SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2013**

2. SEC Identification Number **58648** 3. BIR Tax Identification No. **121-000-410-840**

4. Exact name of issuer as specified in its charter
Melco Crown (Philippines) Resorts Corporation

5. Province, Country or other jurisdiction of incorporation or organization
Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of principal office Postal Code
Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701 **1227**

8. Issuer's telephone number, including area code
c/o (02) 555-9555

9. Former name, former address, and former fiscal year, 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 Issued And Amount of Debt Outstanding As of September 30, 2013	Treasury Shares As of As of September 30, 2013	Outstanding Common Stock As of September 30, 2013
Common	**4,426,303,300**	**NIL**	**4,426,303,300**

11. Are any or all of these securities listed on a Stock Exchange?

Yes [**X**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange Common

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 RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of September 30, 2013 and for the three and nine months ended September 30, 2013 and the audited consolidated balance sheet as of December 31, 2012 and the related notes to unaudited condensed consolidated financial statements of Melco Crown (Philippines) Resorts Corporation (the "Company" or "MCP") and its subsidiaries (collectively referred to as "the Group" or "we") are filed as part of this Form 17-Q as Appendix I.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited condensed consolidated financial statements filed as part of this report.

Review of Unaudited Interim Financial Information

The Group's unaudited condensed consolidated financial statements have been reviewed and approved by the Company's Audit Committee and reviewed by the Group's external auditors in accordance with Philippine Standard on Review Engagements (PSRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing and Assurance Standards Council of the Philippines. The Group's unaudited condensed consolidated financial statements is includes as part of this Form 17-Q, which has been reviewed and approved by the Company's Board of Directors.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis relate to the consolidated financial information and pre-operating results of the Group and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes of the Group as of September 30, 2013 and for the three and nine months ended September 30, 2013.

OVERVIEW

The Company, through its subsidiaries, is engaged in the development, and upon opening, the operation of an integrated hotel, gaming, retail and entertainment complex within the Bagong Nayong Pilipino-Entertainment City Manila (the "Project"). The Company's subsidiaries, MCE Holdings (Philippines) Corporation ("MCE Holdings"), MCE Holdings No. 2 (Philippines) Corporation ("MCE Holdings No. 2"), and MCE Leisure (Philippines) Corporation ("MCE Leisure"), together with SM investments Corporation ("SMIC"), Belle Corporation ("Belle") and PremiumLeisure Amusement, Inc. ("PLAI") are the holders of a provisional license ("Provisional License") issued by the Philippine Amusement and Gaming Corporation ("PAGCOR") for the development of the Project. The Company, an indirect subsidiary of Melco Crown Entertainment Limited ("MCE"), a leading developer of integrated gaming resorts in Macau and other parts of Asia, and its subsidiary, MCE Leisure is responsible for the furniture, fixtures and equipment (including gaming equipment), working capital expenses, non-real property improvements and personal property (collectively, "FF&E"), as well as the management and operation of the Project. Belle, one of the largest conglomerates in the Philippines with interests in retail, real estate development and banking, among others, is responsible for construction of the principal structures and fixtures of the Project.

The Project is located on an approximately 6.2-hectare site located in Entertainment City, which is close to Metro Manila's international airport, central business districts and the Mall of Asia, one of the world's largest shopping malls. As of the date hereof construction on the main building of the Project is substantially complete, while fit-out is ongoing. The Company believes that upon its expected completion in mid-2014, the Project will comprise a luxury integrated tourism resort and gaming complex, offering a premium gaming experience and differentiated and innovative non-gaming facilities and entertainment experiences to its customers in a world-class facility.

On October 9, 2013, the Company announced that its new integrated casino resort at Entertainment City, Manila, will be branded "City of Dreams Manila". Furthermore, following various amendments to gaming regulations in the Philippines by PAGCOR, City of Dreams Manila is now anticipated to be able to operate up to approximately 365 gaming tables, 1,680 slot machines and 1,680 electronic table games upon opening.

Change in structure and ownership of MCP

On February 19, 2013, the stockholders of MCP approved the declassification of the existing ₱900 million authorized capital stock of MCP, consisting of 60% Class A shares and 40% Class B shares to a single class of common stock and denial of pre-emptive rights and the increase in MCP's authorized capital stock to ₱5.9 billion divided into 5.9 billon shares with par value of ₱1.00 per share from authorized capital stock of ₱900 million divided into 900 million shares with par value of ₱1.00 per share.

On March 5, 2013, the Philippine Securities and Exchange Commission ("SEC") approved the declassification of the capital stock of MCP to a single class of common stock and denial of pre-emptive rights. On April 8, 2013, the SEC also approved the increase in authorized share capital stock of MCP.

On March 20, 2013, MCP entered into a subscription and share sale agreement (the "Subscription and Share Sale Agreement") with MCE (Philippines) Investments Limited ("MCE Investments"), an indirect subsidiary of MCE, under which MCE Investments subscribed for 2,846,595,000 common shares of MCP with par value of ₱ 1.00 per share at a total consideration of ₱2,846,595,000.00 (the "Share Subscription Transaction"). The Share Subscription Transaction was completed on April 8, 2013.

On April 8, 2013, MCP sold all of its treasury shares, representing 150,435,404 common shares to third parties at ₱14.20 per share.

On April 24, 2013, MCP and MCE Investments completed a placing and subscription transaction (the "Placing and Subscription Transaction"), under which MCE Investments offered and sold in a private placement to various institutional investors of 981,183,700 common shares of MCP with par value of ₱1.00 per share, at the offer price of ₱14.00 per share (the "Offer"). In connection with the Offer, MCE Investments granted an over-allotment option (the "Over-allotment Option") of up to 117,075,000 common shares of MCP with par value of ₱1.00 per share, at the offer price of ₱14.00 per share to a stabilizing agent (the "Stabilizing Agent"). On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed for 36,024,600 common shares of MCP with par value of ₱1.00 per share, at the offer price of ₱14.00 per share. MCE Investments then used the proceeds from the Offer and Over-allotment Option to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱14.00 per share.

Subsidiaries of MCP and group reorganization

On March 20, 2013, pursuant to the terms of the Subscription and Share Sale Agreement, MCP entered into a deed of assignment with MCE Investments, whereby MCP acquired all equity interests of MCE Investments in MCE Holdings, consisting of 147,894,500 issued and outstanding common shares with a par value of ₱1.00 per share as of March 20, 2013, at a consideration of ₱7,198,590,000.00 (the "Asset Acquisition Transaction"). MCE Holdings holds 100% direct ownership interests in MCE Holdings No.2, which in turn holds 100% direct ownership interests in MCE Leisure (collectively referred to the "MCE Holdings Group"). As a result of the Asset Acquisition Transaction, the companies in the MCE Holdings Group are wholly-owned subsidiaries of MCP.

As of September 30, 2013, MCP's wholly-owned subsidiaries include MCE Holdings (Philippines) Corporation (MCE Holdings"), MCE Holdings No. 2 (Philippines) Corporation ("MCE Holdings No. 2") and MCE Leisure (Philippines) Corporation ("MCE Leisure") (collectively, the "MCE Holdings Group"). MCE Holdings, MCE Holdings No.2 and MCE Leisure were all incorporated in the Philippines and were registered with the SEC on August 13, 2012, August 22, 2012 and August 30, 2012, respectively. The primary purpose of MCE Holdings and MCE Holdings No.2 is investment holding, while the primary purpose of MCE Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components.

Activities of MCE Holdings Group

On July 5, 2012, MCE, through its indirect subsidiary, MPEL Projects Limited, entered into a memorandum of agreement (the "MOA") with SM Investments Corporation, SM Land, Inc., SM Hotels and Conventions Corporation, SM Commercial Properties, Inc. and SM Development Corporation (collectively, the "SM Group"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (collectively, the "Philippine Parties") for the development of the Project. Further to the MOA, on October 25, 2012, the MCE Holdings Group i) together with certain of its affiliated companies, entered into a closing arrangement agreement (the "Closing Arrangement Agreement"); and ii) entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements with the Philippine Parties. MCE Leisure also entered into a lease agreement (the "Lease Agreement") on October 25, 2012 with Belle, for the Project.

On March 13, 2013, the date on which the conditions to closing under the Closing Arrangement Agreement were fulfilled, or waived, the Cooperation Agreement and the Lease Agreement became effective, with minor changes to the original terms. In addition, the MCE Holdings Group and the Philippine Parties entered into an operating agreement (the "Operating Agreement") on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control the Project.

PRE-OPERATING RESULTS

The following will be the key performance indicators of the Group when it starts commercial operations in mid-2014:

1. Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and others, share-based compensation, and other non-operating income and expenses.
2. Revenue Growth: Measures the percentage change in revenue over a period of time. It is regularly monitored on a per product and per client basis.
3. Net Income: Measures the profitability of the Company.
4. Basic Earnings Per Share: Measures how much a stockholder earns in the Net Income of the Company. Basic Earnings per share is calculated by dividing Net Income by the weighted number of common shares issued and outstanding during a particular period of time.
5. Rolling chip volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.
6. Rolling chip win rate: rolling chip table games win as a percentage of rolling chip volume.
7. Mass market table games drop: the amount of table games drop in the mass market table games segment.
8. Mass market table games hold percentage: mass market table games win as a percentage of mass market table games drop.
9. Table games win: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.
10. Gaming machine handle (volume): the total amount wagered in gaming machines.
11. Gaming machine win rate: gaming machine win expressed as a percentage of gaming machine handle.
12. Average daily rate: calculated by dividing total room revenues (less service charges, if any) by total rooms occupied, i.e., average price of occupied rooms per day.
13. Occupancy rate: the average percentage of available hotel rooms occupied during a period.
14. Revenue per available room, or REVPAR: calculated by dividing total room revenues (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

These performance indicators are not applicable as of September 30, 2013 when the Company and the Group had no commercial operations.

PRE-OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

As a result of the foregoing discussion on group organizational changes and Asset Acquisition Transaction, the MCE Holdings Group was deemed to be the accounting acquirer for accounting purposes. The acquisition was accounted for similar to a reverse acquisition following the guidance provided by the standard. In a reverse acquisition, the legal parent, MCP is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiaries, the MCE Holdings Group are adjudged to be the entities that gained control over the legal parent. Accordingly, the unaudited consolidated financial statements of MCP have been prepared as a continuation of the financial statements of the MCE Holdings Group. The MCE Holdings Group has accounted for the acquisition of MCP on December 19, 2012, which was the date when MCE through MCE Investments and MCE Investments No.2 acquired control of MCP.

The comparative financial information as of September 30, 2012 have not been presented in the unaudited consolidated financial statements as all companies within the MCE Holdings Group were incorporated on or after August 13, 2012 and the effective date which MCE gained control on MCP as described above. The financial information as of December 31, 2012 presented in the unaudited consolidated financial statements as of

September 30, 2013 are retroactively adjusted to reflect the legal capital (i.e., the number and type of Capital stock issued, Additional paid-in capital and Cost of treasury shares held) of MCP. The adjustment, which is the difference between the capital structure of the MCE Holdings Group and MCP, is recognized as part of equity reserve in the unaudited consolidated balance sheets.

The following table shows a summary of the pre-operating results of the Group for the nine months ended September 30, 2013 as derived from the accompanying unaudited consolidated financial statements.

