

COVER SHEET

CS 5 8 6 4 8
S.E.C. Registration Number

MELCO CROWN (PHILIPPINES)
RESORTS CORPORATION

ASEANA BOULEVARD COR. ROXAS
BOULEVARD, BRGY. TAMBO,
PARAÑAQUE, CITY 1701

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

MARISSA T. ACADEMIA
Contact Person

866-9888
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-A
FORM TYPE

0 5 1 9
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

N. A.
Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

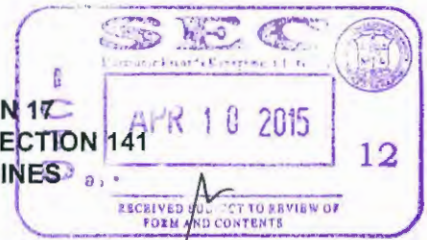
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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



1. For the fiscal year ended **December 31, 2014**
2. SEC Identification Number **58648** 3. BIR Tax Identification No. **000-410-840-000**
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, **1701**
Parañaque City
8. Issuer's telephone number, including area code
(02) 866-9888
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 December 31, 2014	Treasury Shares As of December 31, 2014	Outstanding Common Stock As of December 31, 2014
<u>Common</u>	<u>4,911,480,300</u> Outstanding Debt: PHP 15 billion note facility	<u>NIL</u>	<u>4,911,480,300</u>

11. Are any or all of these securities listed on a Stock Exchange?
Yes 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 No

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

Yes No

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2014 are as follows:

(a) Total number of shares held by non-affiliates as of December 31, 2014 is 1,530,934,411 shares.

(b) Closing price of the Company's shares on the Exchange as of December 31, 2014 is ₱13.58.

(c) Aggregate market price of (a) as of December 31, 2014 is ₱20,790,089,301.38.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS.**

14. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the SEC.

Yes No

Not applicable.

DOCUMENTS INCORPORATED BY REFERENCE

15. No documents were incorporated by reference to any report in this SEC Form 17-A.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION
 Supplementary Schedules Required
 By the Securities and Exchange Commission
 As of and for the Year Ended December 31, 2014

TABLE OF CONTENTS

	Page No.
PART I - BUSINESS AND GENERAL INFORMATION	
Item 1 Business	4
Item 2 Properties	26
Item 3 Legal Proceedings Affecting the Registrant or its Affiliates	26
Item 4 Submission of Matters to a Vote of Security Holders	26
PART II - OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market Price of and Dividends on Issuer's Common Equity and Related Shareholder Matters	27
Item 6 Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7 Financial Statements	44
Item 8 Information of Independent Accountant and Other Related Matters	45
PART III - CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors and Executive Officers of the Issuer	45
Item 10 Executive Compensation	49
Item 11 Security Ownership of Certain Beneficial Owners and Management	51
Item 12 Certain Relationships and Related Transactions	52
PART IV - EXHIBITS AND SCHEDULES	
Item 13 Corporate Governance	52
Exhibits and Reports on SEC Form 17-C	
a. Exhibits	52
b. Reports on SEC Form 17-C	53
SIGNATURES	57
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	61
INDEX TO EXHIBITS	166

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Business Development and Corporate History

Melco Crown (Philippines) Resorts Corporation (the “**Company**” or “**MCP**”) was incorporated and registered as Interphil Laboratories, Inc. with the Philippine Securities and Exchange Commission (“**SEC**”) on November 6, 1974.

The name of Interphil Laboratories, Inc. was changed to Manchester International Holdings Unlimited Corporation on July 10, 2008, and approved by the SEC on November 21, 2008.

On December 7, 2012, Melco Crown Entertainment Limited (“**MCE**”), through its wholly-owned indirect subsidiaries, MCE (Philippines) Investments Limited (“**MCE Investments**”) and MCE (Philippines) Investments No.2 Corporation (“**MCE Investments No.2**”) entered into an acquisition agreement (the “**Acquisition Agreement**”) with the then major shareholders of MCP, Interpharma Holdings & Management Corporation (“**Interpharma**”) and Pharma Industries Holdings Limited (“**PIHL**”) (collectively referred to as the “**Selling Shareholders**”), subject to certain conditions precedent, to acquire from the Selling Shareholders an aggregate of 93.06% of the issued share capital of MCP (the “**Acquisition**”).

Simultaneously with the execution of the Acquisition Agreement on December 7, 2012, MCP entered into i) a deed of assignment with Interpharma in respect of the sale of its ownership interest in its then wholly-owned subsidiary, Interphil and ii) a deed of assignment with Mercator Holdings and Management Corporation, in respect of the sale of its ownership interest in its then wholly-owned subsidiary, Lancashire.

The Acquisition was completed on December 19, 2012, MCE, through MCE Investments No.2 and MCE Investments, acquired 255,270,156 Class A shares (61.95%) and 128,211,204 Class B shares (31.11%) in MCP, respectively, in aggregate representing 93.06% equity shares of MCP from the Selling Shareholders (the “**Acquisition Transaction**”).

On February 19, 2013, the shareholders 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, the denial of pre-emptive rights, and the increase in MCP’s authorized capital stock from ₱900 million divided into 900 million shares to ₱5.9 billion divided into 5.9 billion shares with a par value of ₱1.00 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 the denial of pre-emptive rights. On April 8, 2013, the SEC also approved the increase in authorized share capital stock of MCP.

On March 5, 2013, the SEC approved the amendments to the articles of incorporation of the Company for the change of its corporate name from Manchester International Holdings Unlimited Corporation 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 shareholders of MCP on February 19, 2013.

On March 20, 2013, MCP entered into a subscription and share sale agreement (the “**Subscription and Share Sale Agreement**”) with MCE Investments under which MCE Investments subscribed for 2,846,595,000 common shares of MCP with a 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, 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 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 981,183,700 common shares of MCP with a par value of ₱1.00 per share, at the offer price of ₱14.00 per share (the “**Offer**”) with an over-allotment option (the “**Over-allotment Option**”) of up to

117,075,000 common shares of MCP with a par value of ₱1.00 per share, at the offer price of ₱14.00 per share granted to a stabilizing agent (the “**Stabilizing Agent**”).

On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed to 36,024,600 common shares of MCP. 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.

On June 27, 2013, the Board of Directors of MCP approved the subscription of 40,000,000 common shares of the unissued capital stock of its wholly-owned subsidiary, MCE Holdings (Philippines) Corporation (“**MCE Holdings**”), with a par value of ₱1.00 per share, at a total subscription price of ₱9.5 billion.

On June 24, 2014, MCP and MCE Investments completed another placing and subscription transaction (the “**2014 Placing and Subscription Transaction**”), whereby MCE Investments sold 485,177,000 shares of MCP with a par value of ₱1.00 per share, at an offer price of ₱11.30 per share (the “**2014 Offer**”), in a private placement to various institutional investors.

As of December 31, 2014, MCE, through MCE Investments and MCE Investments No.2, held an indirect ownership in MCP of 68.83%.

MCP is principally engaged in acquiring investments and securities and was further authorized to provide financing to its group companies, as approved by the SEC on July 25, 2013. The primary purpose of its subsidiary, 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 to engage in casino gaming activities.

Bankruptcy, Receivership or Similar Proceedings

None for any of the companies above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (Not Ordinary)

None for any of the companies above.

Basis of Preparation of Financial and Non-financial Information

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 under which 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 (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**”) (MCE Holdings, MCE Holdings No. 2 and MCE Leisure are collectively referred to as the “**MCE Holdings Group**”). As a result of the Asset Acquisition Transaction, MCE Holdings Group became wholly-owned subsidiaries of MCP. The Company and its subsidiaries are collectively referred to as the “**Group**”.

Because MCP did 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 Philippines Financial Reporting Standards (“**PFRS**”). 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 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.

1.2 Business of the Company and the Group

MCE Leisure, a wholly-owned indirect subsidiary of the Company is one of the co-licensees which developed City of Dreams Manila (“**City of Dreams Manila**”), an integrated hotel, gaming, retail and entertainment complex within Bagong Nayong Pilipino-Entertainment City Manila, along with SM Investments Corporation (“**SMIC**”), Belle Corporation (“**Belle**”) and PremiumLeisure Amusement, Inc. (“**PLAI**”). The Company, through its wholly-owned indirect subsidiary MCE Leisure is responsible for the management and operation of City of Dreams Manila and its fit-out, including furniture, fixtures and equipment (including gaming equipment), as well as working capital expenses, non-real property improvements and personal property. Belle was responsible for construction and maintenance of the building structures of City of Dreams Manila, including maintenance of the land where City of Dreams Manila is located.

City of Dreams Manila is an integrated casino resort located on an approximately 6.2-hectare site at the gateway of Entertainment City in the Manila Bay area, 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. City of Dreams Manila is a world-class facility comprising one of the Philippines’ leading integrated casino resort and gaming complexes which offers a premium gaming experience with differentiated non-gaming facilities and entertainment offerings. City of Dreams Manila opened in December 2014.

The Philippine Amusement and Gaming Corporation (“**PAGCOR**”) approved the operation by City of Dreams Manila of up to a maximum of approximately 380 gaming tables, 1,700 slot machines and 1,700 electronic table games. City of Dreams Manila has six hotel towers with approximately 950 rooms in aggregate, including VIP and five-star luxury rooms and high-end boutique hotel rooms, a wide selection of restaurants and food & beverage outlets, a 4,612.44 square meters Family Entertainment Center in collaboration with Dreamworks Animation (“**Dreamworks**”), a live performance stage, two international nightclubs, and a multi-level car park.

City of Dreams Manila includes an approximately 260 room Crown Towers hotels, 360 room hotel managed by Hyatt International Corporation (“**Hyatt**”) and Asia’s first Nobu Hotel with 321 rooms. The Crown Towers hotel at City of Dreams Manila is designed to cater to the premium end of the market in Manila and leverages the Crown Towers brand and service standards. Hyatt City of Dreams Manila is a modern and international full service hotel and leverages Hyatt’s international experience and knowledge of the operation of full service hotels throughout the world. The Nobu Hotel offers a fusion of laid-back luxury and exclusive guestroom and spa services.

City of Dreams Manila features three separate entertainment venues: DreamPlay, a family entertainment center which features a children’s concierge and supervision service and activities catering to children aged four and above; Centerplay, a live performance central lounge within the casino; and Chaos and Pangaea Ultra-Lounge, two night clubs encapsulated within the Fortune Egg, a domelike structure accented with creative external lighting, which is expected to become a centerpiece attraction of the property.

City of Dreams Manila also features a wide selection of regional and international food and beverage offerings including five key themed restaurants. Cuisine types have been carefully selected, with a focus on diversity and quality to ensure that customers are able to enjoy a comprehensive selection of the finest dining options. City of Dreams Manila also features The Shops at the Boulevard, where retail shops are interspersed within the food and beverage areas to provide customers with a broad range of shopping opportunities.

On December 9, 2014, PAGCOR issued a Notice to Commence Casino Operations to City of Dreams Manila effective on December 14, 2014.

Customers

The Group’s main business, through the Company’s indirect subsidiary MCE Leisure, is the development and operation of City of Dreams Manila, an integrated hotel, gaming, retail and entertainment complex in Entertainment City.

Customers for Gaming Operations

The Group focuses on the following customers for its gaming operations.

VIP

VIP customer(s) play on a rolling chip program, and who play almost exclusively in dedicated VIP rooms or designated casino or gaming areas.

Gaming Promoters

They are individuals or corporate entities who, for the purpose of promoting rolling chip gaming activity, arrange customer transportation and accommodation, provide credit in their sole discretion if authorized by a gaming operator, and arrange food and beverage (“**F&B**”) services and entertainment, to VIP customers in exchange for commissions or other compensation from a gaming operator.

Premium Direct Customers

They are VIP customers who play on a rolling chip program and visit a casino as a result of direct marketing efforts by the Group rather than being sourced through gaming promoters.

Mass Market

Mass market customers play table games and slot machines on public mass gaming floors for cash stakes that are typically lower than those in the VIP segment. Mass Market players are further classified as general Mass Market and Premium Mass.

General Mass Market

They are customers who play in cash and whose wagers are typically lower than Premium Mass customers.

Premium Mass

They are customers who play table games with relatively higher minimum bets than general Mass Market customers but relatively lower bets than VIP customers.

Customers for Non-Gaming Operations

Hotels

City of Dreams Manila’s master plan features varying levels of accommodation with Crown Towers, Nobu Hotel and Hyatt City of Dreams Manila, providing guests with an aggregate of approximately 950 rooms.

- *Crown Towers*: City of Dreams Manila’s premium-focused hotel includes rooms and suites that are designed to provide a luxurious experience for premium customers to the property;
- *Hyatt City of Dreams Manila*: City of Dreams Manila’s 5-star hotel includes rooms and suites featuring a fitness center and salon facilities combining luxury and well-being, where guests have direct and easy access to entertainment areas on the lobby level and the podium floor; and
- *Nobu Hotel*: City of Dreams Manila’s high-end boutique hotel includes rooms and suites with five-star-like facilities.

