SEC Number 23736
File Number ____

Steniel Manufacturing Corporation
(Company's Full Name)

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

(046) 433-0026
(Telephone)

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

Form 17-Q
Form Type

Not Applicable
Amendment Designation
(If applicable)

30 September 2006
Period Date Ended

Not Applicable
Secondary License Type
and File Number

SECURITIES AND EXCHANGE COMMISSION

Form 17-Q

STENIEL MANUFACTURING CORPORATION

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

1. For the quarterly period ended	:	30 September 2006
2. SEC Identification Number	:	23736
3. BIR Tax Identification Number	:	000-099-128
4. Exact Name of Registrant	:	Steniel Manufacturing Corporation
5. Country of Incorporation	:	Metro Manila, Philippines
6. Industry Classification Code	:	
7. Address of principal office	:	Gateway Business Park Javalera, Gen. Trias, Cavite
8. Registrant's telephone number	:	(046) 433-0026

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

Title of class	**Number of shares outstanding**
Common shares	876,182,045*[1]

*[1] *Reported by the stock transfer agent as of 30 September 2006*

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

11. (a) The Registrant has filed all reports required to be filed pursuant to Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months.

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

PART I
FINANCIAL INFORMATION

(i) Key Performance Indicators and Management's Discussion and Analysis attached as Exhibit I.

(ii) 30 June 2006 Quarterly Report of Steniel Manufacturing Corporation, attached as Exhibit II and referred to herein as the *"30 September 2006 Quarterly Report"*

PART II
SIGNATURES

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

Registrant	:	Steniel Manufacturing Corporation By
Signature	:	______________________________ Paul Richard T. Camangian
Title	:	Director, Vice President & CFO
Date	:	14 November 2006

Distribution : *5 copies - Securities & Exchange Commission*
1 copy - Company Secretary

Exhibit I

Part 1: PERFORMANCE INDICATORS

The following key performance indicators have been identified in measuring the performance of the Company: a) sales revenues, b) cost of goods sold, c) operating expenses, d) income from operations, and e) financial ratios. Sales revenue is measured both in tons and average selling prices (ASP). Total cost of goods sold for the period is expressed on peso per ton basis while both operating expenses and income from operations are expressed in absolute peso amounts. These indicators are monitored on a periodic basis and are compared against targets set at the beginning of each year.

Revenues Consolidated sales revenue for the third quarter of 2006 reached Peso 145.9 million with an equivalent volume of 7,415 MT. This is lower than the budgeted revenues for the period of Peso 169,270 million (9,346 MT). The operations in Davao exceeded its budget owing to increased all-in and tolling volume. However, this was offset partially by lower revenues in the Company's operations in Cebu due primarily to the loss of its tolling business earlier in the second quarter. Meanwhile, a difficult decision was made to formally cease the Company's operations in Cavite on 30 June 2006 in view of the continued business losses incurred since its incorporation.

Cost of goods sold Gross profit (GP) for the current quarter of Peso 9.0 million (GP rate – 6%) is lower than budget's Peso 22.3 million (GP rate - 13%). The lower GP is largely due to decreased volume as discussed above. Meanwhile, total manufacturing costs per MT improved by 7% as compared with budget. Paper cost per MT, which accounts for majority of raw material costs, is lower by 11% against budget. However, costs per ton of other raw materials and variable overhead are higher than budget. With respect to direct labor and fixed overhead, the absolute peso values are lower than budgeted figures by 3% and 14%, respectively.

Operating expenses Operating expenses on a consolidated basis for the current quarter of Peso 33.0 million is higher than budget's Peso 29.1 million. The increase in operating expenses is mainly due to the generally higher cost of doing business.

Income/(loss) from operations Overall, the Company reported a loss from operations for the current quarter of Peso 24.0 million as compared with the budgeted loss from operations of Peso 6.8 million. Please refer to the reasons cited in the foregoing for the related explanations.

Other Income/(Expenses) Other income for the current quarter consists mainly of income from the lease of certain facilities offset partially by foreign exchange losses.