	For the Nine Months Ended September 30, 2013
Revenue (₱000)	26,901
Operating costs and expenses (₱000)	(746,734)
Non-operating expenses (₱000)	(975,381)
Net Loss (₱000)	(1,695,214)
Basic/diluted loss per share (₱)	(0.58)

We are currently in the development stage, and as a result there is no revenue and cash provided by our intended operations, except for a management fee income from MCE as discussed below. Accordingly, the activities reflected in our consolidated statements of operations mainly relate to operating costs and expenses and non-operating income (expenses) including general and administrative expenses, amortization of contract acquisition costs, development costs, pre-opening costs, interest income, interest expenses, foreign exchange loss - net and other income. Consequently, as is typical for a development stage company, we have incurred losses to date and expect these losses to continue to increase until we commence commercial operations with the planned opening of the Project which is expected in mid-2014.

Consolidated comprehensive loss for the nine months ended September 30, 2013 was ₱1,695.2 million primarily related to general and administrative expenses, development costs, pre-opening costs, as well as the interest expenses (net of capitalized interest) as a result of continuous development of the Project.

Revenue

Revenue for the nine months ended September 30, 2013 amounted to ₱26.9 million - primarily represent the management fee income for the share based compensation costs for certain MCP directors recharged to MCE.

Operating costs and expenses

General and administrative expenses for the nine months ended September 30, 2013 amounted to ₱132.8 million, primarily consist of documentary stamp duty and SEC filing fee related to increase in the share capital of the MCE Holdings Group companies, legal and other professional fees incurred for the Project funding.

Amortization of contract acquisition costs for the nine months ended September 30, 2013 of ₱30.4 million represented the consideration paid to Belle for termination of various agreements with a third party in accordance with the Closing Arrangement Agreement and this amount is amortized over the term of the Operating Agreement.

Development costs for the nine months ended September 30, 2013 amounted to ₱95.1 million primarily consist of legal and other professional fees incurred during the closing of the Closing Arrangement Agreement as well as certain regulatory fees.

Pre-opening costs were ₱488.3 million, primarily relate to project management fee charged from MCE or its subsidiaries, staff cost, consultancy fee in consideration for share awards, share-based payments, land rental charges on the Lease Agreement with Belle as well as legal and professional fee for pre-operating corporate matters incurred during the nine months ended September 30, 2013.

Non-operating expenses

Interest income of ₱33.7 million represented the bank interest income mainly generated from net proceeds from the Offer and exercise of the Over-allotment option.

Interest expenses (net of capitalized interest) of ₱950.4 million represented the interest on obligation under finance lease in relation to a Lease Agreement of the building with Belle, effective from March 13, 2013.

Foreign exchange loss – net of ₱74.2 million mainly arrived from translation the foreign currency denominated payables at the period end closing rate.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

Upon commencement of the Group's intended business and operation, the Group will be exposed to a number of trends, events and uncertainties, which can affect its recurring revenues and profits. These include levels of general economic activity, as well as certain cost items, such as operating cost, labor, fuel and power. The Group will collect revenues and pay expenses in various currencies and the appreciation and depreciation of other major currencies against the Philippine peso, may have a negative impact on the Group's reported levels of revenues and profits.

FINANCIAL CONDITION AND BALANCE SHEET

There were certain significant changes in the unaudited Consolidated Balance Sheet as of September 30, 2013 versus December 31, 2012:

(i) Upon the Lease Agreement becoming effective on March 13, 2013, the Group accounted for the lease of certain of the building structures as finance lease assets and obligation under finance lease (current and non-current) at a total amount of ₱11.8 billion. In addition, the Group also capitalized contract acquisition costs of ₱1.1 billion in accordance with the closing arrangement as detailed in note 7 to the unaudited condensed consolidated financial statements for details.

(ii) Under the provisional license granted by PAGCOR, it is a requirement that the Group to set up an escrow account maintaining balance of US$50 million until the Project's completion. For details, please refer to note 6 to the unaudited condensed consolidated financial statements.

(iii) On April 8, 2013, MCP sold all of its treasury shares, representing 150,435,404 common shares to third parties at ₱14.2 per share.

(iv) Reverse acquisition accounting upon completion of Asset Acquisition Transaction on March 20, 2013.

(v) On April 24, 2013, MCP and MCE Investments completed the Placing and Subscription Transaction.

(vi) On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed for 36,024,600 common shares of MCP with par value of ₱1.00 per share, at the offer price of ₱14.00 per share.

(vii) On June 28, 2013, MCP has granted to certain directors and employees of MCE and MCP and other eligible participants of the share incentive plan of MCP ("Share Incentive Plan") (i) share options (the "MCP Share Options") to subscribe for a total of 120,826,336 ordinary shares of ₱1.00 each of MCP (the "MCP Shares") and (ii) restricted shares in respect of a total of 60,413,167 MCP Shares (the "MCP Restricted Shares") pursuant to the Share Incentive Plan. The total number of underlying MCP Shares related to the MCP Share Options and MCP Restricted Shares granted is 181,239,503 MCP shares. Please refer to note 23 to the unaudited condensed consolidated financial statements for details.

The unaudited consolidated balance sheet of MCP as of September 30, 2013 with variance of plus or minus 5% against December 31, 2012(#) are discussed, as follows:

In thousands Philippine Peso, except % change data	**September 30, 2013**	**December 31, 2012**	Change
Current assets	10,780,027	1,152,723	835%
Non-current assets	17,154,557	97,709	17457%
Total assets	27,934,584	1,250,432	2134%
Current liabilities	2,823,303	192,790	1364%
Non-current liabilities	11,141,168	-	N/A
Total liabilities	13,964,471	192,790	7143%
Equity	13,970,113	1,057,642	1221%

The financial information as of December 31, 2012 presented in the unaudited condensed consolidated financial statements as of September 30, 2013 are retroactively adjusted to reflect the reverse acquisition accounting.

Current Assets

1. Cash and cash equivalents increased by ₱9.4 billion, which is the net result of net proceeds from issuance of share capital (mainly the Placing and Subscription Transaction, Over-allotment Option and sales of 150,435,404 treasury sales), partially offset by the payments made for the capital and operating expenditures during the period presented;
2. Prepayments and other current assets increased by ₱226.6 million, which was primarily due to the increase in (i) input VAT mainly arising from the payments of construction costs and rental expenses and (ii) current portion of prepaid rent.

Noncurrent Assets

1. Property and equipment increased by ₱13.4 billion, mainly due to the recognition of the leased building structures as finance lease assets of ₱11.8 billion and additional capital expenditures mainly in construction in progress by ₱1.5 billion incurred during the nine months period ended September 30, 2013. The depreciation will commence when the assets are ready for their intended use.
2. Contract acquisition costs increased by ₱1.0 billion net of amortization for the period.
3. Other noncurrent assets increased by ₱457.6 million primarily as a result of recognition advance payment of construction in progress by ₱282.5 million, non-current portion of prepaid rent of ₱99.4 million and security deposit of ₱70.0 million under the Lease Agreement.
4. Restricted cash increased by ₱2.2 billion due to the escrow account as required under Provisional license granted by PAGCOR.

Current Liabilities

1. Accrued expenses, other payables and other current liabilities increased by ₱331.6 million mainly relate to increase in accruals for fit-out construction costs by ₱272.6 million as well as increase in accruals for legal and professional fee and taxes and licenses of ₱35.0 million.
2. Current portion of obligation under finance lease increased by ₱1.2 billion. It represented the lease payments that are due within one year.
3. Amounts due to affiliated companies, ultimate holding companies and intermediate holding company increased by ₱1.1 billion which is primarily resulted from project management fee and payroll recharged from affiliates/holding companies and funds advance from MCE Investments during the period ended September 30, 2013. Please refer to note 14 to the unaudited condensed consolidated financial statements for nature and details of the related party transactions for the period ended September 30, 2013.

Noncurrent Liabilities

1. Non-current portion of obligation under finance lease increased by ₱11.1 billion. It represented the lease payments that are due more than one year.
2. Deferred rent liability represented the difference between the amount of effective rent on leased land recognized in the income statement and actual payment made during the period ended September 30, 2013. The amount is not expected to be reversed within one year.

Equity

1. Capital stock and additional paid-in capital increased by ₱3.8 billion and ₱14.7 billion respectively mainly related to the subscription of 2,846,595,000 shares by MCE (Philippines) Investments Limited, sale of treasury shares, top-up placement of 981,187,700 common shares, followed by exercise of over-allotment of 36,024,600 common shares.
2. Share-based compensation reserve increased by ₱146.4 million mainly due to the grant of Share Incentive Plan as mentioned in significant changes of financial condition above.
3. Equity reserve consists of the net difference between the cost of MCP to acquire MCE Holdings (Philippines) Corporation (Philippines) and the legal capital of the latter at the date of reverse acquisition plus the retained earnings of MCP as of December 19, 2012, the date when MCP was acquired by MCE.
4. Deficit increased by ₱1.7 billion to ₱1.7 billion as of September 30, 2013 from ₱49.8 million as of December 31, 2012 was solely due to the net loss recognized during the period.

LIQUIDITY AND CAPITAL RESOURCES

The table below shows the Group's unaudited consolidated cash flows for the nine months ended September 30, 2013:

	For the Nine Months Ended September 30, 2013
In thousands Philippine peso	
Net cash used in operating activities	(472,491)
Cash used in investing activities	(12,058,719)
Net cash provided by financing activities	21,926,149
Effect of foreign exchange on cash and cash equivalents	504
Net incease in cash and cash equivalents	9,395,443
Cash and cash equivalents at beginning of period	1,152,022
Cash and cash equivalents at end of period	10,547,465

Cash and cash equivalents increased by 816% as of September 30, 2013 compared to December 31, 2012 is mainly due to the net effect of the following:

- For the nine months ended September 30, 2013, the Group registered a negative cash flow from operating activities of ₱472.5 million primarily due to a continuous development of the Project as discussed aforesaid sections.

- Cash used in investing activities amounted to ₱12.1 billion for the nine months ended September 30, 2013 include: (i) cash used in reverse acquisition of ₱7.2 billion as detailed in Note 1(c) and 2 to the unaudited condensed consolidated financial statements; (ii) increase in restricted cash of ₱2.2 billion for escrow account as discussed in the foregoing; (iii) contract acquisition costs to Belle for ₱1.1 billion; (iv) capital expenditure payments of ₱1.1 billion as well as (v) advance payment of construction in progress of ₱282.5 million.

- The Group has also made significant financing activities. Cash provided by during the period mainly represented (i) net proceeds from issuance of share capital of ₱16.7 billion, (ii) proceeds from sale of treasury shares of ₱2.1 billion, (iii) net proceeds from capital stock issuance of legal subsidiary of ₱2.8 billion, (iv) fund transfer from MCE (Philippines) Investments Limited of ₱811.4 million, partially offset by (v) repayments of obligation under finance lease of ₱551.2 million.

The table below shows the Group's unaudited capital resources as of September 30, 2013 and December 31, 2012:

In thousands of Philippone peso, except % change data	As of September 30 **2013**	As of December 31 2012	% Change **2013 vs 2012**
Equity	**13,970,113**	1,057,642	**1221%**
Total Capital	**13,970,113**	1,057,642	**1221%**

Except for the obligations under finance lease, no other noncurrent liability was incurred for the nine months period ended September 30, 2013 and December 31, 2012. Total capital increased by 1,221% to ₱13,970.1 million as of September 30, 2013 from ₱1,057.6 million as of December 31, 2012. The increase was the result of (i) the increase in capital stock and additional paid-in capital of ₱18.5 billion upon the completion of the Share Subscription Transaction, the sale of treasury shares, the Placing and Subscription Transaction and exercise of the Over-allotment Option as discussed above; (ii) recognition of share-based compensation of ₱146.4 million; partially offset by (iii) the net loss of ₱1,695.2 million during the period and (iv) the net difference between the cost of MCP to acquire MCE Holdings Group and the legal capital of the latter at the date of reverse acquisition plus the retained earnings of MCP as of December 19, 2012, the date when MCP was acquired by MCE.

RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group's principal financial instruments consist mainly restricted cash of which will be used for the Project. The Group has other financial assets and financial liabilities such as cash and cash equivalents, security deposit, accrued expenses, other payables and other current liabilities, amounts due to affiliated companies, amount due to ultimate holding company and amount due to intermediate holding company which arise directly from its operations.

The main risks arising from the Group's financial instruments as of and for the nine months ended September 30, 2013 are interest rate risk, credit risk, liquidity risk and foreign exchange risk. Management reviews and approves policies for managing each of these risks. Refer to note 20 to the unaudited consolidated financial statements for detail.

PART II - OTHER INFORMATION

There is no other information which has not been previously reported in SEC Form 17-C that needs to be reported in this section.

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 thereunto duly authorized.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

Issuer

Yuk Man Chung

President

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 thereunto duly authorized.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION
Issuer

Geoffrey Stuart Davis
Treasurer

Melco Crown (Philippines) Resorts Corporation and Subsidiaries

Condensed Consolidated Financial Statements
September 30, 2013 (Unaudited) and December 31, 2012
and For The Three and Nine Months Ended September 30, 2013 (Unaudited)

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(In thousands of Philippine peso, except share and per share data)

	September 30, 2013 (Unaudited) (Note 2)	December 31, 2012 (Audited) (Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 20 and 21)	**₱10,547,465**	₱1,152,022
Prepayments and other current assets (Notes 20 and 21)	**227,290**	701
Amount due from a shareholder (Notes 14, 20 and 21)	**5,272**	–
Total Current Assets	**10,780,027**	1,152,723
Noncurrent Assets		
Property and equipment (Note 5)	**13,489,406**	39,282
Contract acquisition costs (Note 7)	**1,033,174**	58,427
Other noncurrent assets (Note 8)	**457,578**	–
Restricted cash (Notes 6, 20 and 21)	**2,174,399**	–
Total Noncurrent Assets	**17,154,557**	97,709
	₱27,934,584	₱1,250,432
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses, other payables and other current liabilities (Notes 9, 20 and 21)	**₱412,047**	₱80,453
Current portion of obligations under finance lease (Notes 17, 20 and 21)	**1,167,554**	–
Amount due to ultimate holding company (Notes 14, 20 and 21)	**118,194**	90,434
Amount due to intermediate holding company (Notes 14, 20 and 21)	**866,505**	–
Amounts due to affiliated companies (Notes 14, 20 and 21)	**259,003**	21,903
Total Current Liabilities	**2,823,303**	192,790
Noncurrent Liabilities		
Noncurrent portion of obligations under finance lease (Notes 17, 20 and 21)	**11,103,105**	–
Deferred rent liability	**38,063**	–
Total Noncurrent Liabilities	**11,141,168**	–
Equity		
Capital stock (Note 10)	**4,426,303**	562,500
Additional paid-in capital	**14,756,430**	92,679
Share-based compensation reserve (Note 23)	**146,370**	–
Equity reserve (Notes 2 and 10)	**(3,613,990)**	740,763
Accumulated deficits	**(1,745,000)**	(49,786)
Cost of treasury shares held (Note 10)	–	(288,514)
Total Equity	**13,970,113**	1,057,642
	₱27,934,584	₱1,250,432

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013
(In thousands of Philippine peso, except share and per share data)

	For the Three Months Ended September 30, 2013 (Note 2)	For the Nine Months Ended September 30, 2013 (Note 2)
REVENUE		
Management fee income (Note 14)	**₱26,901**	**₱26,901**
OPERATING COSTS AND EXPENSES		
General and administrative expenses (Note 11)	**(29,280)**	**(132,774)**
Pre-opening costs (Note 13)	**(294,484)**	**(488,293)**
Development costs (Note 12)	**–**	**(95,090)**
Amortization of contract acquisition costs (Note 7)	**(13,023)**	**(30,387)**
Depreciation	**(190)**	**(190)**
Total Operating Costs and Expenses	**(336,977)**	**(746,734)**
NON-OPERATING INCOME (EXPENSES)		
Interest income	**19,732**	**33,687**
Interest expenses, net of capitalized interest	**(387,788)**	**(950,410)**
Foreign exchange loss – net	**(5,963)**	**(74,201)**
Other income	**–**	**15,543**
Total Non-operating Expenses	**(374,019)**	**(975,381)**
NET LOSS	**(684,095)**	**(1,695,214)**
OTHER COMPREHENSIVE INCOME	**–**	**–**
TOTAL COMPREHENSIVE LOSS	**(₱684,095)**	**(₱1,695,214)**
Basic/Diluted Loss Per Share (Note 15)	**(₱0.15)**	**(₱0.58)**

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(In thousands of Philippine peso, except share and per share data)

	Capital Stock (Note 10)									
	Class A	Class B	Common Stock	Subtotal Capital Stock	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve (Note 10)	Accumulated Deficits	Cost of Treasury Shares Held (Note 10)	Total
Balance at January 1, 2013	₱337,500	₱225,000	₱–	₱562,500	₱92,679	₱–	₱740,763	(₱49,786)	(₱288,514)	₱1,057,642
Net loss	–	–	–	–	–	–	–	(1,695,214)	–	(1,695,214)
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	–	–	–	(1,695,214)	–	(1,695,214)
Declassification of Class A shares and Class B shares (Note 10)	(337,500)	(225,000)	562,500	–	–	–	–	–	–	–
Shares issued, net of offering expenses (Note 10)	–	–	3,863,803	3,863,803	12,816,082	–	–	–	–	16,679,885
Sale of treasury shares (Note 10)	–	–	–	–	1,847,669	–	–	–	288,514	2,136,183
Share-based compensation (Note 23)	–	–	–	–	–	146,370	–	–	–	146,370
Movement of equity reserve (Note 2)	–	–	–	–	–	–	(4,354,753)	–	–	(4,354,753)
Balance at September 30, 2013	₱–	₱–	₱4,426,303	₱4,426,303	₱14,756,430	₱146,370	(₱3,613,990)	(₱1,745,000)	₱–	₱13,970,113

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(In thousands of Philippine peso, except share and per share data)

	For the Nine Months Ended September 30, 2013 (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	**(₱1,695,214)**
Adjustments for:	
Interest income	**(33,687)**
Interest expenses, net of capitalized interest	**950,410**
Amortization of contract acquisition costs (Note 7)	**30,387**
Depreciation	**190**
Amortization of prepaid rent	**3,085**
Contract acquisition costs written off to development costs (Note 12)	**64,721**
Share-based compensation expenses recognized in pre-opening costs (Note 13)	**53,168**
Consultancy fee in consideration for share awards recognized in pre-opening costs (Note 13)	**93,202**
Unrealized foreign exchange loss – net	**70,304**
Operating loss before working capital changes	**(463,434)**
Changes in assets and liabilities:	
Increase in prepayments and other current assets	**(220,348)**
Increase in amount due from a shareholder	**(5,272)**
Increase in other noncurrent assets	**(6,010)**
Increase in accrued expenses, other payables and other current liabilities	**49,988**
Increase in amount due to ultimate holding company	**21,088**
Increase in amounts due to affiliated companies	**82,588**
Increase in deferred rent liability	**38,063**
Net cash used in operations	**(503,337)**
Interest received	**30,846**
Net cash used in operating activities	**(472,491)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash used in reverse acquisition (Notes 1(c) and 2)	**(7,198,590)**
Increase in restricted cash	**(2,174,399)**
Increase in contract acquisition costs	**(1,128,768)**
Acquisitions of property and equipment	**(1,098,909)**
Advance payment for acquisitions of property and equipment	**(282,454)**
Increase in security deposit	**(175,599)**
Cash used in investing activities	**(12,058,719)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from issuance of share capital	**16,685,943**
Proceeds from sale of treasury shares	**2,136,183**
Net proceeds from capital stock issuance of legal subsidiary	**2,843,837**
Increase in amount due to intermediate holding company	**811,405**
Repayments of obligations under finance lease	**(551,219)**
Net cash provided by financing activities	**21,926,149**
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**504**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**9,395,443**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,152,022**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱10,547,465**

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Philippine peso, except share and per share data)

1. **Organization and Business**

(a) Corporate Information

Melco Crown (Philippines) Resorts Corporation (formerly Manchester International Holdings Unlimited Corporation) (herein referred to as "MCP" or the "Parent Company") is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (the "SEC"). The shares of stock of the Parent Company are publicly traded in the Philippine Stock Exchange (the "PSE").

The Parent Company is engaged in acquiring investments and securities. Its principal place of business is the Philippines. On March 5, 2013, the SEC approved the amendments to the articles of incorporation of the Parent Company for change of its corporate name to Melco Crown (Philippines) Resorts Corporation and its registered office address from Canlubang Industrial Estate, Bo. Pittland, Cabuyao, Laguna to 10th Floor, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City, which were approved by the stockholders of MCP on February 19, 2013.

On July 25, 2013, the SEC further approved the amendments to the articles of incorporation of the Parent Company to include provision of financing to its group companies in its primary purpose and further change of its registered office address to Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, which were approved by the stockholders of MCP on June 21, 2013.

The ultimate holding company of the Parent Company is Melco Crown Entertainment Limited (referred to as "MCE"), a company incorporated in the Cayman Islands with its American depository shares are traded on the NASDAQ Global Select Market in the United States of America and its ordinary shares are traded on the Main Board of The Stock Exchange of Hong Kong Limited in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong").

(b) Change in Capital Structure and Ownership of MCP

On February 19, 2013, the stockholders of MCP approved the declassification of the existing ₱900 million authorized capital stock of MCP, consisting of 60% Class A shares and 40% Class B shares to a single class of common stock and denial of pre-emptive rights and the increase in MCP's authorized capital stock to ₱5,900,000 divided into 5.9 billion shares with par value of ₱1 per share from authorized capital stock of ₱900,000 divided into 900 million shares with par value of ₱1 per share.

On March 5, 2013, the SEC approved the declassification of the capital stock of MCP to a single class of common stock and denial of pre-emptive rights. On April 8, 2013, the SEC also approved the increase in authorized share capital stock of MCP.

On March 20, 2013, MCP entered into a subscription and share sale agreement (the "Subscription and Share Sale Agreement") with MCE (Philippines) Investments Limited ("MCE Investments"), an indirect subsidiary of MCE, under which MCE Investments subscribed for 2,846,595,000 common shares of MCP at par value of ₱1 per share at total consideration of ₱2,846,595 (the "Share Subscription Transaction"). The Share Subscription Transaction which was subject to the SEC's approval for the increase in MCP's authorized capital stock as mentioned above, was completed on April 8, 2013.

On April 8, 2013, MCP sold all of its treasury shares, representing 150,435,404 common shares to third parties at ₱14.2 per share.

On April 24, 2013, MCP and MCE Investments completed a placing and subscription transaction (the "Placing and Subscription Transaction"), under which MCE Investments offered and sold in a private placement to various institutional investors of 981,183,700 common shares of MCP with par value of ₱1 per share, at the offer price of ₱14 per share (the "Offer"). In connection with the Offer, MCE Investments granted an over-allotment option (the "Over-allotment Option") of up to 117,075,000 common shares of MCP with par value of ₱1 per share, at the offer price of ₱14 per share to a stabilizing agent (the "Stabilizing Agent"). MCE Investments then used the proceeds from the Offer to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱14 per share.

