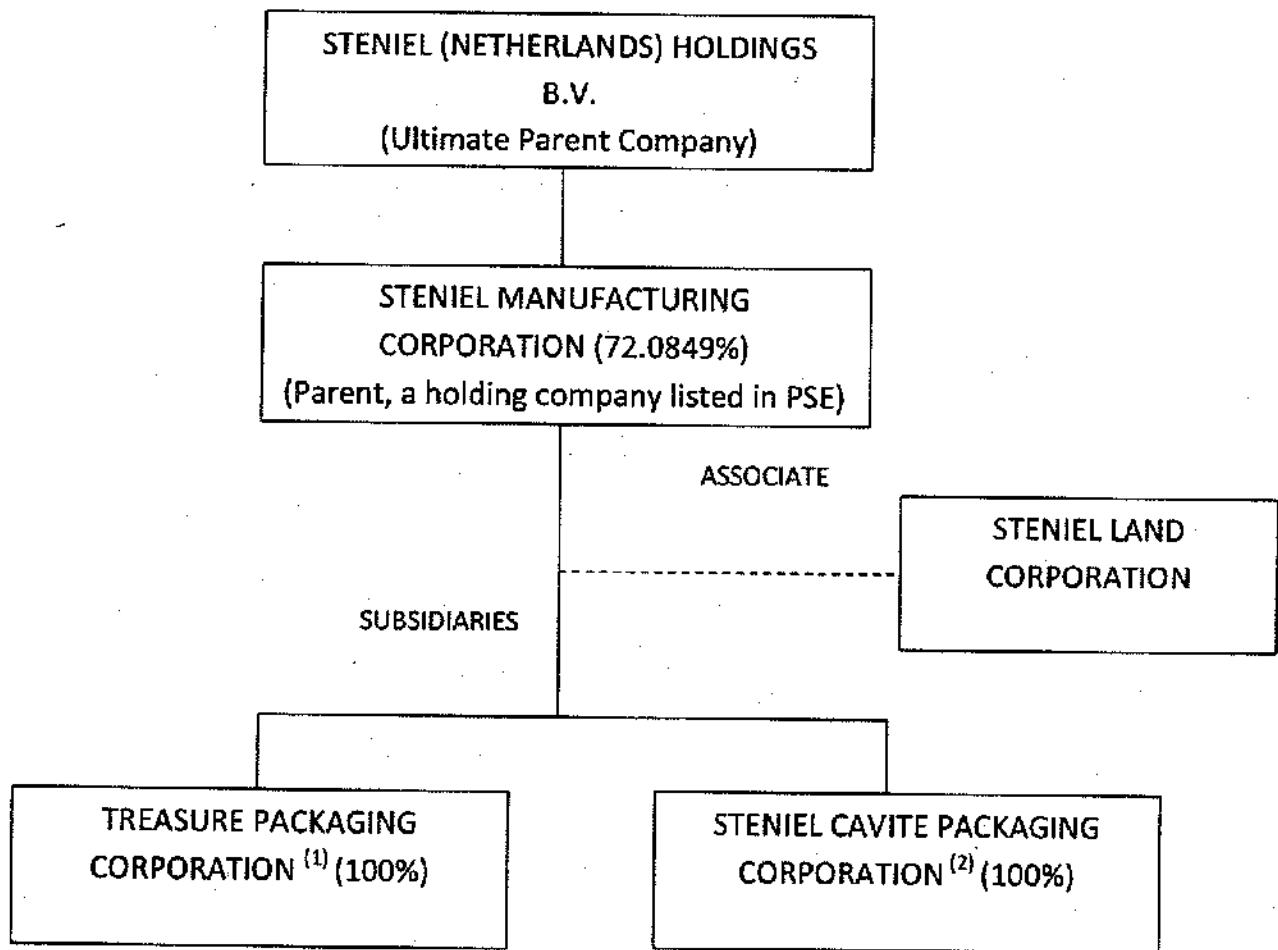
Issued January 5, 2015 at Makati City

April 8, 2015

Makati City, Metro Manila

# STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

## MAP OF THE CONGLOMERATE



(1) Ceased operation in 2008

(2) Ceased operation in 2006

## STENIEL MANUFACTURING CORPORATION AND ITS SUBSIDIARIES

PFRSs Implemented by Steniel Manufacturing Corporation and its Subsidiaries			
PFRSs Implemented by Steniel Manufacturing Corporation and its Subsidiaries			
<b>Framework for the Preparation and Presentation of Financial Statements</b>			
Conceptual Framework Phase A: Objectives and qualitative characteristics			
<b>PFRSs Practice Statement Management Commentary</b>			
<b>Philippine Financial Reporting Standards</b>			
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards		✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓	
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters		✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters		✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters		✓
	Amendments to PFRS 1: Government Loans		✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1		✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption		✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply		✓
<b>PFRS 2</b>	Share-based Payment		✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations		✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions		✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'		✓
<b>PFRS 3 (Revised)</b>	Business Combinations		✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration		✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements		✓
<b>PFRS 4</b>	Insurance Contracts		✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts		✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations	✓	