Thematic Attractions and Entertainment

City of Dreams Manila offers three separate entertainment venues, supported by a diverse F&B zone designed to be a socializing hub where guests can relax and be entertained. The entertainment offerings, designed to cater to all key demographic groups, include the Fortune Egg, Chaos and Pangaea Ultra-Lounge, Centerplay, and DreamPlay.

- The Fortune Egg, Chaos and Pangaea Ultra-Lounge

City of Dreams Manila features the Fortune Egg, a central dome-like structure, which houses a dynamic night club called Chaos, and an Ultra-Lounge called Pangaea.

Pangaea offers customers exciting live entertainment with tables encircling a rotating grand piano DJ booth. Hosting up to 400 guests a night in over 730 square meters, Pangaea's reputation around the world is unparalleled, measured by the club's devotion to superior service and high-end entertainment.

Chaos offers an unparalleled nightlife experience where audiences are entertained by live performers and world-class DJs. The nightclub is spread across two levels, over some 3,000 square meters and can host up to more than 2,000 clubbers looking for the best mix from the international DJs and private rooms.

- Centerplay

Centerplay is City of Dreams Manila's casino performance lounge, which features an elevated stage viewable from the ground floor. The casino performance lounge is intended to attract customers and increase customer retention on the City of Dreams Manila's main gaming floor, offering patrons a place to relax and enjoy live performances of various entertainment genres.

- DreamPlay

DreamPlay is a film-branded and fully-themed family entertainment center. This family entertainment center possesses two distinctly designed areas for particular age groups:

- Area 1—Child Play Concierge Service: This area includes attractions and a play structure primarily targeting children aged four to nine. This area is designed to offer structured activities for children, including “hands-on” workshops, interactive attractions and other creative or educational presentations. Children visiting the play area are supervised by staff trained in child care and safety.
- Area 2—All Family Attractions: This area focuses on attractions targeting children aged six and older and their parents. Child supervision is available by staff trained in child care and safety.

Food & Beverage and Retail

The F&B outlets in City of Dreams Manila are intended primarily to support and enhance the gaming experience of the customers. MCP believes that F&B is a very important amenity for local and other international patrons, which serves to attract and retain gaming customers. A number of different F&B outlets are located inside the gaming areas on the ground floor as well as on level 2 and a number of bars are located throughout the gaming and retail areas. Retail shops are interspersed within the F&B areas to provide customers with a broad range of shopping opportunities. The main F&B outlets include a Chinese restaurant, an international buffet restaurant, an Asian-themed restaurant and a retail boulevard with a wide range of shopping options.

Competition

In the Philippine gaming market, the Group is competing with hotels and resorts owned by both Philippine nationals and foreigners. PAGCOR, an entity owned and controlled by the government of Philippines, also operates gaming facilities across the Philippines. The Group's operations in the Philippines also face competition from gaming operators in other more established gaming centers across the region, particularly those of Macau and Singapore, and other major gaming markets located around the world, including Australia and Las Vegas, as the Group targets similar pools of customers and tourists. A number of such other operators have a longer track record of gaming operations, and such other markets have more established reputations as gaming markets.

PAGCOR issued a provisional license (“**Provisional License**”) to the MCE Holdings Group, SMIC and some of its subsidiaries (collectively, the “**SM Group**”), Belle and PLAI (SM Group, Belle and PLAI collectively, the “**Philippine Parties**”) (collectively, the MCE Holdings Group and the Philippine Parties, the “**Licensees**”). Furthermore, additional provisional gaming licenses have been issued to three other companies in the Philippines for the development and operation of integrated casino resorts in Entertainment City, namely Travellers

International Hotel Group, Inc., Bloomberry Resorts Corporation and Tiger Resorts Leisure and Entertainment Inc. Bloomberry Resorts Corporation's Solaire Manila ("**Solaire**") has been in operation since March 2013. Among the four casino operators within Entertainment City, MCE Leisure, on behalf of the Licensees, was the first to apply for the regular license on January 30, 2015, after meeting the required investment commitment of PAGCOR.

PAGCOR has also licensed private casino operators in special economic zones, including four in Clark Ecozone, one in Poro Point, La Union, one in Binangonan, Rizal and one in Newport City CyberTourism Zone, Pasay City.

The Provisional License granted by PAGCOR to the Licensees is non-exclusive, and PAGCOR has given no assurances to the Licensees that it will not issue additional gaming licenses, or that it will limit the number of licenses it issues.

Some of the Company's gaming competitors have cooperated with international gaming companies, as evidenced by the cooperation between Alliance Global Group, Inc. and Genting Hong Kong Limited, as well as the initial cooperation between Bloomberry Resorts Corporation and Global Gaming Asset Management. Although these companies and their collaborators may have substantial experience and/or resources in constructing and operating resorts and gaming establishments and may be supported by conglomerates with access to more capital than the Company, the Company believes that the City of Dreams Manila will be able to compete effectively with these entrants by offering a differentiated product that will appeal to the preferences of all segments of the Philippine gaming market, which is expected to grow significantly over the next few years.

The Company believes that it will be in a competitive position as a result of the City of Dreams Manila's product offering and service quality, including a diverse variety of gaming and non-gaming attractions and a superior overall entertainment experience targeted to appeal to both Mass Market and VIP customers. The Company also believes that it will have the ability to leverage the extensive gaming and integrated resort experience of its affiliates and ultimate shareholders, in particular MCE's gaming experience in Macau, which the Company believes will assist it in its efforts to establish City of Dreams Manila as a new key player in the regional gaming industry.

Suppliers

ASYA Design Partners was appointed as architect of record for the fit-out for City of Dreams Manila. MCE Leisure also appointed Leighton Contractors (Philippines) Inc. from the Leighton Group, a construction company with a long track record in the construction and project management of major infrastructure works throughout Asia and in most parts of the world, to manage the fit-out of City of Dreams Manila until the completion and grand opening of the resort. MCE Leisure engaged the services of Design Coordinates, Inc. (DCI) through its affiliate, D'Consult International, Inc., to oversee the construction and completion of City of Dreams Manila for all local aspects and statutory compliance. MCE Leisure has also appointed a number of contractors and consultants who have well-established track records for high quality projects in the Philippines, to carry out fit-out works and provide design and engineering services for the timely and satisfactory completion of City of Dreams Manila.

With City of Dreams Manila completed and open to the public, MCE Leisure relies on a large base of suppliers, consultants and contractors for the provision of services and the performance of works in connection with the day-to-day operations and maintenance of City of Dreams Manila.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

A trade mark licensing agreement was entered into between MCE (IP) Holdings Limited (as licensor), an indirect subsidiary of MCE, and MCP (as licensee) ("**TMA 1**") and a further trade mark licensing agreement was entered into between MCP (as licensor) and MCE Leisure (as licensee) ("**TMA 2**"), both on October 9, 2013.

Under the terms of TMA 1, MCP is granted an exclusive, non-transferable license to use the trade marks "**The Tasting Room by Galliot**", "**Fortune Egg**", "**City of Dreams Manila**", "**Melco Crown Philippines**", "**City Club Logo**", "**Jade Dragon Logo**", "**The Shops at the Boulevard**", "**City Café**", "**Golden Pavilion Logo**", "**Lan Logo**", "**Signature Club**" and any other trademarks which MCE (IP) Holdings Limited agrees from time to time ("**Trade Marks**"). TMA 1 was effective from October 9, 2013 and shall continue and remain in full force and effect until it is terminated in accordance with the termination provisions therein.

Under the terms of TMA 2, MCE Leisure is granted an exclusive, non-transferable license to use the Trade Marks. TMA 2 was effective from October 9, 2013 and shall continue and remain in full force and effect for the period of the Provisional License unless terminated earlier in accordance with the termination provisions therein.

DreamPlay by DreamWorks

A licensing agreement was entered into with DreamWorks on November 28, 2013 ("LA 1"). Under LA 1, various trademarks and other intellectual property ("IP") rights owned by DreamWorks were licensed to MCE Leisure for use to develop, market and operate DreamPlay, a family entertainment center at City of Dreams Manila.

Nobu

A hotel license and cooperation agreement was entered into between Nobu Hospitality LLC (as licensor) and MCE Leisure (as licensee) ("LA 2") and a Nobu hotel restaurant license agreement was entered into by the same parties ("LA 3"), both on June 3, 2013.

Under the terms of LA 2, MCE Leisure was granted a limited, exclusive, non-transferable license to use and employ certain marks, trademarks, trade names, service marks and commercial symbols ("**Nobu Marks**") in connection with its development, operation, ownership, management and promotion of the Nobu Hotel, which the licensee now operates under the name "**The Nobu Hotel Manila**". LA 2 was effective from June 3, 2013 and shall have a ten (10) year term with two successive five (5) year renewal periods each being subject to both party's written mutual agreement.

Under the terms of LA 3, MCE Leisure was granted the sole and exclusive right and license to use the Nobu Marks, the name "**NOBU**", or any other trademarks/trade names licensed under LA 3 in connection with the development, ownership, operation, marketing, promotion, and management of the Nobu restaurant. LA 3 was effective from June 3, 2013 and shall have a ten (10) year term with two successive five (5) year renewal periods each being subject to both party's written mutual agreement.

Hyatt City of Dreams Manila

A trademarks licensing agreement was entered into between Hyatt (as licensor) and MCE Leisure (as licensee) on November 24, 2013 ("**TMA 3**"), under which various trademarks owned by Hyatt were licensed to MCE Leisure for it to market and operate a hotel at City of Dreams Manila in accordance with a hotel management agreement entered into by the same parties on the same date ("**HMA**").

Under the terms of the TMA 3, MCE Leisure was granted a non-exclusive and non-transferable license to use certain trademarks owned by Hyatt. The TMA 3 took effect from the opening date of the hotel managed by the Hyatt group and will end on the expiration date of, or upon it is terminated in accordance with, the HMA.

Government Licenses and Registrations

Provisional License

The MCE Holdings Group and the Philippine Parties are co-licensees of the Provisional License issued by PAGCOR for the development of an integrated casino, hotel, retail and entertainment complex within the Entertainment City. As one of the Licensees, MCE Leisure has been named as the special purpose entity to operate the casino business and act as the sole and exclusive representative of the Licensees for purposes of the Provisional License. The Provisional License is one of four licenses granted to various parties to develop integrated tourism resorts and establish and operate casinos in Entertainment City. PAGCOR is the Philippine regulatory body with jurisdiction over all gaming activities in the Philippines except for lottery, sweepstakes, jueteng, horse racing, and gaming inside the Cagayan Export Zone. City of Dreams Manila's gaming areas operate under the Provisional License granted by PAGCOR, which imposes certain requirements with which the licensees must comply. The Provisional License is also subject to suspension or termination upon the occurrence of certain events.

Regular License

The regular casino license is granted by PAGCOR to holders of the Provisional License who, among others, have

reached a total investment commitment of US\$ 1 billion. Having met this requirement, MCE Leisure, on behalf of the Licensees, has applied to PAGCOR for the issuance of such regular casino license on January 30, 2015.

PEZA Registration

The application of MCE Leisure for registration with the Philippine Economic Zone Authority (“**PEZA**”) as a Tourism Economic Zone Enterprise for the construction, development and operation of a hotel and entertainment complex at the Entertainment City has been granted by the PEZA Board of Directors in a resolution dated March 7, 2013. The certificate of registration was issued by PEZA on August 23, 2013.

Research and Development

The Company, as an investment holding company, as well as the Group does not have research and development activities.

Awards and Achievements

City of Dreams Manila won the prestigious Casino/Integrated Resort of the Year in the recent 8th International Gaming Awards by Clever Duck Media Ltd. This award is given to land based casino/integrated resort operators topping the criteria for offering the very best in terms of facilities, customer service, games offered, atmosphere, style and design of building. Emphasis is placed on the overall feel, atmosphere and real attention to detail of a casino/integrated resort that sets it aside from its competitors, including the quality of service of its staff members that makes the casino/integrated resorts the outstanding choice for customers.

Environmental Laws

Development projects that are classified by law as Environmentally Critical Projects (“**ECP**”) within statutorily defined Environmentally Critical Areas (“**ECAs**”) are required to obtain an Environmental Compliance Certificate (“**ECC**”) prior to commencement.

The Environmental Management Bureau of the Department of Environment and Natural Resources (“**DENR-EMB**”) issued an ECC to Belle for City of Dreams Manila. Under the terms of its PEZA registration, MCE Leisure is required, prior to the start of commercial operations of City of Dreams Manila, to either: (a) apply for an ECC with the DENR-EMB and submit an approved copy of the ECC to PEZA within 15 days from its issuance, or (b) submit the ECC issued to Belle, as the same may be amended to reflect any changes made to City of Dreams Manila, for the review and approval by PEZA. Accordingly, Belle applied for an Amended ECC to reflect the changes made to City of Dreams Manila. The DENR-EMB issued the Amended ECC to Belle on July 31, 2014.

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 considered to be related if they are subject to common control or common significant influence.

Significant transactions with related parties for the year ended December 31, 2014 are included in Note 18 to the consolidated financial statements.