On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed for 36,024,600 common shares of MCP with par value of ₱1 per share, at the offer price of ₱14 per share.

After the series of transactions as above and as of September 30, 2013, MCE Investments became the immediate holding company of MCP.

(c) Subsidiaries of MCP and Group Reorganization

On March 20, 2013, pursuant to the terms of the Subscription and Share Sale Agreement, MCP entered into a deed of assignment with MCE Investments, which MCP acquired all equity interests of MCE Investments in MCE Holdings (Philippines) Corporation (herein referred to as "MCE Holdings"), consisting of 147,894,500 issued and outstanding common shares with a par value of ₱1 per share as of March 20, 2013, at a consideration of ₱7,198,590 (the "Asset Acquisition Transaction"). MCE Holdings holds 100% direct ownership interests in MCE Holdings No. 2 (Philippines) Corporation (herein referred to as "MCE Holdings No. 2"), which in turn holds 100% direct ownership interests in MCE Leisure (Philippines) Corporation (herein referred to as "MCE Leisure") (collectively referred to the "MCE Holdings Group"). As a result of the Asset Acquisition Transaction, MCE Holdings Group become wholly-owned subsidiaries of MCP.

On June 27, 2013, MCP and the MCE Holdings Group underwent the following transactions:-

i) MCP subscribed additional 40,000,000 common shares of MCE Holdings with par value of ₱1 per share at total consideration of ₱9,500,000;
ii) MCE Holdings subscribed additional 40,000,000 common shares of MCE Holdings No. 2 with par value of ₱1 per share at total consideration of ₱9,500,000; and
iii) MCE Holdings No. 2 subscribed additional 40,000,000 common shares of MCE Leisure with par value of ₱1 per share at total consideration of ₱9,500,000.

After the series of transactions as above and as of September 30, 2013, MCP's wholly-owned subsidiaries included MCE Holdings, MCE Holdings No. 2 and MCE Leisure (together with MCP collectively referred to as the "Group"). MCE Holdings, MCE Holdings No. 2 and MCE Leisure were all incorporated in the Philippines and were registered with the SEC on August 13, 2012, August 22, 2012 and August 30, 2012, respectively. The primary purpose of MCE Holdings and MCE Holdings No. 2 is investment holding and the primary purpose of MCE Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and was further amended to engage in casino gaming activities.

(d) Activities of MCE Holdings Group

On July 5, 2012, MCE, through its indirect subsidiary, MPEL Projects Limited, entered into a memorandum of agreement (the "MOA") with SM Investments Corporation, SM Land, Inc., SM Hotels and Conventions Corporation, SM Commercial Properties, Inc. and SM Development Corporation (collectively, the "SM Group"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (collectively, the "Philippine Parties") for the development of an integrated resort project located within Entertainment City, Manila comprising a casino, hotel, retail and entertainment complex (the "Philippines Project"). Further to the MOA, on October 25, 2012, MCE Holdings Group i) together with certain of its affiliated companies entered into a closing arrangement agreement (the "Closing Arrangement Agreement"); and ii) entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements with the Philippine Parties; and MCE Leisure entered into a lease agreement (the "Lease Agreement") with Belle, for the Philippines Project. On March 13, 2013, the date on which the conditions to closing under the Closing Arrangement Agreement were fulfilled, or waived, the Cooperation Agreement and the Lease Agreement became effective, with minor changes to the original terms. In addition, MCE Holdings Group and the Philippine Parties entered into an operating agreement (the "Operating Agreement") on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control the Philippines Project. The Cooperation Agreement, the Lease Agreement and the Operating Agreement ends on the date of expiry of the Provisional License as mentioned in Note 1(e) below, currently expected to be on July 11, 2033 unless terminated earlier in accordance with the respective terms of the individual agreements.

(e) Provisional License

On December 12, 2008, the Philippine Amusement and Gaming Corporation ("PAGCOR") issued a provisional license (the "Provisional License") for the development of the Philippines Project to the SM Group and PLAI. On November 23, 2011, PAGCOR approved the inclusion of Belle as a licensee under the Provisional License. On October 25, 2012, further to the Cooperation Agreement as mentioned above, PAGCOR acknowledged the inclusion of, amongst others, MCE Leisure as a co-licensee, as well as the "special purpose entity", to take effect as of the effective date of the Cooperation Agreement, allowing MCE Leisure to be the operator to operate the casino business and as representative for itself and on behalf of the other co-licensees under the Provisional License in their dealings with PAGCOR. The Cooperation Agreement became effective on March 13, 2013, the date on which closing under the Closing Arrangement Agreement dated October 25, 2012 occurred. As a result, MCE Holdings Group and the Philippine Parties together became co-licensees (the "Licensees") under the Provisional License granted by PAGCOR for the establishment and operation of the Philippines Project. The Provisional License, as well as any regular license to be issued to replace it upon satisfaction of certain conditions, is concurrent with section 13 of Presidential Decree No. 1869 (the "PAGCOR Charter"), will expire on July 11, 2033.

(f) Status of Operations for the Philippines Project

The Group and the Philippine Parties are the joint developers of the Philippines Project. MCE Leisure is responsible for the management and operation, as well as for the project's fit-out, furniture, fixtures and equipment (including gaming equipment), working capital expenses, non-real property improvements and personal property of the Philippines Project, and Belle is responsible for construction of the building structures of the Philippines Project.

The Philippines Project is located on an approximately 6.2-hectare site in Entertainment City. As of September 30, 2013, the construction on the main building structures of the Philippines Project is substantially complete, while the construction of the connecting structures and the fit-out construction of the Philippines Project are ongoing.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The unaudited condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Parent Company and its subsidiaries. All values are rounded off to the nearest thousand, unless otherwise indicated.

For statutory reporting purposes, the Parent Company prepares consolidated financial statements every 31st of December.

On March 20, 2013, MCP completed the Asset Acquisition Transaction for acquiring 100% ownership interests in the MCE Holdings Group with net assets value of ₱2,609,589 from MCE Investments for a consideration of ₱7,198,590 (see Note 1(c)). Because MCP does not meet the definition of a business, the MCE Holdings Group was deemed to be the accounting acquirer for accounting purposes. The acquisition was accounted for similar to a reverse acquisition following the guidance provided by the standard. In a reverse acquisition, the legal parent, MCP is identified as the acquiree for accounting purposes because based on the substance of the transaction, the legal subsidiary, MCE Holdings Group is adjudged to be the entity that gained control over the legal parent. Accordingly, the unaudited condensed consolidated financial statements of MCP have been prepared as a continuation of the financial statements of the MCE Holdings Group. The MCE Holdings Group has accounted for the acquisition of MCP on December 19, 2012, which was the date when MCE through its indirect subsidiaries, MCE Investments and MCE (Philippines) Investments No.2 Corporation ("MCE Investments No.2"), acquired control of MCP.

The comparative financial information as of September 30, 2012 have not been presented in the unaudited condensed consolidated financial statements as all companies within the MCE Holdings Group were incorporated on or after August 13, 2012 and the effective date which MCE gained control on MCP as described above was on December 19, 2012. The audited consolidated balance sheet as of December 31, 2012 presented in the unaudited condensed consolidated financial statements as of September 30, 2013, for comparative purposes, are retroactively adjusted to reflect the legal capital (i.e. the number and type of capital stock issued, additional paid-in capital and cost of treasury shares held) of MCP. The adjustment, which is the difference between the capital structure of the MCE Holdings Group and MCP, is recognized as part of equity reserve in the condensed consolidated balance sheets as of September 30, 2013 (unaudited) and December 31, 2012 (audited), respectively.

Because the unaudited condensed consolidated financial statements represent a continuation of the financial statements of the MCE Holdings Group, except for its capital structure, the consolidation reflects:

(a) the consolidated assets and liabilities of the MCE Holdings Group (legal subsidiary/accounting acquirer) recognized and measured at their pre-combination carrying amounts, not at their acquisition-date fair values and the assets and liabilities of MCP (legal parent/accounting acquiree) recognized and measured at their acquisition-date fair values;

(b) the combined results of the MCE Holdings Group for full period together with the post-combination results of MCP from December 19, 2012, the date when MCP was acquired by MCE through MCE Investments and MCE Investments No.2 (i.e. not those of MCP);

(c) the total equity is that of the MCE Holdings Group and MCP, but the legal capital would be that of MCP;

(d) any difference between (1) the consolidated net assets of the MCE Holdings Group and MCP, and (2) the combined results of the MCE Holdings Group for full period together with the post-combination results of MCP from December 19, 2012 and the sum of legal capital of MCP and the consideration of the Asset Acquisition Transaction, shall be accounted for as Equity reserve in the condensed consolidated balance sheets as of September 30, 2013 (unaudited) and December 31, 2012 (audited), respectively; and

(e) the unaudited condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2013 reflect that of MCE Holdings Group together with MCP for the full period.

Reverse acquisition applies only to the consolidated financial statements of MCP. The Parent Company financial statements will continue to represent MCP as a stand-alone entity as of September 30, 2013 and December 31, 2012.

Statement of Compliance

The Group's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 have been prepared in conformity with Philippine Accounting Standards ("PAS") 34 *Interim Financial Reporting*.

The Group's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 do not include all the information and disclosures required in the annual consolidated financial statements and the results of operations are not necessarily indicative of the results for full year, and should be read in conjunction with the Group's consolidated financial statements as of March 31, 2013 (unaudited) and December 31, 2012 (audited) and for the three months ended March 31, 2013 (unaudited).

Property and Equipment

Property and equipment with a finite useful life is depreciated on a straight-line basis over the asset's estimated useful life. Estimated useful lives are as follows:

Classification	Estimated Useful Life
Building under finance lease	25 years or over the term of the lease agreement, whichever is shorter
Leasehold improvements	5 to 10 years or over the lease term, whichever is shorter
Furniture, fixtures and equipment	3 to 7 years
Motor vehicles	5 years

Capitalization of Interest
Interest incurred on funds used to construct the Group's casino gaming and entertainment resort facilities during the active construction period is capitalized. Interest subject to capitalization primarily includes interest paid or payable on obligations under finance lease. The capitalization of interest ceases once a project is substantially complete or development activity is suspended for more than a brief period.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. If an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Total interest expenses incurred amounted to ₱431,076 and ₱1,019,846, of which ₱43,288 and ₱69,436, were capitalized for the three and nine months ended September 30, 2013, respectively.

Revenue Recognition
Revenue from the provision of management services are recognized when the services are provided.

Loss Per Share
The weighted-average number of common and common equivalent shares used in the calculation of basic and diluted net loss per share consisted of the following:

	For the Three Months Ended September 30, 2013	**For the Nine Months Ended September 30, 2013**
Weighted-average number of common shares outstanding used in the calculation of basic net loss per share	**4,426,303,300**	**2,936,555,313**
Incremental weighted-average number of common shares from assumed vesting of restricted shares and exercise of share options	–	–
Weighted-average number of common shares outstanding used in the calculation of diluted net loss per share	**4,426,303,300**	**2,936,555,313**

During the three and nine months ended September 30, 2013, 120,306,094 outstanding share options and 60,153,045 outstanding restricted shares as of September 30, 2013 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive.

Share-based Compensation Expenses
The Group issued restricted shares and share options under its share incentive plan during the nine months ended September 30, 2013.