Implementation status of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) by standard				
	Annual Improvements to IASs 2012 – 2014 Cycle: Changes in method for disposal	✓		
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓
	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
<b>PFRS 7</b>	Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements		✓	
	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments			✓
<b>PFRS 8</b>	Financial Instruments	✓		
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
<b>PFRS 9 (2014)</b>	Financial Instruments		✓	
<b>PFRS 10</b>	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28; Investment Entities: Applying the Consolidation Exception	✓		
<b>PFRS 11</b>	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12:			✓

IMPLEMENTATION AND REVIEW OF FINANCIAL REPORTING STANDARDS				
	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
<b>PFRS 13</b>	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception		✓	
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative			✓
<b>PAS 2</b>	Inventories			✓
<b>PAS 7</b>	Statement of Cash Flows	✓		
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts			✓
<b>PAS 12</b>	Income Taxes	✓		

	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
<b>PAS 16</b>	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)		✓	
<b>PAS 17</b>	Leases	✓		
<b>PAS 18</b>	Revenue	✓		
<b>PAS 19 (Amended)</b>	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans; Employee Contributions			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs	✓		
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'		✓	
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans			✓
<b>PAS 27 (Amended)</b>	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
<b>PAS 28 (Amended)</b>	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	✓		

	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities		✓	
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓

PHILIPPINE INTERPRETATIONS				
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓

List of Interpretations and Questions and Answers adopted by the International Accounting Standards Board				
<b>IFRIC 21</b>	Levies			✓
<b>SIC-7</b>	Introduction of the Euro			✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			✓
<b>SIC-15</b>	Operating Leases - Incentives			✓
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
<b>SIC-29</b>	Service Concession Arrangements: Disclosures			✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs			✓
<b>Philippine Interpretations Committee Questions and Answers</b>				
<b>PIC Q&amp;A 2006-01</b>	PAS 18, Appendix, paragraph 9 – Revenue recognition for sales of property units under pre-completion contracts			✓
<b>PIC Q&amp;A 2006-02</b>	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✓
<b>PIC Q&amp;A 2007-01-Revised</b>	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
<b>PIC Q&amp;A 2007-02</b>	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
<b>PIC Q&amp;A 2007-03</b>	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
<b>PIC Q&amp;A 2007-04</b>	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
<b>PIC Q&amp;A 2008-01-Revised</b>	PAS 19.78 – Rate used in discounting post-employment benefit obligations			✓
<b>PIC Q&amp;A 2008-02</b>	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20.			✓
<b>PIC Q&amp;A 2009-01</b>	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern	✓		
<b>PIC Q&amp;A 2009-02</b>	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
<b>PIC Q&amp;A 2010-01</b>	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines			✓
<b>PIC Q&amp;A 2010-02</b>	PAS 1R.16 – Basis of preparation of financial statements	✓		
<b>PIC Q&amp;A 2010-03</b>	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan	✓		

PRACTICAL APPLICATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS				
PIC Q&A Year	Description	✓	✓	✓
<b>PIC Q&amp;A 2011-01</b>	PAS 1.10(f) – Requirements for a Third Statement of Financial Position	✓		
<b>PIC Q&amp;A 2011-02</b>	PFRS 3.2 – Common Control Business Combinations			✓
<b>PIC Q&amp;A 2011-03</b>	Accounting for Inter-company Loans			✓
<b>PIC Q&amp;A 2011-04</b>	PAS 32.37-38 – Costs of Public Offering of Shares			✓
<b>PIC Q&amp;A 2011-05</b>	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✓
<b>PIC Q&amp;A 2011-06</b>	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of Investment properties – asset acquisition or business combination?			✓
<b>PIC Q&amp;A 2012-01</b>	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
<b>PIC Q&amp;A 2012-02</b>	Cost of a New Building Constructed on the Site of a Previous Building			✓
<b>PIC Q&amp;A 2013-01</b>	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
<b>PIC Q&amp;A 2013-02</b>	Conforming Changes to PIC Q&As - Cycle 2013			✓
<b>PIC Q&amp;A 2013-03 (Revised)</b>	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