Compensation of Key Management Personnel were as follows:¹

	Year Ended December 31, 2014	Year Ended December 31, 2013
Basic salaries, allowances and benefits in kind	P149,321	P81,160
Performance bonuses	34,890	20,939
Retirement costs - defined contribution	2,737	1,663

¹ In thousands of Philippine peso.

plans		
Share-based compensation expenses	99,752	35,509
	<u>₱286,700</u>	<u>₱139,271</u>

Employees

As of December 31, 2014, the Group had a total of 5,013 employees composed of officers, key management personnel, managerial and rank and file employees. The Group anticipates to have around 5,442 employees, or an increase representing 8.56%, by the end of 2015.

Discussion of Risks

Management has identified major business and financial risks affecting the Group as follows:

Business Risks

Inadequate transportation infrastructure may hinder the increase in visitation to the Philippines

City of Dreams Manila is located within Entertainment City, Manila, an area in the City of Manila which is currently under development. Other than Solaire, there are currently no other integrated tourism resorts which have begun operations in Entertainment City. It is possible that Manila's existing transportation infrastructure is not capable of efficiently handling the increased number of tourist arrivals that may be necessary to support visitor traffic to large scale integrated resorts within Entertainment City, such as City of Dreams Manila. Although the government is currently examining viable alternatives to ease traffic congestion in Manila, including construction of new highways and expressways, there is no guarantee that these measures will succeed, or that they will sufficiently alleviate traffic congestion or other deficiencies in Manila's transportation infrastructure. Traffic congestion and other problems in Manila's transportation infrastructure could adversely affect the tourism industry in the Philippines and reduce the number of potential visitors to City of Dreams Manila, which could, in turn, adversely affect the Group's business and prospects, financial condition and results of its operations.

Conducting business in the Philippines is subject to certain regional and global political and economic risks that may significantly affect visitation to City of Dreams Manila and have a material adverse effect on the Group's results of operations

City of Dreams Manila is subject to certain economic, political and social risks within the Philippines. The Philippines has in the past experienced severe political and social instability, including acts of political violence. Any future political or social instability in the Philippines could adversely affect the business operations and financial conditions of City of Dreams Manila.

In addition, demand for, and the prices of, gaming and entertainment products are directly influenced by economic conditions in the Philippines or elsewhere in Asia, including growth levels, interest rates, inflation, levels of business activity and consumption, and the amount of remittances received from overseas Filipino workers. Any deterioration in economic and political conditions in the Philippines or elsewhere in Asia could materially and adversely affect the Group's business, as well as the prospects, financial condition, and results of our operations.

The Group's business will also depend substantially on revenues from foreign visitors and may be disrupted by events that reduce foreigners' willingness to travel to or create substantial disruption in Metro Manila and raise substantial concerns about visitors' personal safety, such as power outages, civil disturbances, terrorist attacks, among others. The Philippines has also experienced a significant number of major catastrophes over the years, including typhoons, volcanic eruptions and earthquakes. We cannot predict the extent to which the Group's business and tourism in Metro Manila in general will be affected by any of the above occurrences or fears that such occurrences will take place. We cannot guarantee that any disruption to the Group's operations will not be protracted, that City of Dreams Manila will not suffer any damages, and that any such damage will be completely covered by insurance or at all. Any of these occurrences may disrupt the Group's operations.

We face intense competition in the Philippines and elsewhere in Asia and may not be able to compete successfully

The hotel, resort and gaming businesses are highly competitive. The competitors of the Group's business include many of the largest gaming, hospitality, leisure and resort companies in the world. Some of these current and future competitors are larger than we are and may have more diversified resources and greater access to capital to support their developments and operations.

In the Philippine gaming market, the Group competes with hotels and resorts owned by both Philippine nationals and foreigners. PAGCOR also operates gaming facilities across the Philippines. We expect the Group's operations to face competition from gaming operators in other more established gaming centers across the region, particularly those of Macau and Singapore, and other major gaming markets located around the world, including Australia and Las Vegas, as we expect to target similar pools of customers and tourists. A number of such other operators have a longer track record of gaming operations and such other markets have more established reputations as gaming markets. The Group's operations may not be successful in its efforts to attract foreign customers and independent gaming promoters to City of Dreams Manila, and to promote Manila as a gaming destination.

The Group also competes to some extent with casinos located in other countries, such as Malaysia, Singapore, South Korea, Cambodia, Australia, New Zealand, Vietnam, and elsewhere in the world, including Las Vegas and Atlantic City in the United States. In addition, certain countries, such as Japan, Taiwan and Thailand may, in the future, legalize casino gaming. The Group also competes with cruise ships operating out of Hong Kong and other areas of Asia that offer gaming. The proliferation of gaming venues in Southeast Asia could also significantly and adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's regional competitors also include Crown's Crown Melbourne in Melbourne, Australia and Crown Perth in Perth, Australia and other casino resorts that Melco and Crown may develop elsewhere in Asia outside Macau and the Philippines. Melco and Crown may develop different interests and strategies for projects in Asia under their joint venture which conflict with the interests of the Group's business, or otherwise compete with the Group for Asian gaming and leisure customers.

The government could grant additional rights to conduct gaming in the future, which could significantly increase competition and cause us to lose or be unable to gain market share

PAGCOR has issued the Provisional License to the Licensees and additional provisional gaming licenses to three other companies in the Philippines for the development and operation of integrated casino resorts. PAGCOR has also licensed private casino operators in special economic zones, including four in Clark Ecozone, one in Poro Point, La Union, one in Binangonan, Rizal and one in Newport City CyberTourism Zone, Pasay City. The Provisional License granted by PAGCOR to the Licensees is non-exclusive, and PAGCOR has given no assurances to the Licensees that it will not issue additional gaming licenses, or that it will limit the number of licenses it issues. Any additional gaming licenses issued by PAGCOR could increase competition in the Philippine gaming industry, which could diminish the value of the Licensees' Provisional License and the regular license that the Licensees expect to obtain. This could materially and adversely affect the Group's business, financial condition and results of operations.

The success of the Group's business may depend on our ability to attract and retain adequate qualified personnel. A limited labor supply and increased competition could cause labor costs to increase

The pool of experienced gaming and other skilled and unskilled personnel in the Philippines is limited. Many of our new personnel occupy sensitive positions requiring qualifications sufficient to meet gaming regulatory and other requirements, or are required to possess other skills for which substantial training and experience are needed. Moreover, competition to recruit and retain qualified gaming and other personnel is expected to continue, as well as our demand for qualified personnel.

There is no assurance that the Group will be able to attract and retain a sufficient number of qualified individuals to operate its property, or that costs to recruit and retain such personnel will not increase significantly. The inability to attract and retain qualified employees and operational management personnel could have a material adverse effect on the Group's business.

Moreover, the Provisional License requires that at least 95.0% of City of Dreams Manila's total employees shall be locally hired. Our inability to recruit a sufficient number of employees to meet this provision or to do so in a cost-effective manner may cause us to lower our hiring standards, which may have an adverse impact on City of Dreams Manila's service levels, reputation and business.

Furthermore, casino resort employers may also contest the hiring of their former employees by us. There can be no assurance that such claim will not be successful or other similar or claims will not be brought against us or any of our affiliates in the future. In the event any such claim is found to be valid, the Group could suffer losses and face difficulties in recruiting from competing operators. If found to have basis by courts, these allegations could also result in possible civil liabilities on us or our relevant officers if such officers are shown to have deliberately and willfully condoned a patently unlawful act of the corporation.

The Group's insurance coverage may not be adequate to cover all losses that we may suffer from our operations. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future

The Group maintains various types of insurance policies for our business and operations, including property damage, business interruption, general liability and a standard all risk insurance policies and a surety bond required by PAGCOR, which secures the prompt payment by MCE Leisure of the monthly licensee fees due to PAGCOR. These insurance policies provide coverage that is subject to policy terms, conditions and limits. There is no assurance that we will be able to renew such insurance coverage on equivalent premium cost, terms, conditions and limits upon policy renewals. The cost of coverage may in the future become so high that we may be unable to obtain the insurance policies we deem necessary for the Group's operations on commercially practicable terms, or at all, or we may need to reduce our policy limits or agree to certain exclusions from our coverage.

We cannot assure you that any such insurance policies we may obtain will be adequate to protect us from material losses. Certain acts and events could expose the Group to significant uninsured losses. In addition to the damages caused directly by a casualty loss such as fire or natural disasters, we may suffer a disruption of our business as a result of these events or be subject to claims by third parties who may be injured or harmed. While we intend to carry business interruption insurance and general liability insurance, such insurance may not be available on commercially reasonable terms, or at all, and, in any event, may not be adequate to cover all losses that may result from such events.

There is limited available insurance in the Philippines and our insurers in the Philippines may need to secure reinsurance in order to provide adequate cover for City of Dreams Manila. The Provisional License granted by PAGCOR and certain other material agreements require certain levels of insurance to be maintained, unless otherwise authorized by the government. Failure to maintain adequate coverage could be an event of default under the Provisional License and may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

The winnings of patrons of City of Dreams Manila could exceed its casino winnings at particular times during the Group's operations

Our revenues are mainly derived from the difference between our casino winnings and the winnings of our casino patrons. Since there is an inherent element of chance in the gaming industry, we do not have full control over our winnings or the winnings of our casino patrons. If the winnings of our patrons exceed our casino winnings, we may record a loss from our gaming operations, and the Group's business, financial condition and results of operations could be materially and adversely affected.

Win rates for our casino operations depend on a variety of factors, some beyond our control, which, at particular times, adversely impact the Group's results of operations

In addition to the element of chance, theoretical win rates are also affected by other factors, including players' skill and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets placed by our players and the amount of time players spend on gambling — thus our actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause the Group's quarterly results to be volatile. Each of these factors, alone or in combination, has the potential to negatively impact the Group's win rates, and the Group's business, financial condition and results of operations could be materially and

adversely affected.

Our gaming business is subject to the risk of cheating and counterfeiting

All gaming activities at our table games are conducted exclusively with gaming chips which, like real currency, are subject to the risk of alteration and counterfeiting. We incorporate a variety of security and anti-counterfeit features to detect altered or counterfeit gaming chips. Despite such security features, unauthorized parties may try to copy our gaming chips and introduce, use and cash in altered or counterfeit gaming chips in our gaming areas. Any negative publicity arising from such incidents could also tarnish our reputation and may result in a decline in our business, financial condition and results of operation.

Our existing surveillance and security systems, designed to detect cheating at our casino operations, may not be able to detect all such cheating in time or at all, particularly if patrons collude with our employees. In addition, our junket operators or other persons could, without our knowledge, enter into betting arrangements directly with our casino patrons on the outcomes of our games of chance, thus depriving us of revenues.

Our operations are reviewed to detect and prevent cheating. Each game has a theoretical win rate and statistics are examined with these in mind. Cheating may give rise to negative publicity and such action may materially affect the Group's business, financial condition, operations and cash flows.

Terrorism and the uncertainty of war, crime, natural disasters and other factors affecting discretionary consumer spending and leisure travel may reduce visitation to the Philippines and harm our operating results

The strength and profitability of the Group's business depends on consumer demand for casino resorts and leisure travel in general. Terrorist acts could have a negative impact on international travel and leisure expenditures, including lodging, gaming and tourism. Disruptive incidents in Manila in previous years include widespread demonstrations that compelled a president to resign, widespread strikes by labor federations, attempted coups d'état and military rebellions, and kidnappings and murders. Widely-publicized criminal acts that have resulted in numerous deaths and injuries have also taken place in Metro Manila. We cannot predict the extent to which future terrorist acts and crimes may affect us, directly or indirectly.

In addition to acts of terrorism, Metro Manila has experienced severe natural disasters and the authorities may not be prepared or equipped to respond to such disasters.

We cannot guarantee that any disruption to the Group's operations will not be protracted, nor that any such damage we incur from such disruption would be completely covered by insurance or at all. Any of these occurrences may disrupt our operations and could materially and adversely affect the Group's business, financial condition and results of operations. Furthermore, any of the above occurrences may also destabilize the economy and business environment in the Philippines, which could also materially and adversely affect the Group's business, financial condition and results of operations

We extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers

We conduct, and expect to continue to conduct, our table gaming activities at our casinos on a credit basis as well as a cash basis. As is common practice, we grant credit to certain of our premium direct players. We also plan to selectively extend credit to certain VIP patrons whose level of play and financial resources warrant such an extension in our opinion. This credit is often unsecured, as is customary in our industry. High-end patrons typically are extended more credit than patrons who wager lower amounts. Any slowdown in the economy could adversely impact our VIP patrons, which could in turn increase the risk that these clients may default on credit extended to them.

We may not be able to collect all of our gaming receivables from our credit customers. We expect that we will be able to enforce our gaming receivables only in a limited number of jurisdictions, including the Philippines. Some of our gaming customers are visitors from other jurisdictions and we may not have access to a forum in which we will be able to collect all of our gaming receivables. Further, we may be unable to locate assets in other jurisdictions against which to seek recovery of gaming debts. The collectability of receivables from international customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside. We may also, in given cases, have to determine whether aggressive enforcement

actions against a customer will unduly alienate the customer and cause the customer to cease playing at our casino. We could suffer a material adverse impact on the Group's operating results if receivables from our credit customers are deemed uncollectible.