The Group measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, while an award of equity instruments issued to consultants in exchange for services are measured at the fair values of services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the equity instruments granted. The cost of services received is recognized over the service period. Compensation is attributed to the periods of associate service and such expense is being recognized on an accelerated basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Each portion is treated as a separate grant, as each portion has a different vesting period.

Forfeitures are estimated at the time of grant, with such estimate updated periodically and with actual forfeitures recognized currently to the extent they differ from the estimate. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained profits. When the awarded shares are not vested or are forfeited during the vesting period, the amount previously recognized in share-based compensation reserve will be recognized as income immediately in profit or loss.

Further information on the Group's share-based compensation arrangement is included in Note 23.

Segment Reporting

As of September 30, 2013, the Group did not present the segment reporting as the Group's Philippines Project which is currently in an early phase of development, had no revenue and incurred insignificant expenses for the period of three and nine months ended September 30, 2013.

3. Accounting Policies Effective During the Period and Future Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 are consistent with those new and amended Philippine Financial Reporting Standards ("PFRS") and Philippine Interpretations adopted as of January 1, 2013 followed in the preparation of the Group's consolidated financial statements as of March 31, 2013 (unaudited) and December 31, 2012 (audited) and for the three months ended March 31, 2013 (unaudited) and had no significant impact on the unaudited condensed consolidated financial statements.

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Cash on hand	**₱693**	₱–
Cash in banks	**10,546,772**	1,152,022
	₱10,547,465	₱1,152,022

5. Property and Equipment

	September 30, 2013 (Unaudited)					
	Building under Finance Lease	Leasehold Improvements	Motor Vehicles	Furniture, Fixtures and Equipment	Construction in Progress	Total
Costs:						
Balance at beginning of period	**₱–**	**₱–**	**₱–**	**₱423**	**₱38,859**	**₱39,282**
Additions	**11,820,440**	**23,689**	**14,293**	**96,451**	**1,495,441**	**13,450,314**
Capitalization of depreciation	**–**	**–**	**–**	**–**	**4,732**	**4,732**
Balance at end of period	**11,820,440**	**23,689**	**14,293**	**96,874**	**1,539,032**	**13,494,328**
Accumulated Depreciation:						
Balance at beginning of period	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation	**–**	**(66)**	**(906)**	**(3,950)**	**–**	**(4,922)**
Balance at end of period	**–**	**(66)**	**(906)**	**(3,950)**	**–**	**(4,922)**
Net Book Value	**₱11,820,440**	**₱23,623**	**₱13,387**	**₱92,924**	**₱1,539,032**	**₱13,489,406**

	December 31, 2012 (Audited)					
	Building under Finance Lease	Leasehold Improvements	Motor Vehicle	Furniture, Fixtures and Equipment	Construction in Progress	Total
Costs:						
Balance at beginning of period	₱–	₱–	₱–	₱–	₱–	₱–
Additions	–	–	–	423	38,859	39,282
Balance at end of period	–	–	–	423	38,859	39,282
Accumulated Depreciation:	–	–	–	–	–	–
Net Book Value	₱–	₱–	₱–	₱423	₱38,859	₱39,282

Furniture, fixtures and equipment with net book value amounted to ₱49,543 and nil were held under finance lease as of September 30, 2013 and December 31, 2012, respectively.

As of September 30, 2013 and December 31, 2012, construction in progress included interest paid or payable on the obligations under finance lease which amounted to ₱69,436 and nil, respectively.

6. **Restricted Cash**

Under the Provisional License granted by PAGCOR, it is a requirement that the Licensees set-up an escrow account with an amount of US$100 million with a universal bank mutually agreed by PAGCOR and the Licensees. All funds for the development of the casino project shall pass through the escrow account and all drawdowns of funds from the said escrow account must be applied to the Philippines Project. The escrow account should have a maintaining balance of US$50 million until the Philippines Project's completion. As of September 30, 2013, MCE Leisure, as one of the Licensees maintained a balance of ₱2,174,399 (equivalent to US$50 million) in the escrow account. The escrow account will be closed at completion of the Philippines Project and funds held in the escrow account will be released to MCE Leisure.

7. **Contract Acquisition Costs**

This account consists of:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Balance at beginning of period	**₱58,427**	₱–
Additions	**1,134,576**	58,427
Amortization	**(30,387)**	–
Capitalized to building under finance lease	**(64,721)**	–
Written off to development costs (Note 12)	**(64,721)**	–
Balance at end of period	**₱1,033,174**	₱58,427

As of March 13, 2013 and December 31, 2012, this account consists of legal and other professional fees, documentary stamps tax and other directly attributable costs incurred by the Group in negotiating its lease agreement and management contracts for the Philippines Project amounting to ₱129,442 and ₱58,427, respectively. Upon the Lease Agreement becoming effective on March 13, 2013, the Group had written off the portion of the contract acquisition costs amounting to ₱64,721 incurred in relation to the contract negotiations classified as operating lease to development costs (Note 12), while the remaining portion amounting to ₱64,721 incurred in relation to the contract negotiations classified as building under finance lease is capitalized to building under finance lease. On the same date, the Group paid ₱1,063,561 to Belle as consideration for termination of various agreements with a third party in accordance with the Closing Arrangement Agreement and this amount is amortized over the lease term.

8. **Other Noncurrent Assets**

This account consists of:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Advance payment for acquisitions of property and equipment	**₱282,454**	₱–
Noncurrent portion of prepaid rent	**99,419**	–
Security deposit (Notes 20 and 21)	**69,695**	–
Rental deposit	**3,367**	–
Others	**2,643**	–
	₱457,578	₱–

Upon the Lease Agreement becoming effective on March 13, 2013, a security deposit with carrying amount of ₱175,599 was paid to Belle. As of September 30, 2013, prepaid rent represented the excess of principal amount of the security deposit paid pursuant to the Lease Agreement over its fair value at inception, and amortized on a straight-line basis over the lease term. The current portion of prepaid rent of ₱5,289 is included in Prepayments and other current assets.

9. **Accrued Expenses, Other Payables and Other Current Liabilities**

The amount consists of:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Accruals for:		
Fit-out construction costs	**₱278,160**	₱5,595
Legal and other professional fees	**63,221**	28,251
Staff costs	**24,959**	–
Taxes and licenses	**6,717**	583
Rental expenses (including value-added tax "VAT")	**3,884**	–
Unpaid portion of obligations under finance lease	**1,907**	–
Others	**8,594**	1,492
Withholding tax payable	**24,605**	8
Capital gains tax payable	**–**	44,524
	₱412,047	₱80,453

Accrued expenses, other payables and other current liabilities are due for payment within the next financial year.

10. **Equity**

Authorized Capital Stock

The following is a summary of the movement of the Parent Company's authorized capital stock with the related issue price and date of approval of registration by the SEC:

Share Registered			Issue Price			
Common Class A	Common Class B	Common share	Class A	Class B	Common share	Date of SEC Approval
90,000,000	60,000,000	–	₱3.20	₱3.40	₱–	February 14, 1991
180,000,000	120,000,000	–	1.00	1.00	–	August 9, 1993
270,000,000	180,000,000	–	1.00	1.00	–	October 21, 1997
(540,000,000)	(360,000,000)	900,000,000	–	–	1.00	March 5, 2013*
–	–	5,000,000,000	–	–	1.00	April 8, 2013
–	–	5,900,000,000				

**Declassification of Class A and Class B shares to a single class of common shares and denial of pre-emptive rights*

As of December 31, 2012, the two classes of common stock, Class A shares and Class B shares, are identical in all respects except that Class A shares are restricted in ownership to Philippine nationals. Both common stocks have ₱1 par value per share.

On February 19, 2013, the stockholders of MCP approved the declassification of the existing ₱900,000 authorized capital stock of MCP, consisting of 60% Class A shares and 40% Class B shares to a single class of common stock and denial of pre-emptive rights and the increase in MCP's authorized capital stock to ₱5,900,000 divided into 5.9 billion shares with par value of ₱1 per share from authorized capital stock of ₱900,000 divided into 900 million shares with par value of ₱1 per share.

On March 5, 2013, the SEC approved the declassification of the capital stock of MCP to a single class of common stock and denial of pre-emptive rights. On April 8, 2013, the SEC also approved the increase in authorized share capital stock of MCP.

Issued Capital Stock

The Parent Company's issued capital stock as of September 30, 2013 and December 31, 2012 with par value of ₱1 per share are as follows:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Class A – issued	**–**	337,500,000
Class A – issued	**–**	225,000,000
Common share – issued	**4,426,303,300**	–
Total number of issued capital stock	**4,426,303,300**	562,500,000

On March 20, 2013, MCP entered into the Share Subscription Transaction with MCE Investments, under which MCE Investments subscribed for 2,846,595,000 common shares of MCP at par value of ₱1 per share for a total consideration of ₱2,846,595. The Share Subscription Transaction was completed upon SEC's approval of the increase in MCP's authorized capital stock on April 8, 2013.

On April 24, 2013, MCP and MCE Investments completed the Placing and Subscription Transaction, under which MCE Investments offered and sold in a private placement to various institutional investors of 981,183,700 common shares of MCP with par value of ₱1 per share, at the offer price of ₱14 per share. In connection with the Offer, MCE Investments granted the Over-allotment Option of up to 117,075,000 common shares of MCP with par value of ₱1 per share, at the offer price of ₱14 per share to the Stabilizing Agent. MCE Investments then used the proceeds from the Offer to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱14 per share.

On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed for 36,024,600 common shares of MCP with par value of ₱1 per share, at the offer price of ₱14 per share.

Treasury Shares

As of December 31, 2012, the total number of treasury shares held by MCP was 150,435,404 shares, representing 64,803,449 Class A shares and 85,631,955 Class B shares, and the total cost of treasury shares in aggregate was ₱288,514. The declassification of Class A and Class B treasury shares to a single class of common stock treasury share were approved by the SEC on March 5, 2013. On April 8, 2013, MCP sold all of its treasury shares, representing 150,435,404 common shares to third parties at ₱14.2 per share. As of September 30, 2013, MCP does not have any remaining treasury shares.

Equity Reserve

The amount of equity reserve consists of the net difference between the cost of MCP to acquire MCE Holdings Group and the legal capital of the latter (i.e., common stock and additional paid-in capital) at the date of reverse acquisition plus the retained earnings of MCP as of December 19, 2012, the date when MCP was acquired by MCE through MCE Investments and MCE Investments No.2.

The equity reserve is accounted for as follows:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Retained earnings of MCP as of December 19, 2012	**(₱732,453)**	(₱732,453)
Consideration to MCP for the acquisition of MCE Holdings Group	**7,198,590**	–
Legal capital of MCE Holdings Group:		
As of March 20, 2013*	**(2,852,147)**	–
As of December 31, 2012	**–**	(8,310)
	₱3,613,990	(₱740,763)

* *Including share issuance costs of ₱2,094*

As of September 30, 2013 and December 31, 2012, the Parent Company has 436 and 471 stockholders, respectively.