Financial ratios Consolidated current assets as at 30 September 2006 totaled Peso 476.3 million while current liabilities as at the same date totaled Peso 1,228.4 million. The higher balance of current liabilities is largely due to the reclassification of certain long-term debts, which matured in December 2005. Working capital ratio for the current quarter is 0.4 while that of budget is 1.0. Working capital ratio is computed as the ratio of current assets over current liabilities. The current quarter's debt-to-equity ratio of 1.5 is within budgeted figures. The ratio is computed as bank debts over stockholders' equity. The quarter-end balances of bank debts have not changed as of last reporting period.

* * * * *

__Exhibit I__

Part 2: MANAGEMENT DISCUSSION AND ANALYSIS

The Company has three operating subsidiaries nationwide that produce their own corrugated boards for conversion to finished boxes. These facilities are located in Cavite, Cebu and Davao and each is fully equipped with 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. However, each of the operating subsidiaries is individually responsible for sales and marketing activities directed at their regional customers. On 30 June 2006, a difficult decision was made to cease the operations of the Company's facility in Cavite in view of the continued business losses incurred since its incorporation, in addition to difficult economic and business conditions.

Results of Operations

Consolidated sales revenue for the second quarter of 2006 reached Peso 145.9 million with an equivalent volume of 7,415 MT. This is lower than last year's Peso 222.9 million (13,253 MT). The significant decline in revenues is mainly attributed to the closure of the Cavite facility, which contributed Peso 66.1 million (1,595 MT) for the same period last year. Improved revenues in Davao as a result of increased all-in and tolling volume, however, cushioned the impact of Cavite's closure. Meanwhile, the operations in Cebu registered a lower volume as a result of the loss during the second quarter of the tolling business. In terms of ASP, however, the all-in ASP for the current quarter improved by 7% as compared with last year's figures.

GP for the current quarter totaled Peso 9.0 million (GP rate – 6%), is lower than last year's Peso 12.7 million (GP rate – 6%). The lower GP is mainly a result of decreased volume as discussed above. With respect to manufacturing costs, total manufacturing cost per ton for the current quarter improved by 10% as compared with those of last year's. Paper cost per MT, which accounts for majority of raw material costs, decreased by 11%. However, the costs per ton of other raw materials and variable overhead are higher than last year's. With respect to direct labor and manufacturing overhead, the absolute peso values are lower than those of last year's by 32% and 54%, respectively.

Operating expenses on a consolidated basis for the current quarter of Peso 33.0 million is higher than last year's Peso 30.8 million. Overall, the Company reported a loss from operations for the current quarter of Peso 24.0 million as compared with last year's loss from operations of Peso 18.1 million.

Other income for the current quarter consists mainly of income from the lease of certain facilities offset partially by foreign exchange losses.

Consolidated financing charges for the current quarter of Peso 21.0 million is the same as those of last year's. The Company failed to meet its quarterly principal amortizations and interest payments since March 2004. The creditor banks declared the Company in default on 24 May 2006. The Company is currently negotiating with the lender banks for the rescheduling of its long-term debts.

There are no known trends, events or uncertainties that will have a material impact on the company's future operations other than those stated herein. There are no other sources of revenue or income that are not ordinary in nature. Seasonal variations do not have material impact in the financial statements of the company.

Operating Plans

As in the past, the Company's our key strategies are focused towards growing the existing market base, maintaining a sound financial position, and improving manufacturing efficiencies to enhance competitive standing. These plans and programs can be summarized as follows:

1. The group's marketing strategy will continue to focus on reestablishing Steniel's presence among multinationals and top corporations at reasonable prices and acceptable credit terms.

2. We will further enhance operating efficiencies group wide by reducing waste levels and bringing down manufacturing costs.

3. Improve the Company's liquidity position through the effective and efficient management of working capital resources.

4. We will negotiate for the restructuring and renewal of our bank loan facilities, which matured in December 2005 in order to support the financial and operating plans of the Steniel Group.