The current credit environment may limit availability of credit to gaming patrons and may negatively impact the Group's revenues

We conduct our table gaming activities at our casinos on a credit basis as well as a cash basis. Any severe contraction of liquidity in the global credit markets may make it difficult and costly to obtain new lines of credit or to refinance existing debt, and may place broad limitations on the availability of credit from credit sources as well as lengthening the recovery cycle of extended credit. The Group's business and financing plans may be dependent upon completion of future financings. If the credit environment worsens, it may be difficult to obtain any additional financing on acceptable terms, which could adversely affect our ability to complete development projects or extension of credit to any of our VIP gaming patrons. Continued tightening of liquidity conditions in credit markets may constrain revenue generation and growth and could have a material adverse effect on the Group's business, financial condition and results of operations.

Rolling chip patrons and VIP gaming customers may cause significant volatility in the Group's revenues and cash flows

We intend to attract foreign gaming visitors to City of Dreams Manila, particularly VIP players who typically place large individual wagers. Revenues and cash flows derived from high-end gaming of this type are typically more volatile than those from other forms of gaming primarily due to high bets and the resulting high winnings and losses. As a result, the Group's business and results of operations and cash flows from operations may be more volatile from quarter to quarter than that of our competitors and may require higher levels of cage cash in reserve to manage this volatility

We cannot assure you that anti-money laundering policies that we have implemented, and compliance with applicable anti-money laundering laws, will be effective to prevent our casino operations from being exploited for money laundering purposes

We deal with significant amounts of cash during our regular operations. We are required to comply with all applicable anti-money laundering laws and regulations in the Philippines, as well as international standards. In the normal course of business, we expect to be required by regulatory authorities from the Philippines and other jurisdictions to attend meetings and interviews from time to time to discuss our operations as they relate to anti-money laundering laws and regulations. While we expect to expend time and cost in connection with such regulatory compliance matters, we cannot provide any assurance that any such regulatory compliance matters will be effective in preventing our casino operations from being exploited for money laundering purposes, including from jurisdictions outside of the Philippines.

Any incident of money laundering, accusation of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, or our customers could have a material adverse impact on the Group's reputation, business, cash flows, financial condition, prospects and results of operations. Any serious incident of or repeated violation of laws related to money laundering or any regulatory investigation into money laundering activities may cause a revocation or suspension of the Provisional License or the regular license that we expect to obtain.

Risks Relating to the Development of Entertainment City and Operation of City of Dreams Manila

City of Dreams Manila recently commenced operations in December 2014. There is no historical information available about its operations upon which investors can make an evaluation of City of Dreams Manila's business and prospects. In addition, Entertainment City, where City of Dreams Manila is located, is currently still in a preliminary stage of development in which only two integrated casino projects are in operation, one of which is City of Dreams Manila.

Risks Relating to Leases

MCE Leisure entered into a lease agreement on October 25, 2012, which became effective on March 13, 2013 (the "**Lease Agreement**"), where it leases the land and buildings occupied by City of Dreams Manila from Belle

which, in turn, leases part of the land from the Philippine government's social security system (the "**Social Security System**"). Although MCE Leisure has not encountered any issues with respect to its tenancy relationship with Belle, there can be no assurance that such good relations will continue. Numerous potential issues or causes for disputes may arise from a tenancy relationship, such as with respect to the provision of utilities on the premises and the maintenance and normal repair of the buildings, any of which could result in an arbitrable dispute between Belle and MCE Leisure. There can be no assurance that any such dispute would be resolved or settled amicably or expediently. Furthermore, during the pendency of any dispute, Belle as landlord could discontinue essential services necessary for the operation of City of Dreams Manila, or seek relief to oust MCE Leisure from possession of the leased premises. Any prolonged or substantial dispute between Belle and MCE Leisure, or any dispute arising under the lease agreement between Belle and the Social Security System, could have a material adverse effect on the operations of City of Dreams Manila, which would in turn adversely affect the Group's business, financial condition and results of operations. In addition, any negative publicity arising from the disputes or non-compliance by Belle with the lease terms would have a material adverse effect on the Group's business and prospects, financial condition and results of operations.

Furthermore, the Lease Agreement may be terminated under certain circumstances, including MCE Leisure's non-payment of rent, or if either party fails to substantially perform any material covenants under the Lease Agreement and fails to remedy such breach in a timely manner which would cause a material adverse effect on the Group's business and prospects, financial condition, results of operation and cash flows.

If the termination of certain agreements which Belle previously entered into with another casino operator and other third parties is not effective, such operator and third parties may seek to enforce these agreements against Belle or MCE Leisure as a co-licensee of Belle, which could adversely impact City of Dreams Manila and the Group

Prior to MCE Leisure being designated as the sole operator under the Provisional License, the former licensees of the Provisional License had previously entered into contracts with another operator and certain third-party contractors, for the fit-out and other design work related to City of Dreams Manila in its previous form. The Philippine Parties subsequently chose to terminate such pre-existing contracts and the operator signed a waiver releasing the Philippine Parties from all obligations under the contracts. Although Belle agreed to indemnify the MCE Holdings Group from any loss suffered in connection with the termination of such contracts, there can be no assurance that Belle will honor such agreement. Any issues which arise from such contracts and their counterparties, or an attempt by another operator or any other third-party contractors to enforce provisions under such contracts could interfere with the Group and the Company's operations or cause reputational damage, which would in turn materially adversely affect the Company's business, financial condition and results of operations.

Compliance with the terms of the Provisional License, MCE Leisure's ability to operate City of Dreams Manila, and the success of City of Dreams Manila as a whole are dependent on the actions of the Licensees over which MCE Leisure has no control

Although MCE Leisure is the sole operator of City of Dreams Manila, the ability of the MCE Holdings Group to operate City of Dreams Manila, as well as the fulfillment of the terms of the Provisional License granted by PAGCOR in relation to City of Dreams Manila, depends to a certain degree on the actions of the Philippine Parties. For example, the Philippine Parties, as well as the MCE Holdings Group, are responsible for meeting a certain debt to equity ratio as specified in the Provisional License. The failure of any of the Philippine Parties to comply with these conditions will also result in a breach of the Provisional License. As the Philippine Parties are separate corporate entities over which MCE Leisure has no control, there can be no assurance that the Philippine Parties will remain in compliance with the terms of the Provisional License or their obligations and responsibilities under the Cooperation Agreement dated October 25, 2012 between the MCE Holdings Group and the Philippine Parties which became effective on March 13, 2013 (the "**Cooperation Agreement**"). In case any noncompliance issues arise, there can be no assurance that the Provisional License will not be suspended or revoked. In addition, if any of the Philippine Parties fails to comply with any conditions to the Provisional License, MCE Leisure may be forced to take action against the Philippine Parties under the Cooperation Agreement or to enter into negotiation with PAGCOR for amendments to the Provisional License. There can be no assurance that such an attempt to amend the Provisional License would be successful. Any of the foregoing could materially and adversely affect the Group's business, financial condition and results of operations.

Furthermore, under the Cooperation Agreement, the Philippine Parties are required to contribute the land and building structures for City of Dreams Manila. There can be no assurance that the title to the land and building structures for City of Dreams Manila will not be challenged by third parties or the Philippine Government in the

future. In any such events, each of which is beyond the Group's control, the ability of MCE Leisure to operate City of Dreams Manila in an efficient manner or at all may be curtailed, which would have a material adverse effect on the Group's business, financial condition and results of operations.

MCE Leisure's right to operate City of Dreams Manila is subject to certain limitations under the Operating Agreement

MCE Leisure's right to operate City of Dreams Manila is subject to certain limitations under the operating agreement dated March 13, 2013 executed between the Philippine Parties and the MCE Holdings Group (the "**Operating Agreement**"). For example, MCE Leisure is prohibited from entering into any contract for City of Dreams Manila outside the ordinary course of the operation and management of City of Dreams Manila with an aggregate contract value exceeding US\$3.0 million (increased by 5.0% each year on the anniversary of the date of entry into the Operating Agreement) without the consent of the Philippine Parties.

In addition, MCE Leisure is required to remit specified percentages of the mass market and VIP gaming EBITDA or revenues derived from City of Dreams Manila to PLAI. If MCE Leisure is unable to comply with any provisions of the Operating Agreement, the other parties to the Operating Agreement may bring lawsuits and seek to suspend or replace MCE Leisure as the sole operator of City of Dreams Manila, or terminate the Operating Agreement. Moreover, the Philippine Parties may terminate the Operating Agreement if MCE Leisure materially breaches the Operating Agreement and City of Dreams Manila is materially adversely affected or reasonably likely to be adversely affected. Termination of the Operating Agreement, whether resulting from MCE Leisure's or the Philippine Parties' non-compliance with the Operating Agreement, would cause a material adverse effect on the Group's business and prospects, financial condition, results of operations and cash flows.

MCE Leisure may be forced to suspend VIP gaming operations at City of Dreams Manila under certain circumstances

Under the Operating Agreement, MCE Leisure must periodically calculate the respective amounts of VIP gaming earnings before interest, tax, depreciation and amortization derived from City of Dreams Manila (the "**PLAI VIP EBITDA**") and mass market and VIP gaming net win derived from City of Dreams Manila pursuant to the Operating Agreement (the "**PLAI Net Win**") and report such amounts to the Philippine Parties. If the PLAI VIP EBITDA is less than the PLAI Net Win, the other Licensees must meet within 10 business days to discuss and review City of Dreams Manila's financial performance and agree on any changes to be made to the payment terms under the Operating Agreement. If such an agreement cannot be reached within 90 business days, MCE Leisure must suspend VIP gaming operations at City of Dreams Manila, and the rent payable in respect of that part of the building designed primarily or exclusively for VIP gaming usage will be abated for as long as the VIP gaming operations are suspended.

Any suspension of VIP gaming operations at City of Dreams Manila would materially adversely impact gaming revenues from City of Dreams Manila. Moreover, suspension of VIP gaming operations could effectively lead MCE Leisure to limit or suspend certain non-gaming operations focusing on VIP players, such as the VIP hotel and VIP lounge, which would further reduce revenues from City of Dreams Manila. A suspension of VIP gaming operations, even for a brief period of time, could also damage the reputation and reduce the attractiveness of City of Dreams Manila as a premium gaming destination, particularly among premium direct players and other VIP players, as well as gaming promoters. The foregoing could have a material adverse effect on MCE Leisure's or the Group's business, financial condition and results of operations.

The Group may experience difficulty in managing the operations of City of Dreams Manila

City of Dreams Manila's operations may grow rapidly, as the Philippine gaming market matures and the three other holders of PAGCOR licenses in Entertainment City commence operations and develop their businesses. Successful management of this rapid growth in the overall Philippine gaming market depends upon many factors, including favorable economic conditions and regulatory environment as well as the construction and fit-out of our facilities.

The Group may not be able to implement an effective growth strategy in the future to keep pace with the expected rapid development of the Philippine gaming market. It may not be able to fit-out and operate additional facilities or expand City of Dreams Manila. The failure by the Group to take advantage of the opportunities presented by a growing market may have a material adverse effect on its business and results of operations. In addition, if the

Group is unable to successfully manage the potential difficulties associated with growing its operations or expanding City of Dreams Manila, it may not be able to maintain operating efficiencies as City of Dreams Manila expands. If the Group is not able to continue to capture scale efficiencies, successfully manage personnel and hiring, improve its systems, maintain its cost discipline strategies and enhance its product offerings through any future construction phases of City of Dreams Manila, this would cause a material adverse effect on the Group's business and prospects, financial condition, results of operations and cash flows.

City of Dreams Manila's ability to generate revenues depends to a substantial degree on the development of Manila and the Philippines as a tourist and gaming destination

The integrated casino resort and gaming industry in the Philippines is in the early stage of development and has a limited track record. It is difficult to evaluate the attractiveness of each of Entertainment City, Manila and the Philippines, in general, as viable gaming destinations to domestic and international visitors. City of Dreams Manila's ability to generate revenue depends, to a substantial degree, on the continued development of the Philippines as a tourist and gaming destination, which, in turn, depends on several factors beyond the control of the Group, including the government's ability to successfully promote the Philippines as an attractive tourist destination, general promotion of the Philippines by the Department of Tourism and key tourism companies, the development of transportation and tourism infrastructure, consumer preferences and other factors in the Philippines and the region. Should the Philippines fail to continue to develop as a tourist destination or should Entertainment City or Manila fail to become a widely recognized regional gaming destination, City of Dreams Manila may fail to attract a sufficient number of visitors, which would cause a material adverse effect on the Group's business and prospects, financial condition, results of operations and cash flows.

MCE Leisure's strategy to attract premium mass market customers to City of Dreams Manila may not be effective

A part of MCE Leisure's strategy for City of Dreams Manila is to capture a share of the premium mass gaming market in the region. Compared to general mass market patrons, whose typical wagers are relatively low, premium mass market patrons usually have higher minimum bets. Despite its targeted marketing efforts, there can be no assurance that these premium mass market customers will be incentivized to play in City of Dreams Manila rather than in comparable properties in Macau or elsewhere in the region, as these players may be unfamiliar with the Philippines or refuse to change their normal gaming destination. If MCE Leisure is unable to expand in the premium mass market as it intends, this would adversely affect its business and results of operations.