11. **General and Administrative Expenses**

	For the Three Months Ended September 30, 2013 (Unaudited)	For the Nine Months Ended September 30, 2013 (Unaudited)
Legal and other professional fees	**₱27,708**	**₱72,492**
Taxes and licenses	**(16)**	**45,402**
Rental expenses	**–**	**8,209**
Management fee expenses	**271**	**4,113**
Travel and entertainment	**97**	**949**
Bank service fees	**189**	**435**
Others	**1,031**	**1,174**
	₱29,280	**₱132,774**

12. **Development Costs**

	For the Three Months Ended September 30, 2013 (Unaudited)	For the Nine Months Ended September 30, 2013 (Unaudited)
Written off from contract acquisition costs (Note 7)	**₱–**	**₱64,721**
Legal and other professional fees	**–**	**28,865**
Project management fee expenses	**–**	**1,504**
	₱–	**₱95,090**

13. **Pre-opening Costs**

	For the Three Months Ended September 30, 2013 (Unaudited)	For the Nine Months Ended September 30, 2013 (Unaudited)
Project management fee expenses	₱36,434	₱119,745
Consultancy fee in consideration for share awards (Note 23)	90,259	93,202
Rental expenses	47,816	94,885
Staff costs	60,685	80,857
Share-based compensation expenses (Note 23)	51,469	53,168
Legal and other professional fees	4,803	23,616
Taxes and licenses	(11,104)	6,833
Travel and entertainment	4,673	5,037
Marketing and research expenses	3,603	3,603
Repairs and maintenance	3,424	3,424
Insurance expenses	566	1,597
Consultancy fee expenses	1,259	1,259
Advertising costs	–	314
Bank service fees	32	153
Others	565	600
	₱294,484	₱488,293

14. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control, directly or indirectly, 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 common significant influence.

In addition to those transactions disclosed in Notes 1(b), 1(c), 1(d), 10, 19(c), 22(b), 22(c) and 24, the Group entered into the following significant related party transactions:

Category	Amount of transactions for the three months ended September 30, 2013 (Unaudited)	Amount of transactions for the nine months ended September 30, 2013 (Unaudited)	Outstanding balance (Unaudited)	Terms	Conditions
Amount due from a shareholder					
MCE Investments No.2					
Settlement of payables on behalf of a shareholder	₱–	₱5,272	₱5,272	Repayable on demand; non-interest bearing	Unsecured, no impairment
Balance as of September 30, 2013			₱5,272		

Category	Amount of transactions for the three months ended September 30, 2013 (Unaudited)	Amount of transactions for the nine months ended September 30, 2013 (Unaudited)	Outstanding balance (Unaudited)	Terms	Conditions
Amount due to ultimate holding company					
MCE					
Project management fee recognized as pre-opening costs	**₱14,741**	**₱46,544**	**₱46,544**	**Repayable on demand; non-interest bearing**	**Unsecured**
Settlement of payables on behalf of MCP	**–**	**1,445**	**91,879**		
Management fee income[(1)]	**(26,901)**	**(26,901)**	**(26,901)**		
Revaluation of outstanding balances	**706**	**6,672**	**6,672**		
Balance as of September 30, 2013			**₱118,194**		
Amount due to intermediate holding company					
MCE Investments					
Acquisition cost related to Asset Acquisition Transaction	**₱–**	**₱7,198,590**	**₱–**	**Repayable on demand; non-interest bearing**	**Unsecured**
Funds advance to MCP	**–**	**811,660**	**811,660**		
Settlement of payables on behalf of intermediate holding company	**(254)**	**(254)**	**(254)**		
Revaluation of outstanding balances	**5,314**	**55,099**	**55,099**		
Balance as of September 30, 2013			**₱866,505**		

Category	Amount of transactions for the three months ended September 30, 2013 (Unaudited)	Amount of transactions for the nine months ended September 30, 2013 (Unaudited)	Outstanding balance (Unaudited)	Terms	Conditions
Amounts due to affiliated companies					
MCE's subsidiaries					
Project management fee capitalized in construction in progress	**₱35,477**	**₱112,406**	**₱130,745**	**Repayable on demand; non-interest bearing**	**Unsecured**
Project management fee recognized as pre-opening costs	**21,693**	**73,201**	**66,490**		
Project management fee recognized as development costs	**–**	**1,504**	**894**		
Management fee recognized as general and administrative expenses	**271**	**4,113**	**4,084**		
Settlement of payables on behalf of MCP	**5,149**	**48,695**	**46,987**		
Revaluation of outstanding balances	**191**	**9,409**	**9,409**		
Balance as of September 30, 2013			**₱258,609**		
Amounts due to affiliated companies					
Melco International Developments Limited ("Melco")(2) and its subsidiary					
Settlement of payables on behalf of MCP	**₱395**	**₱3,792**	**₱224**	**Repayable on demand; non-interest bearing**	**Unsecured**
Revaluation of outstanding balance	**17**	**170**	**170**		
Balance as of September 30, 2013			**₱394**		

Note:

(1) The amount represents the recharge of share-based compensation expenses for certain directors of MCP for the nine months ended September 30, 2013 to MCE.

(2) Melco is one of the major shareholders of MCE.

Directors' Remuneration

For the three and nine months ended September 30, 2013, the remuneration of directors of the Group were borne by MCE.

15. **Basic/Diluted Loss Per Share**

	For the Three Months Ended September 30, 2013 (Unaudited)	For the Nine Months Ended September 30, 2013 (Unaudited)
Net loss (a)	**(₱684,095)**	**(₱1,695,214)**
Weighted average number of shares outstanding of legal parent (b)	**4,426,303,300**	**2,936,555,313**
Basic/Diluted loss per share (a)/(b)*1,000	**(₱0.15)**	**(₱0.58)**

For the three and nine months ended September 30, 2013, 120,306,094 outstanding share options and 60,153,045 outstanding restricted shares as at September 30, 2013 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive.

16. **Income Tax**

No provision for current income tax for the three and nine months ended September 30, 2013 were provided as the Group incurred tax losses.

Deferred tax assets amounting to ₱511,150 as of September 30, 2013, pertain to net operating loss carryover and other temporary differences which were not recognized as management believes that the Group may not be able to realize the benefits from these deferred tax assets in the future.

A reconciliation of income tax benefit computed at statutory income tax rate to provision for income tax is as follows:

	For the Three Months Ended September 30, 2013 (Unaudited)	For the Nine Months Ended September 30, 2013 (Unaudited)
Income tax benefit computed at statutory income tax rate	**(₱205,228)**	**(₱508,564)**
Income tax effects of:		
Change in unrecognized deferred tax assets	**208,526**	**496,180**
Expenses not deductible for tax	**2,946**	**22,490**
Interest income subject to final tax	**(6,244)**	**(10,106)**
	₱–	**₱–**

Section 13(2)(a) of the PAGCOR Charter grants PAGCOR an exemption for tax, income or otherwise, as well as exemption from any form of charges, fees, levies, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its operations. Section 13(2)(a) of the PAGCOR Charter which provides that the exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to the corporations, associations, agencies or individuals with whom PAGCOR, or operator has any contractual relationship in connection with the operations of the casino authorized to be conducted under the franchise and to those receiving compensation of other remuneration from PAGCOR or operator as a result of essential facilities furnished and/or technical services rendered to PAGCOR or operator. Management believes that the tax benefits granted to PAGCOR under its charter inure to the benefit of, and extend to corporations, associations and agencies, individuals with whom PAGCOR has any contractual agreement in accordance with Section 13(2)(b) of the PAGCOR Charter as of December 31, 2012.

The Bureau of Internal Revenue issued Revenue Memorandum Circular ("RMC") No. 33-2013 on April 17, 2013. The RMC clarifies that PAGCOR is no longer exempt from corporate income tax and is thus subject to corporate income tax under the National Internal Revenue Code (the "Tax Code") on its operations of gambling, casinos, gaming clubs and other similar recreation or amusement places, gaming pools and other related operations as well as on other income. The RMC further provided that PAGCOR's licensees and contractees, which are entities duly authorized and licensed by PAGCOR to perform gambling casinos, gaming clubs and other similar recreation or amusement places, and gaming pools, are likewise subject to income tax under the Tax Code. As of September 30, 2013, management believes that the said RMC does not have any material financial impact to the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2013 and as of September 30, 2013.

On August 23, 2013, MCE Leisure was issued a certificate of registration by Philippine Economic Zone Authority ("PEZA") as a tourism economic zone enterprise ("Tourism Economic Zone Enterprise") for the development and operation of tourist facilities, particularly: (a) hotels, including facilities relating thereto, such as spas, fitness centers, restaurants, etc; (b) retail areas; (c) theme amusement and entertainment complexes; (d) ballroom, function room, and conference facilities; and (e) food and beverage outlets, at the Belle Grande Manila Bay, pursuant to the terms and conditions of a registration agreement signed between PEZA and MCE Leisure on August 22, 2013. As a Tourism Economic Zone Enterprise, MCE Leisure was granted the following fiscal incentives: (a) tax and duty free importation of capital equipment to be used as part of the registered activity; and (b) VAT zero rating on local purchase of capital equipment in accordance with the PEZA rules and regulations.

17. **Obligations Under Finance Lease**

On October 25, 2012, Belle and MCE Leisure entered into the Lease Agreement, where Belle agreed to lease to MCE Leisure the land and certain of the building structures to be used in the Philippines Project for the period from March 13, 2013 (i.e. the date when relevant obligations and other conditions to give effect to the Lease Agreement were satisfied) until the termination of the operating agreement, currently expected to be on July 11, 2033 unless terminated earlier in accordance with its terms. The Group made an assessment at inception of the lease and recorded the portion related to the lease of certain of the building structures under finance lease. Interest rate underlying the obligations under finance lease was 14.92% per annum at inception of the Lease Agreement.

On July 31, 2013, MCE Leisure and Belle signed an addendum to the Lease Agreement to reduce the monthly rental payments with effective from July 1, 2013 with total discount for each twelve month rolling period with a cap of the Philippine peso equivalent of US$1,000,000, with the first twelve month period beginning from March 1, 2013. As a result of the discount in monthly rental payments, the interest rate underlying the obligations under finance lease was revised to 14.63% per annum.

As of September 30, 2013, the minimum lease payments and present value of minimum lease payments on obligations under finance lease of the Group on the Lease Agreement were as follows:

	Minimum Lease Payments (Unaudited)	**Present Value of Minimum Lease Payments (Unaudited)**
Amounts payable under finance lease:		
Within one year	**₱1,258,331**	**₱1,159,906**
In more than one year and not more than five years	**6,353,368**	**4,074,462**
In more than five years	**36,631,141**	**6,989,321**
	44,242,840	**12,223,689**
Less: Finance charges	**(32,019,151)**	**–**
Present value of lease obligations	**₱12,223,689**	**₱12,223,689**
Less: Current portion of obligations under finance lease		**(1,159,906)**
Noncurrent portion of obligations under finance lease		**₱11,063,783**

Apart from the lease of certain of the building structures under finance lease as mentioned above, during the three and nine months ended September 2013, MCE Leisure signed a master service agreement with a third party to set up certain information technology infrastructure (the "IT Equipment") to be used in the Philippines Project and provide maintenance and support service to MCE Leisure for the period from August 2013 to November 2018. The ownership and title of the IT Equipment will be transferred to MCE Leisure upon expiry of the term or MCE Leisure agreed to purchase the IT Equipment at agreed prices at different time periods if the master service agreement is early terminated. The Group made an assessment at inception of the master service agreement and recorded the portion related to the IT Equipment under finance lease. Interest rate underlying the obligations under finance lease for the IT Equipment was 8% per annum at inception of the master service agreement.