Financial Condition

Consolidated current assets as at 30 September 2006 totaled Peso 476.3 million as compared with Peso 468.2 million as at 31 December 2005 and Peso 536.9 million as at 30 September 2005. Receivable balance is lower as at current quarter-end due mainly to the cessation of Cavite's operations. Inventory balances are higher than those as at 31 December 2005 as Davao builds up its stock level in preparation for the fourth quarter. Meanwhile, the increase in prepayments and other current assets is mainly coming from excess input value-added taxes.

The decrease in property, plant and equipment relates materially to depreciation. There are no significant capital expenditures during the period. Neither is there any significant capital spending anticipated in the immediate future.

Consolidated current liabilities totaled Peso 1,228.4 million as at 30 September 2006 as compared to Peso 1,145.4 million and Pesos 1,086.5 million as at 31 December 2005 and 30 September 2005, respectively. The increase as compared with that of the latest year-end balance is attributed to increased balances in trade payables as a result of increased dependence group wide on suppliers' credit and the accrual of interest on outstanding bank loans.

There are no events that will trigger direct or contingent financial obligation that is material to the company and there are no off-balance sheet transactions or arrangements with any unconsolidated entity or other person during the period being reported. The Company adopts strict controls in managing working capital requirements including the implementation of programs to further improve collection turnover and optimize inventory levels.

In view of the foregoing, consolidated total assets as at current quarter-end amounted to Peso 1,697.8 million as compared to Peso 1,730.9 million as at 31 December 2005 and Peso 1,815.7 million as at 30 September 2005.

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Exhibit II

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF LOSS AND RETAINED EARNINGS
UNAUDITED

	For the Nine Months Ended 30 September		For the Three Months Ended 30 September	
(In Thousands)	**2006**	2005	**2006**	2005
Revenues	**504,295**	711,336	**145,911**	222,865
Cost of Goods Sold	**476,798**	686,868	**136,896**	210,160
Gross Profit	**27,497**	24,468	**9,015**	12,705
Operating Expenses	**75,756**	84,769	**33,048**	30,821
Loss from Operations	**(48,259)**	(60,301)	**(24,033)**	(18,116)
Financing Charges, net	**63,106**	61,915	**20,959**	20,994
Loss Before Other Income/(Charges)	**(111,365)**	(122,216)	**(44,992)**	(39,110)
Other Income/(Charges)	**(3,828)**	(590)	**1,022**	(110)
Loss Before Taxes	**(115,193)**	(122,806)	**(43,970)**	(39,220)
Provision for Taxes	**919**	685	**212**	321
Net Loss for the Period	**(116,112)**	(123,491)	**(44,182)**	(39,541)

Please refer to the related notes in the preparation of the unaudited financial statements.

Loss Per Common Share in centavos *	**(0.13)**	(0.14)	**(0.05)**	(0.05)

* Basic earnings (loss) per common share is calculated by dividing the net loss or income for the period by the weighted average number of shares outstanding after giving retroactive effect to stock dividends, if any, during the period. The Company has no dilutive potential common shares.

Exhibit II

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
UNAUDITED

	For the Nine Months Ended 30 September		For the Three Months Ended 30 September	
(In Thousands)	**2006**	2005	**2006**	2005
Capital stocks				
Authorized – 1 billion common shares, P1 per share				
Issued and outstanding – 876,182,045 shares	**876,182**	876,182	**876,182**	876,182
Additional paid-in capital	**290,816**	290,816	**290,816**	290,816
Retained earnings/(deficit)				
Beginning	**(715,780)**	(530,935)	**(787,710)**	(614,885)
Net loss for the period	**(116,112)**	(123,491)	**(44,182)**	(39,541)
Ending	**(831,892)**	(654,426)	**(831,892)**	(654,426)
Revaluation increment	**134,362**	216,614	**134,362**	216,614
	469,468	729,186	**469,468**	729,186

Please refer to the related notes in the preparation of the unaudited financial statements