The Group may be unable to maintain effective internal controls

The Group's internal control systems in City of Dreams Manila are intended to effectively monitor and ensure efficient operations across all departments and phases of operations. The internal controls, comprised of monitoring systems, information technology and security systems, will only be able to provide reasonable, not absolute, assurance that the objectives of such systems are met. The Group may be adversely affected by the failure of any or all of its internal control systems and cannot guarantee that it will be able to adapt its internal control systems to the new forms of gaming or new practices that continually and rapidly emerge in the gaming industry. A failure in internal control systems, including any that affect City of Dreams Manila's ability to accurately report its casino revenues, may also lead PAGCOR to adversely modify or revoke the Provisional License. Any of these failures could materially and adversely impact the Group's business, financial condition and results of operations.

Changes in public acceptance of gaming in the Philippines may adversely affect City of Dreams Manila

Public acceptance of gaming changes periodically in various gaming locations in the world and represents an inherent risk to the gaming industry. In addition, the Catholic Church, community groups, non-governmental organizations and individual government officials have, on occasion, taken strong and explicit stands against gaming. PAGCOR has, in the past, been subject to lawsuits by individuals trying to halt the construction of casinos in their communities. Church leaders have on occasion called for the abolition of PAGCOR. There can be no guarantee that negative sentiments will not be expressed in the future against City of Dreams Manila or integrated casino resorts in general, which may reduce the number of visitors to City of Dreams Manila and materially and adversely affect the Group's business, financial condition and results of operations.

MCE Leisure may be unable to successfully register City of Dreams Manila as a tourism enterprise zone with the Philippine Tourism Infrastructure and Enterprise Zone Authority, an agency of the Philippine Department of Tourism (“TIEZA”)

While MCE Leisure intends to apply for a designation as a tourism enterprise with TIEZA, there can be no assurance that TIEZA will approve the designation of MCE Leisure as a tourism enterprise. If MCE Leisure is unable to register as a tourism enterprise with TIEZA, it will not be entitled to certain fiscal incentives provided to some of MCE Leisure’s competitors that may be registered as tourism enterprises under TIEZA. For example, MCE Leisure’s liability for VAT on its sales largely depends on whether it may avail itself of tax incentives under TIEZA. If tax incentives under TIEZA are not available to MCE Leisure, it will be liable for VAT. These factors may result in a material adverse effect on the Group’s business and prospects, financial condition, results of operations and cash flows.

In addition, if MCE Leisure is able to register as a tourism enterprise with TIEZA, it will then be required to withdraw its current registration as a tourism economic zone enterprise with PEZA. The process of shifting from a Tourism Economic Zone Enterprise under PEZA to a tourism enterprise under TIEZA is uncertain. There is also uncertainty with respect to the fiscal incentives that may be provided to a registered tourism enterprise under TIEZA. Any of the foregoing results could have a material adverse effect on the Group’s and/or our business, financial condition and results of operations.

If the Group successfully registers with TIEZA and is entitled to an income tax holiday, it is entitled to an option to be subject to a special tax rate of 5% on gross income. If the Group exercises such option, its sales for non-gaming operations may be exempted from VAT, which is currently levied at a rate of 12% of gross selling price or gross value in money of the goods or properties sold. Any VAT liability may result in a material adverse effect on the Group’s business and prospects, financial condition, results of operations and cash flows.

However, several House Bills and Senate Bills are currently pending in Congress with the view of rationalizing fiscal incentives which are currently granted to certain enterprises and activities, including tourism enterprises. It is uncertain what the effect will be on the incentives currently granted to qualified tourism enterprises under the Tourism Act, if and when such bills are passed into law.

Risks relating to the requirements imposed by PAGCOR

City of Dreams Manila’s gaming areas may only legally operate under the Provisional License granted by PAGCOR, which imposes certain requirements on the Licensees. Compliance with the terms of the Provisional License depends to a certain degree on the actions of the Philippine Parties. The Philippine Parties are composed of separate corporate entities over which the MCE Holdings Group has no control.

The Provisional License is also subject to suspension or termination upon the occurrence of certain events. The requirements imposed by the Provisional License include, among others:

- to pay license fees monthly to PAGCOR;
- not to exceed a 70:30 debt-to-equity ratio for each of the Licensees;
- to hire locally at least 95.0% of total employees of City of Dreams Manila;
- to ensure at least 40.0% of City of Dreams Manila’s gaming personnel are exclusively supplied by PAGCOR, where practicable;
- to purchase at least 90.0% of City of Dreams Manila’s furniture and fixtures from Philippine manufacturers;
- to deposit US\$100.0 million in an escrow account and maintain a minimum balance of US\$50.0 million at all times;
- to remit 2.0% of certain casino revenues and 5.0% of certain non-gaming revenues; and
- to obtain a regular license to replace the Provisional License upon the City of Dreams Manila’s completion. MCE Leisure, on behalf of the Licensees, has applied to PAGCOR for the issuance of a regular casino license on January 30, 2015 (both the Provisional

License and the regular license that we expect to obtain are referred to as “**Gaming License**”).

Moreover, certain provisions and requirements of the Gaming License are open to different interpretations and have not been tested in courts or made subject to more detailed interpretative rules. There is no guarantee that the MCE Holdings Group’s proposed mode of compliance with these or other requirements of the Gaming License will be free from administrative or judicial scrutiny in the future. Any difference in interpretation between PAGCOR and the Group with respect to the Gaming License could result in sanctions against the MCE Holdings Group, including fines or other penalties, such as suspension or termination of the Gaming License.

There can be no assurance that the Licensees will be able to continuously comply with all of the Gaming License’s requirements, or that the Gaming License will not be modified to contain more onerous terms or amended in such a manner that would cause the Licensees to lose interest in the operation of City of Dreams Manila. If the Gaming License is materially altered or revoked for any reason, including the failure by the Licensees to comply with its terms, or if a regular license is not issued upon City of Dreams Manila’s completion, the Group may be required to cease City of Dreams Manila’s gaming operations, which would have a material adverse effect on the Group’s business, financial condition and results of operations. In addition, a failure in the internal control systems of MCE Leisure may cause PAGCOR to adversely modify or revoke the Gaming License. Finally, the Provisional License, or any regular license issued to replace the Gaming License, will terminate in 2033, coinciding with the PAGCOR Charter’s termination, and there is no guarantee that the PAGCOR Charter or the regular license issued to replace the Gaming License will be renewed.

In addition, City of Dreams Manila’s gaming operations is highly regulated in the Philippines. As PAGCOR is also a gaming operator, there can be no assurance that PAGCOR will not withhold certain approvals from the MCE Holdings Group in order to favor its own gaming operations. PAGCOR may also modify or impose additional conditions on its licensees or impose restrictions or limitations on MCE Leisure’s casino operations that would interfere with MCE Leisure’s ability to provide VIP services, which could adversely affect the Group’s business, financial condition and results of operations.

City of Dreams Manila may be required to obtain an additional legislative franchise, in addition to its Provisional License or regular casino license, as the case may be

On March 5, 2012, the House of Representatives approved House Bill 5682, reverting to the Congress the right to grant legislative franchises to operators of games of chance, cards and numbers. Under House Bill 5682, PAGCOR will be prohibited from issuing casino, gaming and other similar licenses to operate without legislative franchises. Under House Bill 5682, the Licensees will be required to obtain from the Congress a legislative franchise to operate gambling casinos, gaming clubs and other similar gambling enterprises within one year from the date of the proposed law’s effectiveness. Non-compliance will be subject to cancellation of the license issued by PAGCOR. Further, House Bill 5682 provides that Congress shall have the authority to alter, amend or repeal any existing franchise, contract or similar arrangement when it is in the interest of the general welfare of the public.

It is not yet known if House Bill 5682, in its current form, will be approved by the Senate or signed into law by the President. In the event that House Bill 5682 is signed into law, City of Dreams Manila may be required to obtain an additional legislative franchise in addition to its Provisional License, or regular license, if granted, and there can be no assurance that such a franchise, which generally requires legislative approval after public hearings, will be granted. In addition, the Provisional License, or a regular license, if granted, may be subject to amendment or repeal in the event that Congress determines that the common good so requires. In the event City of Dreams Manila is not granted any required franchise, or the Provisional License or regular license, if granted, is materially amended or repealed, the operation of City of Dreams Manila may cease, which would have a material adverse effect on the Group’s business, financial condition and results of operations.

Recent investigations of bribery involving certain officials of PAGCOR and another holder of a Provisional License granted by PAGCOR may result in wider investigation of all other provisional licensees

In February 2012, various articles reported that Kazuo Okada, a Japanese national and a principal of Universal Entertainment Group (which is the ultimate parent of Tiger Resorts) was accused by former business partner, Steve Wynn of Wynn Resorts, of bribery of gaming officials in certain jurisdictions. Although the allegations by Mr. Wynn against Mr. Okada and officials of PAGCOR have yet to be proven and Mr. Okada has categorically denied any improprieties, various agencies have already called for investigations into the matter.

There can be no assurance that such investigations will not result in wider investigation of both former and present officials of PAGCOR who were involved in the approval and granting of all other provisional licenses. In addition, such investigations could also lead to suspension and even termination of any or all such provisional licenses which were granted under the authority of such PAGCOR officials, any of which would have a material adverse effect on the Group's business, goodwill, financial condition and results of operations.

The Licensees may be subject to corporate income tax unless the courts affirm the tax exemption in favor of holders of PAGCOR licenses

The Licensees may be subject to corporate income tax at the rate of 30.0% despite that they are entitled to pay license fees to PAGCOR "in lieu of all taxes" pursuant to the Provisional License. In March 2011, the Supreme Court pronounced the fact that PAGCOR's exemption from corporate income tax under the PAGCOR Charter was implicitly revoked and PAGCOR has been removed from the list of government owned and controlled corporations that are exempt from paying corporate income tax. In relation to this, in April 2013, the BIR issued a Revenue Memorandum Circular indicating that PAGCOR and its licensees and contractees are subject to corporate income tax on its operations of gambling, casinos, gaming clubs and other similar recreation or amusement places and gaming pools. To mitigate the effects of the Supreme Court decision, PAGCOR, in May 2014, issued a regulation allowing the Licensees and the other casino operators a ten percent (10%) temporary reduction of the monthly Licensee Fees to be remitted to PAGCOR. This 10% will be used to pay any corporate income tax that may levied against the Licensees and the other casino operators at the end of the fiscal year, and any remaining amount after paying the said tax shall be remitted to PAGCOR.

Recently, in February 2015, the Supreme Court issued a decision stating that PAGCOR's income from its gaming operations can only be subject to a five percent (5%) franchise tax, and not to corporate income tax. The Supreme Court ruled that despite amendments to the National Internal Revenue Code, the PAGCOR Charter remains in effect, and thus, income from gaming operations shall not be subject to corporate income tax. However, the decision is not yet final at this point and may still be subject to a motion for reconsideration.

Furthermore, House Bill No. 4934 was introduced in the House of Representatives of the Philippines which seeks to amend the provisions of the Philippines' National Internal Revenue Code (NIRC) and levy a standard five percent (5%) franchise tax against all casino operators, in lieu of all national and local Philippine taxes. If passed into law, this will ensure that no casino operator will be subjected to corporate income tax (or any other tax on the casino operators' business) and will only be subjected to a standard 5% franchise tax on gross revenue or earnings. This House Bill, however, is still the subject of deliberations and will still need to be approved by the Committee on Games and Amusement before it can be presented to the members of the House of Representatives for voting. There is also no assurance that the Senate of the Philippines will also approve the said bill to be enacted into law.

The Licensees may further be subject to other form of taxes that may be implemented by the Philippine government in the future.

MCP is exposed to risks in relation to MCP's previous business activities and industry

Prior to the acquisition of the Company by MCE, MCP's primary business was the manufacture and processing of pharmaceutical products. The pharmaceuticals industry is subject to strict regulation in the Philippines and abroad, particularly with respect to, among others, product liability for defective pharmaceutical products. There can be no assurance that MCP will not, in the future, be involved in or subject to, claims, allegations or suits with respect to, its previous activities in the pharmaceutical industry, for which MCP may not be insured fully or at all. Claimants may seek redress or compensation for their claims against MCP's present management or assets, which although unrelated to MCP's previous business, may still be at risk under principles of successor-in-interest liability. Despite the fact that MCP has indemnities as to certain liabilities or claims or other protections put in place, any adverse claim or liability imputed to MCP with respect to its previous business activities could have a material adverse effect on its business and prospects, financial condition, results of operations and cash flow.

Risks relating to the country in general

All of the Group's businesses and assets are in the Philippines and its performance will depend to a substantial degree on the performance of the Philippine economy. The Group's gaming business is also vulnerable to global and regional economic downturns and may cause the Group difficulty raising sufficient capital to expand its operations in the future.

Risks Relating to Our Financing and Indebtedness

Our City of Dreams Manila operations may be restricted by the terms of its ₱15 billion aggregate principal amount of senior notes, with a maturity date of January 24, 2019 (the “**Senior Notes**”), which could limit our ability to plan for or react to market conditions or meet our capital needs. The indenture governing the Philippine Notes includes a number of significant restrictive covenants. Such covenants restrict, among other things, the ability of MCP and its subsidiaries, including MCE Leisure Philippines to:

- incur or guarantee additional indebtedness;
- sell all or substantially all of MCP or any of its subsidiaries’ assets;
- create liens on assets; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

Financial risks

Financial Assets and Liabilities - Fair Value of Financial Instruments

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

Security deposit, Current and Noncurrent portion of obligations under finance lease and Long-term debt. The carrying values approximate their fair values, which are measured by discounting estimated future cash flows to present value using a credit-adjusted discount rate.