As of September 30, 2013, the minimum lease payments and present value of minimum lease payments on obligations under finance lease for the IT Equipment were as follows:

	Minimum Lease Payments (Unaudited)	Present Value of Minimum Lease Payments (Unaudited)
Amounts payable under finance lease:		
Within one year	**₱11,129**	**₱7,648**
In more than one year and not more than five years	**44,514**	**37,486**
In more than five years	**1,855**	**1,836**
	57,498	**46,970**
Less: Finance charges	**(10,528)**	**–**
Present value of lease obligations	**₱46,970**	**₱46,970**
Less: Current portion of obligations under finance lease		**(7,648)**
Noncurrent portion of obligations under finance lease		**₱39,322**

18. **Cooperation Agreement, Operating Agreement and Lease Agreement**

During the three and nine months ended September 30, 2013, except for the addendum to the Lease Agreement as disclosed in Note 17, there is no significant change to the terms and conditions of the Cooperation Agreement, the Operating Agreement and the Lease Agreement.

19. **Commitments and Contingencies**

(a) **Capital commitments**

As of September 30, 2013, the Group had capital commitments mainly for the fit-out of the Philippines Project totaling ₱4,356,060.

(b) **Operating lease commitment**

MCE Leisure leased the portion of land to be used in the Philippines Project under non-cancellable operating lease agreement that will expire on July 11, 2033. The Lease Agreement provides for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by MCE Leisure and Belle. In addition, MCE Leisure leased certain office spaces and staff quarter. During the three months and nine months ended September 30, 2013, the Group incurred total rental expenses amounting to ₱51,183 and ₱106,461, of which nil and ₱8,209 were included in general and administrative expenses, ₱47,816 and ₱94,885 were included in pre-opening costs and ₱3,367 and ₱3,367 were capitalized to construction in progress, respectively.

As of September 30, 2013, minimum lease payments under non-cancellable leases are as follows:

	September 30, 2013 (Unaudited)
Year ending December 31	
2013	**₱44,621**
2014	**107,975**
2015	**104,727**
2016	**112,056**
2017	**123,260**
Over 2017	**2,719,742**
	₱3,212,381

(c) **Other Commitments and Guarantees**

During the three and nine months ended September 30, 2013, there is no significant change to the terms of other commitments and guarantees for the Provisional License, the Cooperation Agreement and the Lease Agreement as disclosed in the Group's consolidated financial statements as of March 31, 2013 (unaudited) and December 31, 2012 (audited).

Under the terms of the Provisional License, it requires each Licensees to maintain a debt-to-equity ratio under the definition as agreed with PAGCOR of not more than 70:30. As of September 30, 2013, MCE Holdings Group as one of the parties as Licensees has complied with the required debt-to-equity ratio.

As of September 30, 2013, the Group had other commitments contracted for but not provided in respect of maintenance and system support services for the Philippines Project totaling ₱103,900. Expenses for such services during the three and nine months ended September 30, 2013 amounted to ₱3,424 and ₱ 3,424, respectively.

Commitment Letter

On April 12, 2013, MCE Leisure entered into a commitment letter (the "Commitment Letter") with MCE Investments or an affiliate, acting as the lender, for a senior secured shareholder loan facility (the "Shareholder Loan Facility") in an aggregate amount of up to US$342.0 million (approximately ₱13.9 billion) or for such greater amount as may be agreed between MCE Investments and MCE Leisure, which is denominated in the United States dollars. The Commitment Letter sets out the terms and conditions on which MCE Investments is willing to act as a lender of the Shareholder Loan Facility to be provided to MCE Leisure. These terms and conditions include the principal terms of the Shareholder Loan Facility and conditions precedent to entering into definitive documentation of the Shareholder Loan Facility. The proceeds of the Shareholder Loan Facility are expected to fund fit-out and other costs of the Philippines Project.

An expected condition precedent to drawdowns under the Shareholder Loan Facility is that any indebtedness under the Shareholder Loan Facility is guaranteed by the Parent Company and its subsidiaries (the "Guarantors") and is secured by first priority security over the issued share capital of each Guarantors and MCE Leisure (other than the Parent Company) and first priority asset security from all Guarantors and MCE Leisure. The Shareholder Loan Facility matures on date which is seven years after the signing date of the definitive documentation of the Shareholder Loan Facility (the "Signing Date") and is subject to quarter amortization payments commencing on the earlier of (i) six months after the opening of the Philippines Project and (ii) two years after the Signing Date. The individual drawdowns under the Shareholder Loan Facility are expected to be subject to certain conditions precedents, including certification as to uses of proposed drawdown. Borrowings under the Shareholder Loan Facility bear interest at a fixed rate of 5% per annum, accrued prior to the first interest payment date. The Shareholder Loan Facility is expected to include a tax gross up provision requiring MCE Leisure to pay without any deduction or withholding for or on account of tax.

20. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments consist mainly of cash and cash equivalents and restricted cash which will be used for the Philippines Project. The Group has other financial assets and financial liabilities such as security deposit, other deposits and receivables, amount due from a shareholder, accrued expenses, other payables and other current liabilities, amount due to ultimate holding company, amount due to intermediate holding company and amounts due to affiliated companies which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. Management reviews and approves policies for managing each of these risks and they are summarized below.

Interest Rate Risk
Other than the bank balances which carry interest at market rates, the Group has no other significant interest-bearing assets and liabilities and its operating cash flows are substantially independent of changes in market interest rates. Accordingly, management are of the opinion that the Group does not have significant interest rate risk.

Credit Risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group trades only with recognized and creditworthy third parties. It is the policy of the Group that all third parties who wish to trade on credit terms are subjected to credit verification procedures. Other current and noncurrent assets are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant. The Group does not offer credit terms to third parties, without the specific approval of management.

With respect to credit risk from the financial assets of the Group, which are composed of cash and cash equivalents, restricted cash, security deposit, other deposits and receivables and amount due from a shareholder, the exposure of the Group to credit risk arises from the default of bank where the Group's cash and cash equivalents and restricted cash were deposited and the default of the counterparty of which the security deposit and other deposits and receivables were held, with a maximum exposure equal to the carrying amount of these instruments. There is no significant concentration of credit risk in the Group.

Credit Risk Exposures. The carrying values of the Group's financial assets represent the maximum exposure to credit risk since the financial assets have no collateral or credit enhancements as of September 30, 2013 and December 31, 2012.

Credit Quality per Class of Financial Assets. Cash and cash equivalents and restricted cash are considered as high grade and include deposits made to reputable banks in the Philippines. Security deposit is classified as high grade since the security deposit in relation to the Lease Agreement is placed with Belle, a company listed in the PSE with positive financial performance. Other deposits and receivables and amount due from a shareholder are also considered as high grade as the Group only trades with recognized and creditworthy third parties and MCE will provide financial support to the shareholder of the Company to meet in full its financial obligations as they fall due.

	September 30, 2013 (Unaudited)				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Financial Assets					
Cash and cash equivalents	**₱10,547,465**	**₱–**	**₱–**	**₱–**	**₱10,547,465**
Restricted cash	**2,174,399**	**–**	**–**	**–**	**2,174,399**
Security deposit	**69,695**	**–**	**–**	**–**	**69,695**
Other deposits and receivables	**19,113**	**–**	**–**	**–**	**19,113**
Amount due from a shareholder	**5,272**	**–**	**–**	**–**	**5,272**
	₱12,815,944	**₱–**	**₱–**	**₱–**	**₱12,815,944**

	December 31, 2012 (Audited)				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Financial Assets					
Cash and cash equivalents	₱1,152,022	₱–	₱–	₱–	₱1,152,022

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they become due because of an inability to liquidate assets or obtain adequate funding or is the risk that the Group will not be able to meet its obligations associated with financial difficulties.

The Group obtains funding from ultimate holding company and intermediate holding company and manages its liquid funds through cash planning on a monthly basis. The Group uses historical data and forecasts from its collection and disbursement.

The table below summarizes the maturity profile of the Group's financial assets held for liquidity purposes and financial liabilities as of September 30, 2013 and December 31, 2012 based on undiscounted contractual cash flows.

	September 30, 2013 (Unaudited)				
	Within 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Financial Assets					
Cash and cash equivalents	**₱10,547,465**	**₱–**	**₱–**	**₱–**	**₱10,547,465**
Restricted cash	**–**	**2,174,399**	**–**	**–**	**2,174,399**
Security deposit	**–**	**–**	**–**	**175,599**	**175,599**
Other deposits and receivables	**15,746**	**3,367**	**–**	**–**	**19,113**
Amount due from a shareholder	**5,272**	**–**	**–**	**–**	**5,272**
Financial Liabilities					
Accrued expenses, other payables and other current liabilities*	**₱380,725**	**₱–**	**₱–**	**₱–**	**₱380,725**
Amount due to ultimate holding company	**118,194**	**–**	**–**	**–**	**118,194**
Amount due to intermediate holding Company	**866,505**	**–**	**–**	**–**	**866,505**
Amounts due to affiliated companies	**259,003**	**–**	**–**	**–**	**259,003**
Current portion of obligations under finance lease	**1,269,460**	**–**	**–**	**–**	**1,269,460**
Noncurrent portion of obligations under finance lease	**–**	**2,933,868**	**3,464,014**	**36,632,996**	**43,030,878**

	December 31, 2012 (Audited)				
	Within 1 Year	1-3 Years	3-5 Years	Over 5 Years	Total
Financial Assets					
Cash and cash equivalents	₱1,152,022	₱–	₱–	₱–	₱1,152,022
Financial Liabilities					
Accrued expenses, other payables and other current liabilities*	₱35,338	₱–	₱–	₱–	₱35,338
Amount due to ultimate holding company	90,434	–	–	–	90,434
Amounts due to affiliated companies	21,903	–	–	–	21,903

**Excluding government and statutory liabilities*

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Group has transactional currency exposures arising from transactions denominated in foreign currencies, mainly Hong Kong dollars, United States dollars, Macau Patacas, Australian dollars and Singapore dollars. Foreign exchange risks of the Group are regularly reviewed by the management and appropriate processes are in place to monitor and mitigate the said risks. Management decides not to hedge the currency exposures considering the cost of hedging being higher than the currency exposure.

The following table shows the Group's foreign currency-denominated monetary assets and liabilities and their peso equivalents:

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	Foreign Currency	**Philippine Peso**	Foreign Currency	Philippine Peso
Financial Asset				
Cash and cash equivalents:				
United States dollar ("US$")	**US$378,509**	**16,461**	US$200,196	8,254
		16,461		8,254
Foreign Currency-denominated Financial Asset		**16,461**		8,254
Financial Liabilities				
Accrued expenses, other payables and other current liabilities:				
Australian dollar ("AUD")	**AUD5,000**	**201**	–	–
Hong Kong dollar ("HK$")	**HK$117,533**	**657**	HK$165,088	875
US$	**US$887,629**	**38,601**	–	–
		39,459		875
Amount due to ultimate holding company:				
HK$	**HK$2,634,522**	**14,726**	HK$2,593,412	13,744
Macau Patacas ("MOP")	**MOP8,903,945**	**48,321**	MOP22,563	116
US$	**US$1,879,012**	**81,714**	US$1,849,197	76,241
		144,761		90,101
Amounts due to intermediate holding company:				
HK$	**HK$155,600,000**	**869,760**	–	–
		869,760		–
Amounts due to affiliated companies:				
AUD	**AUD7,439**	**300**	–	–
HK$	**HK$12,939,974**	**72,331**	HK$96,818	513
MOP	**MOP31,748,331**	**172,295**	MOP4,157,280	21,389
Singapore dollar ("SGD")	**SGD1,713**	**59**	–	–
US$	**US$313,267**	**13,623**	–	–
		258,608		21,902
Current portion of obligations under finance lease:				
US$	**US$175,850**	**7,648**	–	–
		7,648		–
Noncurrent portion of obligations under finance lease:				
US$	**US$904,206**	**39,322**	–	–
		39,322		–
Foreign Currency-denominated Financial Liabilities		**1,359,558**		112,878

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the Group used the following rates of exchange as of September 30, 2013 and December 31, 2012:

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Philippine peso to 1 unit of foreign currency:		
AUD	**40.30**	N/A
HK$	**5.59**	5.30
MOP	**5.43**	5.15
SGD	**34.48**	N/A
US$	**43.49**	41.23

The Group recognized net foreign exchange loss of ₱6.0 million and ₱74.2 million for the three months and nine months ended September 30, 2013.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Group's loss before income tax. There is no other impact on the Group's equity other than those already affecting the total comprehensive loss.