Exhibit II

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands)	***Unaudited*** **30 September 2006**	*Audited* 31 December 2005	*Unaudited* 30 September 2005
Current Assets			
Cash and cash equivalents	**3,259**	7,676	8,805
Receivables, net	**187,661**	206,389	237,648
Inventories	**129,373**	113,483	147,975
Prepayments and other current assets	**156,048**	140,634	142,446
Total current assets	**476,341**	468,182	536,874
Property, Plant and Equipment	**796,554**	839,001	854,364
Investment in Affiliates	**413,523**	413,523	413,390
Other Assets	**11,449**	10,225	11,104
Total Assets	**1,697,867**	1,730,931	1,815,732
Current Liabilities			
Loans and trust receipts payable	**167,169**	167,169	167,169
Current portion of long-term debts	**523,502**	523,502	523,502
Accounts payable, accruals and others	**537,728**	454,680	395,875
Total current liabilities	**1,228,399**	1,145,351	1,086,546
Long-term Debts	**-**	-	-
Stockholders' Equity	**469,468**	585,580	729,186
Total Liabilities and Stockholders' Equity	**1,697,867**	1,730,931	1,815,732

Please refer to the related notes in the preparation of the unaudited financial statements.

Exhibit II

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER
UNAUDITED

(In Thousands)	**2006**	2005
CASHFLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**(116,112)**	(123,491)
Adjustments to reconcile net loss to net cash (used for)/provided by operating activities:		
Depreciation and amortization	**50,637**	53,654
Loss from disposal of equipment	**-**	-
Changes in current assets and current liabilities:		
(Increase)/decrease in:		
Receivables, net	**21,788**	37,192
Inventories	**(15,890)**	(7,471)
Prepayments and other current assets	**(18,474)**	(15,198)
Increase/(decrease) in:		
Accounts payable and accruals	**83,048**	53,897
Net cash (used for)/provided by operating activities	**4,997**	(1,417)
CASHFLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(6,236)**	(5,645)
Decrease in other assets/investments in affiliates	**(3,178)**	673
Net cash (used for)/provided by investing activities	**(9,414)**	(4,972)
CASHFLOWS FROM FINANCING ACTIVITIES		
(Increase)/decrease in:		
Loans and trust receipts payable	**-**	-
Long-term debts	**-**	-
Net cash (used for)/provided by financing activities	**-**	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,417)**	(6,389)
CASH AND CASH EQUIVALENTS, Beginning	**7,676**	15,194
CASH AND CASH EQUIVALENTS, Ending	**3,259**	8,805

Please refer to the related notes in the preparation of the unaudited financial statements.

STENIEL MANUFACTURING CORPORATION AND SUBSIDIARIES

NOTES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006 AND 2005
UNAUDITED

1. The management of Steniel Manufacturing Corporation is responsible for all information and representations contained in these unaudited financial statements for the period being reported.

2. These financial statements are prepared in accordance with generally accepted accounting principles appropriate in the circumstances.

3. There are no material changes in the accounting policies and procedures during the period reported and those of the same period last year.

4. Seasonal or cyclical changes in the nature of the Company's operation do not have a significant impact in the quarterly unaudited financial statements.

5. There are no assets, liabilities, equity, income and expense accounts and cash flows that are unusual in both nature and amount for the current quarter and for the same period last year.

6. There are no changes in the amounts reported in the prior periods.

7. There are no issuances, repurchase and repayments of debt and equity securities.

8. There are no dividends paid, either cash or stocks, during the period reported and the immediately preceding year.

9. The Company is engaged in one line of business, that is the manufacture of corrugated boards and boxes.

10. There are no material events subsequent to the end of the period that have significant impact in the unaudited financial statements.

11. There are no changes in the composition of issuer during the interim period.

12. There are no material contingent liabilities or contingent assets since the last annual balance sheet.

Steniel Manufacturing Corporation and Subsidiaries
Ageing of Receivables
As at 30 September 2006

Age	Amount *(In 000 Php)*
Trade Receivables	
1 to 60 days	61,060
61 to 120 days	5,555
Over 120 days	4,692
Sub-total	71,307
Taxes and Other Receivables	116,354
Total	187,661