Significant Accounting Judgments, Estimates and Assumptions²

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Group’s policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional Currency. Based on the economic substance of underlying circumstances relevant to the Group, the functional currency of the Company and its subsidiaries has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company and its subsidiaries operate and it is the currency that mainly influences the revenue and expenses for management and operation of City of Dreams Manila.

Evaluating Lease Agreement. The Group has entered into the Lease Agreement with Belle for City of Dreams Manila which became effective on March 13, 2013. The determination of whether a lease agreement has to be accounted for as operating or finance lease requires significant judgment. The result of this determination can be significant to the Group’s financial position or performance as the classification of the amounts of property and equipment and lease obligation depends on this assessment.

² In thousands of Philippine peso.

The Group, at inception of the Lease Agreement on March 13, 2013, has determined based on an evaluation of the terms and conditions of the arrangements, that the lessor transfers substantially all the risks and benefits incidental to ownership of the building to the Group. The present value of the minimum lease payments is significantly higher than the fair value of the building at the lease inception date. Management considered this factor as key in assessing whether the risks and rewards of incidental to ownership of the building had effectively been transferred to the Group. Meanwhile, the lease on the land is considered an operating lease because Belle retains all the significant risks and rewards of ownership on the land at the end of the lease term and does not provide the Group with a bargain purchase option over the leased asset.

Group as a Lessee. The Group has entered into various operating lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Group the ownership over the assets at the end of the lease term and do not provide the Group with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

Group as a Lessor. The Group has entered into various operating lease agreements as a lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the Group retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the lessee the ownership over the assets at the end of the lease term and do not provide the lessee with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

Reporting revenue gross as a principal or net as an agent. The Group follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for operations of Hyatt City of Dreams Manila hotel. For the operation of Hyatt City of Dreams Manila hotel, the Group is the owner of the hotel property, and the hotel manager operates the hotel under a management agreement providing management services to the Group, and the Group receives all rewards and takes substantial risks associated with the hotel business, it is the principal and the transactions of the hotel are therefore recognized on a gross basis.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a monthly basis to reflect the accurate valuation in the financial records. Inventories and supplies identified to be obsolete and unusable are also written off and charged as expense for the period.

There were no provisions for inventory obsolescences for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012. Inventories at cost amounted to ₱194,609 and nil as of December 31, 2014 and 2013, respectively.

Estimating Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for operational use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. A reduction in the estimated useful life of property and equipment would increase the recorded expenses and decrease noncurrent assets.

There were no changes made in the estimated useful lives of the Group's property and equipment. The carrying values of property and equipment amounted to ₱32,830,332 and ₱14,995,010 as of December 31, 2014 and 2013, respectively.

Estimating Fair Value of Share-based Compensation. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in the consolidated financial statements.

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property and equipment, contract acquisition costs and other intangible assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such assets are impaired. Any resulting impairment could have a material impact on the financial condition and results of operation of the Group.

The preparation of the estimated future cash flows involves judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of recoverable values and may lead to future additional impairment charges under PFRS.

No impairment losses were recognized for the year ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012. The carrying values of property and equipment amounted to ₱32,830,332 and ₱14,995,010 as of December 31, 2014 and 2013, respectively; the carrying values of contract acquisition costs amounted to ₱968,058 and ₱1,020,151 as of December 31, 2014 and 2013, respectively; and the carrying values of other intangible assets amounted to ₱8,698 and ₱8,698 as of December 31, 2014 and 2013, respectively.

Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduced these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

Deferred tax asset on deferred rent under PAS 17 amounting to ₱260,936 and ₱44,265 was recognized for the years ended December 31, 2014 and 2013, respectively, to the extent of the amount of the reversing taxable temporary difference arising from capitalized interest expense.

Certain deferred tax assets were not recognized because management believes that future taxable profit will not be available against which the deferred tax assets can be utilized.

Unrecognized deferred tax assets amounted to ₱2,650,089 and ₱770,504 as of December 31, 2014 and 2013, respectively.

PRESENT INVESTMENTS AND ACTIVITIES

From March 20, 2013, upon completion of the reverse acquisition of MCE Holdings Group, and as of the date of this report, the following are the investments of the Company:

MCE Holdings (Philippines) Corporation

MCE Holdings was incorporated and registered with the SEC on August 13, 2012 as an investment holding company. It is 100% owned by the Company. It beneficially owns all of the shares in MCE Holdings No. 2.

MCE Holdings No. 2 (Philippines) Corporation

MCE Holdings No. 2 was incorporated and registered with the SEC on August 22, 2012 as an investment holding company. It is 100% indirectly owned by the Company. It beneficially owns all of the shares in MCE Leisure.

MCE Leisure (Philippines) Corporation

MCE Leisure was incorporated and registered with the SEC on August 30, 2012 to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components, which were further expanded to include casino gaming activities. It is 100% indirectly owned by the Company.

SUBSEQUENT EVENTS

For a discussion of subsequent events concerning the Company and its subsidiaries, see Note 30 to the Group's audited consolidated financial statements as of December 31, 2014.

Item 2. Properties³

As of December 31, 2014, on a consolidated basis, the property and equipment of the Group amounted to ₱32,830,332 as compared to ₱14,995,010 as of December 31, 2013 as disclosed in Note 9 to the Consolidated Financial Statements.

Currently, the Group does not own any real property. However, City of Dreams Manila is situated on a 6.2-hectare land situated in Aseana Avenue in Parañaque City, in which the land and the buildings used by MCE Leisure are leased from Belle under the terms of a contract of lease entered into on October 25, 2012 which became effective on March 13, 2013.

Part of the land leased by Belle to MCE Leisure is leased by Belle from the Social Security System under a lease agreement between Belle and the Social Security System.

Under the Lease Agreement, the land and certain of the buildings will be leased with effect from March 13, 2013. Thereafter, the remaining buildings will be leased to MCE Leisure as those parts of the building shells are constructed. The lease continues until termination of the operating agreement entered into between the Company's subsidiaries and Belle (for itself and on behalf of SMIC and PLAI) on March 13, 2013 (unless terminated earlier in accordance with its terms).

Rent is payable on a monthly basis, and the rental amounts are based on a fixed schedule of rates subject to annual escalation and any subsequent changes in the terms of the Lease Agreement. After a certain period, the annual rent payable will be re-rated based on the Consumer Price Index for the relevant period of the Lease Agreement.

Item 3. Legal Proceedings Affecting the Registrant or its Affiliates

We are currently a party to certain legal proceedings which relate to matters arising out of the ordinary course of our business. Based on the current status of such proceedings and the information currently available, our management does not believe that the outcome of such proceedings will have a material adverse effect on our business, financial condition or results of operations.

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

There were no matters submitted to a vote of the shareholders of the Company during the fourth quarter of 2014.

In the annual stockholders meeting held on May 19, 2014, the shareholders of the Company approved the following resolutions:

- (a) approval of the minutes of the last stockholders' meetings held on June 21, 2013 and October 8, 2013;
- (b) approval of the Company's Audited Financial Statements for the year ended December 31, 2013;
- (c) election of Directors who would serve for the year 2014-2015;
- (d) appointment of SyCip, Gorres Velayo & Co. ("**SGV & Co.**") as the external auditors of the Company;

³ In thousands of Philippine peso.

- (e) approval of the further amendment to the Amended Articles of Incorporation of the Company to add “City of Dreams” as a business name; and
- (f) ratification of actions taken by the Board of Directors and officers since the last annual stockholders’ meeting held on June 21, 2013.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Price of and Dividends on Issuer’s Common Equity and Related Shareholder Matters

Market Information. All of the Company’s issued shares are listed and traded in the Philippine Stock Exchange (“PSE”). The following table indicates the high and low trading prices of the Company’s shares in the PSE for the fiscal year 2013, 2014 and first quarter of 2015.

		HIGH	LOW
2015			
	First Quarter	13.40	8.70
2014			
	First Quarter	14.46	12.30
	Second Quarter	13.90	10.94
	Third Quarter	13.30	11.02
	Fourth Quarter	15.20	12.20
2013			
	First Quarter	18.00	12.00
	Second Quarter	17.00	7.60
	Third Quarter	11.94	7.50
	Fourth Quarter	14.46	9.90

Shareholders. The Company has a single class of common shares. As of March 31, 2015:

- (a) the percentage ownership of stockholders of record of the total outstanding shares of the Company was 6.03% Filipino and 93.97% Foreign;
- (b) the number of shares outstanding of the Company is 4,928,973,460; and
- (c) the number of shareholders of the Company is 434.

The following are the Company’s top 20 shareholders as of March 31, 2015:

	NAME	NO. OF SHARES HELD	% TO TOTAL OUTSTANDING SHARES
1	MCE (Philippines) Investments Limited	2,721,500,096*	55.21%
2	PCD Nominee Corporation (Non-Filipino)	1,736,607,438	35.23%
3	PCD Nominee Corporation (Filipino)	253,670,983	05.15%
4	MCE (Philippines) Investments No.2 Corporation	173,836,868	03.53%
5	F. Yap Securities, Inc.	36,000,000	00.73%
6	MCP SIP – Various Employees	2,601,213	00.05%
7	Jose Cuisia	187,500	00.00%
8	Victor Sy	187,500	00.00%
9	Lumen Tiaoqui	150,000	00.00%
10	Leonardo Chua Lian	150,000	00.00%
11	Josephine T. Willer	118,750	00.00%

12	Alexander S. Araneta	116,250	00.00%
13	Jose Marcel Enriquez Panlilio	112,500	00.00%
14	Bernard Ong and/or Conchita Ong	100,000	00.00%
15	Elena B. Alikpala	82,500	00.00%
16	Rosa T. Cabrera	75,000	00.00%
17	Wilson Lim and/or Jusy Lim	75,000	00.00%
18	Rafael Uyguanco	75,000	00.00%
19	Ramon Cojuangco, Jr.	71,250	00.00%
20	Mario C. Tan	67,500	00.00%
	TOTAL	4,925,785,348	99.93%

*Does not include the 485,177,000 shares lodged with the Philippine Depository and Trust Corporation.

Dividends Per Share. No dividend was declared for the year ended December 31, 2014.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.

Pursuant to the Subscription and Share Sale Agreement, on March 20, 2013, the Company issued and MCE Investments subscribed to 2,846,595,000 common shares at the subscription price per share equivalent to the par value of ₱1.00 per share out of the increase in authorized capital stock of the Company from ₱900 million divided into 900 million shares to ₱5.9 billion divided into 5.9 billion shares, which increase in capital stock was approved by the SEC on March 20, 2013. The subscription of shares pursuant to an increase in capital stock is an exempt transaction under section 10.1 (i) of the Securities Regulation Code (“**SRC**”).

Furthermore, pursuant to the Placing and Subscription Transaction, on April 24, 2013, a total of 981,183,700 shares of stock were offered and sold by MCE Investments by way of a private placement to various institutional investors, including the grant of the Over-allotment Option of up to 117,075,000 shares to the Stabilizing Agent. MCE Investments then used the proceeds of the placing transaction to subscribe to an equivalent number of 981,183,700 shares in the Company. The Stabilizing Agent exercised the Over-allotment Option on May 23, 2013 and subscribed to 36,024,600 common shares of MCP. MCE Investments then used the proceeds from the Over-allotment Option to subscribe to an equivalent number of 36,024,600 shares of the Company. The offer and the subscription of new shares as a result of the Placing and Subscription Transaction is an exempt transaction under section 10.1 (k) and (l) of the SRC.

On February 19, 2013, MCP’s shareholders approved the share incentive plan (the “**Share Incentive Plan**”) to grant shares and options to qualified employees, directors, officers and other qualified persons at an exercise price and vesting periods to be determined by the Compensation Committee of the Board of Directors. On April 12, 2013, the SEC resolved that the issuance of the 131,578,947 common shares under the plan was exempt from registration requirements under section 10.2 of the SRC.

On June 21, 2013, MCP’s shareholders approved the amendment of the Share Incentive Plan made in order to comply with the relevant provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKLR**”) since MCE, an affiliate of the Company, is listed on The Stock Exchange of Hong Kong Limited. The amendments include, but not limited to, additional provisions for compliance with HKLR requirements (i) when awards are granted to “connected persons” (as such term is defined under HKLR); and (ii) on restriction on timing of grant of awards. On June 24, 2013, additional 44,214,138 common shares were granted exemption from registration by the SEC under section 10.2 of the SRC.

On June 28, 2013, 181,239,503 underlying shares related to shares and options under the Share Incentive Plan were granted, and MCP has filed a request for exemption for the issuance of the additional 5,446,418 common shares. On August 12, 2013, additional 5,446,418 common shares were granted exemption from registration by the SEC under section 10.2 of the SRC.