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	% Change Currency Rate	**Effect on Loss Before Tax**	% Change Currency Rate	Effect on Loss Before Tax
AUD	**+1.3%**	**₱7**	N/A	₱N/A
	-1.3%	**(7)**	N/A	N/A
HK$	**+1.3%**	**12,447**	+0.7%	106
	-1.3%	**(12,447)**	-0.7%	(106)
MOP	**+1.3%**	**2,868**	+0.7%	151
	-1.3%	**(2,868)**	-0.7%	(151)
SGD	**+1.0%**	**1**	N/A	N/A
	-1.0%	**(1)**	N/A	N/A
US$	**+1.3%**	**2,138**	+0.7%	476
	-1.3%	**(2,138)**	-0.7%	(476)

The change in currency rate is based on the Group's best estimate of expected change considering historical trends and experiences.

Positive change in currency rate reflects a stronger peso against foreign currency. On the other hand, a negative change in currency rate reflects a weaker peso against foreign currency.

<u>Capital Risk Management</u>
The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To manage or adjust the capital structure, the Group may obtain advances from shareholders, ultimate holding company, intermediate holding company or issue new shares.

The Group considers total equity as its capital which amounted to ₱13,970,113 and ₱1,057,642 as of September 30, 2013 and December 31, 2012, respectively.

The Group monitors capital on the basis of debt-to-equity ratio. Debt-to-equity ratio is calculated as long-term debt over total equity. Under the terms of the Provisional License, it requires each Licensees to maintain a debt-to-equity ratio under the definition as agreed with PAGCOR of not more than 70:30 (see Note 19(c)). As of September 30, 2013, MCE Holdings Group as one of the parties as Licensees has complied with the required debt-to-equity ratio.

21. **Financial Instruments**

Fair Value of Financial Instruments

Set out below is a comparison by category of carrying values and fair values of all of the Group's financial instruments as of September 30, 2013 and December 31, 2012:

	September 30, 2013 (Unaudited)		December 31, 2012 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Loan and receivables:				
Cash and cash equivalents	**₱10,547,465**	**₱10,547,465**	₱1,152,022	₱1,152,022
Restricted cash	**2,174,399**	**2,174,399**	–	–
Security deposit	**69,695**	**69,695**	–	–
Other deposits and receivables	**19,113**	**19,113**	–	–
Amount due from a shareholder	**5,272**	**5,272**	–	–
	₱12,815,944	**₱12,815,944**	₱1,152,022	₱1,152,022
Financial Liabilities				
Other financial liabilities:				
Accrued expenses, other payables and other current liabilities*	**₱380,725**	**₱380,725**	₱35,338	₱35,338
Amount due to ultimate holding company	**118,194**	**118,194**	90,434	90,434
Amount due to intermediate holding company	**866,505**	**866,505**	–	–
Amounts due to affiliated companies	**259,003**	**259,003**	21,903	21,903
Current portion of obligations under finance lease	**1,167,554**	**1,167,554**	–	–
Noncurrent portion of obligations under finance lease	**11,103,105**	**11,103,105**	–	–
	₱13,895,086	**₱13,895,086**	₱147,675	₱147,675

**Excluding government and statutory liabilities*

Cash and cash equivalents, Restricted cash, Other deposits and receivables, Amount due from a shareholder, Accrued expenses, other payables and other current liabilities, Amount due to ultimate holding company, Amount due to intermediate holding company and Amounts due to affiliated companies. The carrying values approximate their fair values at reporting date due to the relatively short-term maturities of the transactions.

Security deposit and Current and Noncurrent portion of obligations under finance lease. The fair value is the estimated future cash flows, discounted to present value using a credit-adjusted discount rate.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of September 30, 2013 and December 31, 2012, the Group does not have financial instruments that are carried and measured at fair value. During the three and nine months ended September 30, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

22. **Note to Unaudited Condensed Consolidated Statement of Cash Flows**

(a) During the nine months ended September 30, 2013, building under finance lease and furniture, fixtures and equipment of ₱11,755,719 and ₱49,543, respectively, were funded through obligations under finance lease.

(b) During the nine months ended September 30, 2013, contract acquisition costs of ₱5,808 was funded through amounts due to affiliated companies.

(c) During the nine months ended September 30, 2013, fit-out construction costs and cost of property and equipment in total of ₱272,566 and ₱139,420 were funded through accrued expenses, other payables and other current liabilities and amounts due to affiliated companies, respectively.

(d) During the nine months ended September 30, 2013, part of the transaction costs for the issuance of shares capitalized in additional paid-in capital of ₱6,058 was funded through accrued expenses, other payables and other current liabilities as of September 30, 2013.

(e) During the nine months ended September 30, 2013, interest expenses capitalized to fit-out construction costs of ₱69,436 was funded through obligations under finance lease.

23. **Share Incentive Plan**

On February 19, 2013, the Group adopted a share incentive plan ("Share Incentive Plan") to promote the success and enhance the value of the Group by linking personal interests of members of the Board, employees and consultants to those of the stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the stockholders which was approved by the SEC and became effective on April 12, 2013. On June 21, 2013, the shareholders of the Parent Company approved the minor amendments on additional provisions of the Share Incentive Plan which was approved by the SEC and became effective on June 24, 2013. Under the Share Incentive Plan, the Group may grant various share based awards, including but not limited to, options to purchase the Parent Company's shares, restricted shares, share appreciation rights and other types of awards. The term of such awards shall not exceed 10 years from the date of grant. The maximum aggregate number of shares which may be issued pursuant to all awards under the Share Incentive Plan is 442,630,330 shares and with up to 5% of the issued capital stock of the Parent Company from time to time over 10 years.

Share Options

The Group granted share options to certain personnel under the Share Incentive Plan during the nine months ended September 30, 2013 with the exercise price determined at the higher of the closing price on the date of grant and the average closing price for the five trading days preceding the date of grant. These share options will become exercisable over a vesting period of three years, with the first year vesting on 30 days after the opening of the Philippines Project. The share options granted expire 10 years after the date of grant.

The Group uses the Black-Scholes valuation model to determine the estimated fair value for each option grant issued, with highly subjective assumptions, changes in which could materially affect the estimated fair value. Expected volatility is based on the historical volatility of a peer group of publicly traded companies. Expected term is based upon the vesting term or the historical of expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the Philippine Government bond yield at the time of grant for the period equal to the expected term.

The fair value per option under the Share Incentive Plan was estimated at the date of grant using the following weighted-average assumptions for options granted during the nine months ended September 30, 2013:

Expected dividend yield	–
Expected stock price volatility	45.00%
Risk-free interest rate	3.73%
Expected average life of options (years)	5.0

A summary of share options activity under the Share Incentive Plan as of September 30, 2013, and changes during the nine months ended September 30, 2013 are presented below:

	Number of Share Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of January 1, 2013	–	₱ –		
Granted	**120,826,336**	**8.30**		
Forfeited	**(520,242)**	**8.30**		
Outstanding as of September 30, 2013	**120,306,094**	**₱ 8.30**	**9.75**	**₱324,826**

As of September 30, 2013, no share options granted under the Share Incentive Plan were vested and exercisable.

A summary of share options expected to vest under the Share Incentive Plan as of September 30, 2013 are presented below:

	Expected to Vest			
	Number of Share Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Exercise price per share	**120,306,094**	**₱ 8.30**	**9.75**	**₱324,826**

The weighted-average fair value of share options granted under the Share Incentive Plan during the nine months ended September 30, 2013 was ₱3.68. As of September 30, 2013, there were ₱374,485 unrecognized compensation costs related to unvested share options under the Share Incentive Plan and the costs were expected to be recognized over a weighted-average period of 1.76 years.

Restricted Shares

The Group has also granted restricted shares to certain personnel under the Share Incentive Plan during the nine months ended September 30, 2013. These restricted shares have a vesting period of three years, with the first year vesting on 30 days after the opening of the Philippines Project. The grant date fair value is determined with reference to the market closing price of the Parent Company's common share at the date of grant.

A summary of the status of the Share Incentive Plan's restricted shares as of September 30, 2013, and changes during the nine months ended September 30, 2013 are presented below:

	Number of Restricted Shares	Weighted-Average Grant Date Fair Value
Unvested as of January 1, 2013	**–**	**₱ –**
Granted	**60,413,167**	**8.30**
Forfeited	**(260,122)**	**8.30**
Unvested as of September 30, 2013	**60,153,045**	**₱ 8.30**

No restricted shares under the Share Incentive Plan were vested during the nine months ended September 30, 2013. As of September 30, 2013, there were ₱420,687 of unrecognized compensation costs related to restricted shares under the Share Incentive Plan and the costs were expected to be recognized over a weighted-average period of 1.71 years.

The impact of share options and restricted shares for the three and nine months ended September 30, 2013 recognized in the unaudited condensed consolidated financial statements were as follows:

	For the Three Months Ended September 30, 2013 (Unaudited)	**For the Nine Months Ended September 30, 2013 (Unaudited)**
Share Incentive Plan		
Share options	**₱65,638**	**₱67,788**
Restricted shares	**76,090**	**78,582**
Total share-based compensation expenses	**₱141,728**	**₱146,370**
Share-based compensation expenses recognized in pre-opening costs	**₱51,469**	**₱53,168**
Consultancy fee in consideration for share awards recognized in pre-opening costs	**90,259**	**93,202**
	₱141,728	**₱146,370**

24. **Subsequent Event**

On October 9, 2013, with the execution of a trade mark licensing agreement signed between MCP and MCE (IP) Holdings Limited, a subsidiary of MCE, MCP announced that the Philippines Project will be branded "City of Dreams Manila".

25. **Other Matter**

As described in Note 2, the business combination had been accounted for similar to a reverse acquisition and the unaudited condensed consolidated financial statements represent a continuation of the financial statements of the MCE Holdings Group and not of MCP. No comparative information for the three and nine months ended September 30, 2012 were presented in the unaudited condensed consolidated statements of comprehensive income, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statement of cash flows because MCE Holdings Group, the accounting acquirer, was only incorporated in August 2012 and the effective date which MCE gained control on MCP was on December 19, 2012.

In compliance with the requested information of the SEC, the following are the condensed information relating to the three and nine months ended September 30, 2012 of MCP before the application of the reverse acquisition as discussed in Note 2. These information pertain to the previous business of MCP.

	For the Three Months Ended September 30, 2012 (Unaudited)	For the Nine Months Ended September 30, 2012 (Unaudited)
Revenues	₱509,918	₱1,393,142
Cost of sales	409,980	1,168,408
Gross income	99,939	224,734
Income before tax	20,015	18,540
Net income	14,382	12,907
Total comprehensive income	14,382	12,907
Cash used in operating activities	(21,166)	(64,937)
Cash provided by investing activities	26,156	5,340
Cash flows from financing activities	–	–