On April 22, 2014, the Board of Directors of MCP approved the issuance of an additional 13,585,772 shares to eligible employees, directors, officers and other qualified persons under the Company’s Share Incentive Plan. On May 30, 2014, the SEC resolved that the issuance of the 13,585,772 common shares under the plan was exempt from registration requirements under section 10.2 of the SRC.

On June 24, 2014, MCP and MCE Investments completed the 2014 Placing and Subscription Transaction, where

a total of 485,177,000 shares of MCP were offered and sold by MCE Investments by way of a private placement to various institutional investors. MCE Investments then used the proceeds of the placing transaction to subscribe to an equivalent number of 485,177,000 shares in MCP. The offer and the subscription of new shares as a result of the 2014 Placing and Subscription Transaction is an exempt transaction under sections 10.1 (k) and (l) of the SRC.

Item 6. 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 operating results of the Group and should be read in conjunction with the accompanying consolidated financial statements and related notes of the Group as of December 31, 2014 and 2013, and for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012.

Overview and Plan of Operation

The Company, through its subsidiaries, is engaged in the development and operation of an integrated hotel, gaming, retail and entertainment complex within the Entertainment City. The Company's subsidiaries, MCE Holdings, MCE Holdings No. 2, and MCE Leisure, together with SMIC, Belle and PLAI, are the holders of the Provisional License issued by PAGCOR for the development of City of Dreams Manila. The Company is an indirect subsidiary of 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, as well as the management and operation of City of Dreams Manila. Belle, part of the SM Group and 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 City of Dreams Manila.

City of Dreams Manila opened its doors to the public in December 2014 and marked the formal entry of MCE into the fast-growing and dynamic tourism industry in the Philippines. City of Dreams Manila had its grand opening on February 2, 2015. The new integrated casino resort at Entertainment City, Manila Bay, Manila, is solely operated and managed by MCE Leisure. The dynamic and innovative resort complex, located on an approximately 6.2 hectare site at the gateway to Entertainment City, includes entertainment, hotel, retail and dining and lifestyle experiences with aggregated gaming space, including VIP and mass market gaming facilities with up to approximately 380 gaming tables, 1,700 slot machines and 1,700 electronic table games. As of December 31, 2014, City of Dreams Manila has around 188 gaming tables, 1,508 slot machines and 158 electronic table games in operation. The integrated resort features three distinctive entertainment venues, namely Manila's first branded Family Entertainment Center, a live performance central lounge inside the casino and two night clubs situated at the Fortune Egg, an architecturally-unique dome-like structure, which is accented with creative exterior lighting design. It is expected to become an iconic landmark of the Manila Bay area.

City of Dreams Manila delivers a distinct entertainment and hospitality experience to the Philippines and will ultimately play a key role in strengthening the depth and diversity of Manila's leisure, business and tourism offering, enhancing its growing position as one of Asia's premier leisure destinations. It has been developed to specifically meet the needs of the large, rapidly growing and increasingly diverse audience of leisure and entertainment seekers both in the Philippines and those visiting Manila from across the Asia region and around the world.

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 billion shares with a par value of ₱1.00 per share from the authorized capital stock of ₱900 million divided into 900 million shares with a par value of ₱1.00 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 the Subscription and Share Sale Agreement with MCE Investments, an indirect subsidiary of MCE, for the Share Subscription Transaction under which MCE Investments subscribed to 2,846,595,000 common shares of MCP with a par value of ₱1.00 per share at a total consideration of

₱2,846,595,000. 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 the Placing and Subscription Transaction for the Offer, under which MCE Investments offered and sold in a private placement to various institutional investors 981,183,700 common shares of MCP with a par value of ₱1.00 per share, at the offer price of ₱14.00 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 a par value of ₱1.00 per share, at the offer price of ₱14.00 per share to the Stabilizing Agent.

On May 23, 2013, the Stabilizing Agent exercised the Over-allotment Option and subscribed to 36,024,600 common shares of MCP with a 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 a subscription price of ₱14.00 per share.

In March and April 2014, there were minor changes in the ownership of MCP by MCE and its subsidiaries. As a result of change in the directors of MCP, MCE Investments No.2, an indirect subsidiary of MCE and a minority shareholder of MCP, acquired an additional 400 common shares and 3,000 common shares of MCP under trust arrangements on March 13, 2014 and April 11, 2014, respectively. On March 31, 2014, MCE Investments sold 200 common shares of MCP to two independent directors of its parent company.

On June 24, 2014, MCP and MCE Investments completed the 2014 Placing and Subscription Transaction under which MCE Investments offered and sold in a private placement to various institutional investors 485,177,000 common shares of MCP with a par value of ₱1 per share, for the 2014 Offer. MCE Investments then used the proceeds from the 2014 Offer to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱11.30 per share. The issued common shares of MCP increased from 4,426,303,300 to 4,911,480,300 after the 2014 Placing and Subscription Transaction. The proceeds of the subscription transaction (after payment of fees and other expenses relating to the transaction) were used to fund the development of City of Dreams Manila, including payment for gaming equipment purchases, fit-out work and other various initial opening costs, such as pre-opening costs and working capital as well as for several corporate purposes.

After the series of transactions as above and as of December 31, 2014 and 2013, MCE Investments became the immediate holding company of MCP.

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, for a consideration of ₱7,198,590,000. MCE Holdings holds 100% direct ownership interests in MCE Holdings No. 2 which, in turn, holds 100% direct ownership interests in MCE Leisure. As a result of the Asset Acquisition Transaction, the companies in the MCE Holdings Group are wholly-owned subsidiaries of MCP.

As of December 31, 2014 and 2013, MCP's wholly owned subsidiaries included MCE Holdings, MCE Holdings No. 2 and MCE Leisure. 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 to engage in casino gaming activities.

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 the Philippine Parties for the development of City of Dreams Manila. Further to the MOA, on October 25, 2012, the MCE Holdings Group, (i) entered into the Cooperation Agreement and other related arrangements with the Philippine Parties. MCE Leisure also entered into the Lease Agreement on October 25, 2012 with Belle for the lease of the land and buildings for City of Dreams Manila.

On March 13, 2013, the Cooperation Agreement and the Lease Agreement became effective upon the completion of the closing arrangement conditions, with minor changes to the original terms (except for certain provisions of the Cooperation Agreement which were effective on signing). In addition, the MCE Holdings Group and the Philippine Parties entered into the Operating Agreement on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila.

On December 19, 2013, MCE Leisure priced its ₱15 billion aggregate principal amount of senior notes at par, with a maturity date of January 24, 2019. The issuance of the Senior Notes was completed on January 24, 2014. The net proceeds from the issuance of Senior Notes were used for the development of City of Dreams Manila.

Key Performance Indicators (KPIs)

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

- a. Adjusted property EBITDA: Earnings before interest, taxes, depreciation and amortization, pre-opening costs, development costs, property charges and others, share-based compensation, payments to the Philippine Parties, land rent to Belle and other non-operating income and expenses.
- b. 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.
- c. Net Income: Measures the profitability of the Group.
- d. Basic Earnings Per Share: Measures how much a stockholder earns in the Net Income of the Group. 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.
- e. Rolling chip volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.
- f. Rolling chip win rate: rolling chip table games win (calculated before discounts and commissions) as a percentage of rolling chip volume.
- g. Mass market table games drop: the amount of table games drop in the mass market table games segment.
- h. Mass market table games hold percentage: mass market table games win as a percentage of mass market table games drop.
- i. Table games win: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.
- j. Gaming machine handle: the total amount wagered in gaming machines.
- k. Gaming machine win rate: gaming machine win expressed as a percentage of gaming machine handle.
- l. Average daily rate: calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.
- m. Occupancy rate: the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.
- n. Revenue per available room or REVPAR: calculated by dividing total room revenues including the retail value of promotional allowances (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 December 31, 2014 and 2013 as the Company and the Group only commenced commercial operations in late December 2014.

Results for the Year Ended December 31, 2014 Compared to the Year Ended December, 2013

(in thousands of Philippine peso, except per share and % change data)	VERTICAL ANALYSIS				HORIZONTAL ANALYSIS	
	For the year ended December 31,	For the year ended December 31,	% to Revenues		% of Change from Prior Period	
	2014	2013	2014	2013	Inc / (Dec)	%
Net Operating Revenues						
Casino	299,991	-	70%	0%	299,991	N/A
Rooms	7,317	-	2%	0%	7,317	N/A
Food and beverage	26,154	-	6%	0%	26,154	N/A
Entertainment, retail and others	96,756	52,952	22%	100%	43,804	83%
Total net operating revenues	430,218	52,952	100%	100%	377,266	712%
Operating costs and expenses						
Gaming tax and license fees	(64,077)	-	-15%	0%	(64,077)	N/A
Inventories consumed	(27,918)	-	-6%	0%	(27,918)	N/A
Employee benefit expenses	(2,796,583)	(460,965)	-650%	-871%	(2,335,618)	507%
Depreciation and amortization	(285,731)	(51,520)	-66%	-97%	(234,211)	455%
Other expenses	(1,448,147)	(644,861)	-337%	-1218%	(803,286)	125%
Payments to the Philippine Parties	(38,809)	-	-9%	0%	(38,809)	N/A
Total operating costs and expenses	(4,661,265)	(1,157,346)	-1083%	-2186%	(3,503,919)	303%
Operating loss	(4,231,047)	(1,104,394)	-983%	-2086%	(3,126,653)	283%
Non-operating income (expenses)						
Interest income	42,887	54,506	10%	103%	(11,619)	-21%
Interest expenses, net of capitalized interest	(1,915,097)	(1,316,877)	-445%	-2487%	(598,220)	45%
Other finance fees	(44,776)	-	-11%	0%	(44,776)	N/A
Foreign exchange loss, net	(101,013)	(112,195)	-23%	-211%	11,182	-10%
Amortization of deferred financing costs	(54,235)	-	-13%	0%	(54,235)	N/A
Other income	-	15,543	0%	29%	(15,543)	-100%
Total non-operating expenses, net	(2,072,234)	(1,359,023)	-482%	-2566%	(713,211)	52%
Net loss	(6,303,281)	(2,463,417)	-1465%	-4652%	(3,839,864)	156%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive loss	(6,303,281)	(2,463,417)	-1465%	-4652%	(3,839,864)	156%
Basic/diluted loss per share	(P 1.35)	(P 0.74)	0%	0%	(P 0.61)	82%

City of Dreams Manila had its soft opening on December 14, 2014 and a grand opening on February 2, 2015. The Group incurred losses for the year ended December 31, 2014 and 2013 since the Group only had half a month resort operations in 2014. As a result thereof, our financial data presented above may not be comparable year-to-year.

Consolidated comprehensive loss for the year ended December 31, 2014 was ₱6,303.3 million, representing an increase of ₱3,839.9 million, or 156%, from ₱2,463.4 million for the year ended December 31, 2013, which is primarily related to gaming tax and license fees, inventories consumed, employee benefit expenses, depreciation and amortization, other expenses, payments to the Philippine Parties, as well as the interest expenses (net of capitalized interest) and other finance fees as a result of continuous development of City of Dreams Manila, partially offset by operating revenues generated upon soft opening.

Revenue

Total revenue was ₱430.2 million for the year ended December 31, 2014, representing an increase of ₱377.3 million, from ₱53.0 million for the year ended December 31, 2013.

Casino. Casino revenues for the year ended December 31, 2014 were ₱300.0 million, representing 70% of total net revenue, including mass table games and gaming machines revenues.

Rooms. Room revenues for the year ended December 31, 2014 were ₱7.3 million, representing 2% of total net revenue, mainly from Nobu Hotel and Hyatt City of Dreams Manila.

Food, beverage and others. Other non-casino revenues for the year ended December 31, 2014 included food and

beverage revenues of ₱26.2 million and entertainment, retail and other revenues of ₱96.8 million. Prior year entertainment, retail and other revenues solely represent the reimbursement for the share based compensation costs for certain MCP directors recharged to MCE.

Operating costs and expenses

Total operating costs and expenses were ₱4,661.3 million for the year ended December 31, 2014, representing an increase of ₱3,503.9 million, from ₱1,157.3 million for the year ended December 31, 2013. The increase in operating costs was attributable to the continuous development of City of Dreams Manila and commencement of resort operations.

Gaming tax and license fees for the year ended December 31, 2014 amounted to ₱64.1 million and represent a percentage of gross gaming revenues which are directly remitted to PAGCOR.

Inventories consumed for the year ended December 31, 2014 amounted to ₱27.9 million and represent the retail merchandise, food and beverage items and certain operating supplies consumed during the year ended December 31, 2014.

Employee benefit expenses for the year ended December 31, 2014 amounted to ₱2,796.6 million, as compared to ₱461.0 million for the year ended December 31, 2013, which primarily consist of basic salaries, allowances and bonus, consultancy fee in consideration for share awards, share-based compensation expenses, retirement costs – defined contribution plans and other employee benefit expenses. The increase was in line with the increase in headcount during the year ended December 31, 2014.

Depreciation and amortization for the year ended December 31, 2014 of ₱285.7 million consist of depreciation for property and equipment of ₱233.6 million and amortization of contract acquisition costs of ₱52.1 million, respectively, as compared to depreciation for property and equipment of ₱8.1 million and amortization of contract acquisition costs of ₱43.4 million, respectively, for the year ended December 31, 2013. The increase was primarily due to more property and equipment being put into use upon opening during the year ended December 31, 2014.

Other expenses for the year ended December 31, 2014 amounted to ₱1,448.1 million, as compared to ₱644.9 million for the year ended December 31, 2013, which primarily consist of rental expenses, project management fee expenses, repairs and maintenance, advertising and marketing expenses, travel and entertainment, legal and other professional fees, taxes and licenses and other operating expenses. The increase was primarily attributable to (i) a one-off damaged furniture, fixtures and equipment written off of ₱155.2 million during the year ended December 31, 2014 as a result of a typhoon in July 2014; (ii) ₱100.9 million higher advertising and marketing expenses; (iii) ₱58.6 million for food and beverage testing fee; (iv) ₱34.1 million for room and food and beverage supplies; (v) ₱155.8 million for rental expenses; (vi) others of ₱298.6 million. All increases were in-line with the active development of City of Dreams Manila.

Non-operating expenses, net

Interest income of ₱42.9 million for the year ended December 31, 2014, as compared to ₱54.5 million for the year ended December 31, 2013, represents the bank interest income mainly generated from net proceeds from the short-term fixed deposits. The decrease was due to less time deposit during the year end December 31, 2014.

Interest expenses (net of capitalized interest) for the year ended December 31, 2014 consist of interest expense on Senior Notes and obligation under finance lease, totaling ₱1,915.1 million, as compared to ₱1,316.9 million for the year ended December 31, 2013. The increase, which was primarily due to the recognition of interest expense on Senior Notes issued on January 24, 2014, amounted to ₱877.6 million. The interest expense for the year ended December 31, 2013 represent interest on obligation under finance lease in relation to the Lease Agreement of the building with Belle.

Other finance fees amounted to ₱44.8 million for the year ended December 31, 2014, representing the gross receipt tax in relation to the interest payment of Senior Notes issued in January 2014. There were no such costs in 2013.

Amortization of deferred financing costs amounted to ₱54.2 million for the year ended December 31, 2014, representing amortization of deferred financing costs capitalized for the Senior Notes effective from January 2014. There were no such costs in 2013.

Foreign exchange loss, net of ₱101.0 million for the year ended December 31, 2014, was mainly due to the translation of foreign currency denominated bank balances and payables at the period end closing rate. Because Philippine Peso fluctuated against H.K. Dollar and U.S. Dollar during the year ended December 31, 2014, foreign exchange loss decreased by ₱11.2 million from ₱112.2 million for the year ended December 31, 2013 as a result of the foreign exchange revaluation on foreign currencies payables/USD denominated bank accounts during the year.

Net loss

As a result of the foregoing, the Group incurred net loss of ₱6,303.3 million for the year ended December 31, 2014, as compared to ₱2,463.4 million for the year ended December 31, 2013.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is 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

Significant change in the consolidated balance sheet of the Group as of December 31, 2014 versus December 31, 2013 mainly included:

- (i) The issuance of the Senior Notes by MCE Leisure on January 24, 2014, which was priced at par, with an interest rate of 5.00% per annum and a maturity date of January 24, 2019.
- (ii) The 2014 Placing and Subscription Transaction by MCE Investments, which offered and sold 485,177,000 common shares of MCP with a par value of ₱1 per share, at the offer price of ₱11.30 per share, on June 24, 2014.
- (iii) On May 30, 2014, MCP has granted to certain employees and directors of MCE and MCP and other eligible participants under the MCP Share Incentive Plan (i) share options to subscribe for a total of 4,861,003 common shares with a par value of ₱1.00 each of MCP (the "MCP Shares") and (ii) restricted shares in respect of a total of 4,738,684 MCP Shares, pursuant to the MCP Share Incentive Plan.
- (iv) City of Dreams Manila had its soft opening on December 14, 2014, resulting changes in working capital as of December 31, 2014 when compared to December 31, 2013.

The consolidated balance sheet of the Group as of December 31, 2014 with variance of plus or minus 5% against of December 31, 2013 is discussed, as follows:

(in thousands of Philippine peso, except % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	December 31,	December 31,	% to Total Assets		% of Change from Prior Period	
	2014	2013	2014	2013	Inc / (Dec)	%
ASSETS						
Current assets						
Cash and cash equivalents	7,651,187	8,599,842	16%	31%	(948,655)	-11%
Restricted Cash	2,230,850	-	5%	0%	2,230,850	N/A
Accounts receivable	24,719	-	0%	0%	24,719	N/A
Inventories	194,609	-	0%	0%	194,609	N/A
Prepayments and other current assets	184,957	391,140	1%	1%	(206,183)	-53%
Amount due from a shareholder	5,425	5,425	0%	0%	-	0%
Total current assets	10,291,747	8,996,407	22%	32%	1,295,340	14%
Noncurrent assets						
Property and equipment	32,830,332	14,995,010	69%	53%	17,835,322	119%
Contract acquisition costs	968,058	1,020,151	2%	4%	(52,093)	-5%
Other intangible assets	8,698	8,698	0%	0%	-	0%
Other noncurrent assets	3,624,180	895,795	7%	3%	2,728,385	305%
Restricted cash	-	2,226,674	0%	8%	(2,226,674)	-100%
Deferred tax asset	23,729	-	0%	0%	23,729	N/A
Total noncurrent assets	37,454,997	19,146,328	78%	68%	18,308,669	96%
Total assets	47,746,744	28,142,735	100%	100%	19,604,009	70%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	160,219	-	0%	0%	160,219	N/A
Accrued expenses, other payables and other current liabilities	4,631,506	918,389	10%	3%	3,713,117	404%
Current portion of obligations under finance lease	1,041,760	1,214,187	2%	4%	(172,427)	-14%
Amount due to ultimate holding company	58,363	107,787	0%	1%	(49,424)	-46%
Amount due to immediate holding company	889,239	887,415	2%	3%	1,824	0%
Amounts due to affiliated companies	834,384	353,591	2%	1%	480,793	136%
Income tax payable	3,882	-	0%	0%	3,882	N/A
Total current liabilities	7,619,353	3,481,369	16%	12%	4,137,984	119%
Noncurrent liabilities						
Long-term debt	14,720,524	-	31%	0%	14,720,524	N/A
Noncurrent portion of obligations under finance lease	12,378,968	11,268,283	26%	40%	1,110,685	10%
Deferred rent liability	122,131	59,392	0%	0%	62,739	106%
Other noncurrent liabilities	18,357	-	0%	0%	18,357	N/A
Total noncurrent liabilities	27,239,980	11,327,675	57%	40%	15,912,305	140%
Equity						
Capital stock	4,911,480	4,426,303	10%	17%	485,177	11%
Additional paid-in capital	19,647,157	14,756,430	41%	52%	4,890,727	33%
Share-based compensation reserve	759,248	278,151	2%	1%	481,097	173%
Equity reserve	(3,613,990)	(3,613,990)	-8%	-13%	-	0%
Accumulated deficits	(8,816,484)	(2,513,203)	-18%	-9%	(6,303,281)	251%
Total equity	12,887,411	13,333,691	27%	48%	(446,280)	-3%
Total equity and liabilities	47,746,744	28,142,735	100%	100%	19,604,009	70%

Current assets

Cash and cash equivalents decreased by ₱948.7 million, which is the net result of the payments made for the capital and operating expenditures during the year presented, partially offset by net proceeds from issuance of the Senior Notes and the 2014 Placing and Subscription Transaction and cash inflow generated from operations since the soft opening in December 2014.

Restricted cash – current portion increased by ₱2,230.9 million mainly resulting from the reclassification of the US\$50.0 million escrow account as required under the Provisional License, from noncurrent assets to current

assets as a result of the funds to be released within the next twelve months given the project is moving to completion.

Account receivable increased by ₱24.7 million. This was mainly attributable from casino, hotel and F&B receivables, which resulted from the commencement of operations.

Inventories increased by ₱194.6 million, which mainly consist of retail merchandise, food and beverage items and certain operating supplies.

Prepayments and other current assets decreased by ₱206.2 million, which was primarily due to (i) the reclassification of input VAT mainly arising from the payments of constructions costs and rental expenses of ₱351.5 million from current assets to noncurrent assets; partially offset by the increase in (ii) prepaid advertising, marketing and promotional expenses for grand opening of ₱51.5 million; (iii) prepaid staff benefits primarily related to health insurance and housing allowances of ₱34.2 million and (iv) increase in others of ₱59.6 million (mainly for prepaid production costs of entertainment events and maintenance costs etc.).

Noncurrent assets

Property and equipment increased by ₱17,835.3 million, primarily due to the additional capital expenditures mainly from construction in progress of ₱11,922.5 million and recognition of operating assets of ₱6,319.3 million incurred during the year ended December 31, 2014, which were partially offset by the write off of damaged operating equipment of ₱155.2 million as a result of a typhoon in July 2014 and depreciation of ₱247.6 million for those operating assets since opening in December 2014.

Contract acquisition costs decreased by ₱52.1 million, mainly due to the amortization for the year ended December 31, 2014.

Other intangible assets representing the license fees incurred for the right to the use of certain third party trademarks for City of Dreams Manila. The balance remained stable as at December 31, 2014 as compared to December 31, 2013.

Other noncurrent assets increased by ₱2,728.4 million primarily due to (i) further recognition of input VAT during the year and the reclassification of input VAT from current assets; (ii) the increase of advance payment and deposit for property and equipment of ₱722.6 million; (iii) increase in security and rental deposits and other noncurrent assets and deposits of ₱61.2 million; (iv) the long term prepayment on license fee of ₱15.8 million mainly pertaining to the usage of information technology software and certain license; which are offset in part by (v) the netting-off of deferred financing costs of ₱20.9 million with Senior Notes in January 2014.

Restricted cash decreased by ₱2,226.7 million due to the reclassification of such escrow account to current assets as discussed above.

Current liabilities

Accounts payable of ₱160.2 million represented the payables to suppliers with products and services such as playing cards and marketing costs.

Accrued expenses, other payables and other current liabilities increased by ₱3,713.1 million, which is mainly related to increase in accruals for fit-out construction costs by ₱2,481.7 million, increase in interest expenses and other finance costs payable of ₱347.5 million as a result of the aforesaid issuance of the Senior Notes, increase in accruals for staff costs of ₱332.6 million, increase in gaming tax and license fees of ₱64.1 million, increase in withholding tax payable of ₱142.1 million, payments to the Philippine Parties of ₱38.8 million, as well as a net increase in others of ₱306.3 million.

Current portion of obligations under finance lease is comprised of the building lease portion. It represented the lease payments that are due within one year. The decrease during the period was mainly due to (i) the finance lease charges of ₱627.0 million recognized during the year, partially offset by (ii) the lease payments made of ₱792.4 million during the year.

Amounts due to affiliated companies, ultimate holding company and immediate holding company increased by ₱433.2 million, which primarily resulted from project management fee and payroll recharged from affiliates/holding companies, as well as funds advance from MCE Investments, which partially offset by the share-based

compensation costs for MCP directors recharged to MCE, during the year ended December 31, 2014. Please refer to Note 18 to the audited consolidated financial statements for the nature and details of the related party transactions for the year ended December 31, 2014.

Noncurrent liabilities

Long-term debt of ₱14.7 billion representing the Senior Notes which will mature in 2019 and priced at par of 100% of the principal amount of ₱15.0 billion, net with ₱279.5 million unamortized deferred financing costs issued on January 24, 2014.

Non-current portion of obligations under finance lease represented the building lease payments that are due more than one (1) year.

Deferred rent liability represented the difference between the amount of effective rent on leased land recognized in the consolidated statement of comprehensive income and actual payment made. The amount is not expected to be reversed within one (1) year.

Other non-current liabilities represent the retail tenants' deposits which are due more than one year.

Equity

Capital stock and additional paid-in capital increased by ₱485.2 million and ₱4,890.7 million, respectively, as of December 31, 2014 as compared to December 31, 2013, which was mainly due to the aforesaid 2014 Placing and Subscription Transaction.

Share-based compensation reserve increased by ₱481.1 million mainly due to the recognition of share-based payments during the year ended December 31, 2014.

Equity reserve consisted of 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. The amount remained unchanged as of December 31, 2014 as compared to December 31, 2013.

Accumulated deficits increased by ₱6,303.3 million to ₱8,816.5 million as of December 31, 2014, from ₱2,513.2 million as of December 31, 2013, which was solely due to the net loss recognized during the year ended December 31, 2014.

Liquidity and Capital Resources

The table below shows the Group's consolidated cash flows for the year ended December 31, 2014 and for the year ended December 31, 2013:

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013	% Change
<i>In thousands of Philippine peso, except % change data</i>			
Net cash used in operating activities	(4,154,244)	(771,474)	438%
Cash used in investing activities	(15,476,149)	(13,471,049)	15%
Net cash provided by financing activities	18,811,633	21,689,092	-13%
Effect of foreign exchange on cash and cash equivalents	(129,895)	1,251	-10,483%
Net (decrease) increase in cash and cash equivalents	(948,655)	7,447,820	-113%
Cash and cash equivalents at beginning of year	8,599,842	1,152,022	646%
Cash and cash equivalents at end of year	7,651,187	8,599,842	-11%

Cash and cash equivalents decreased by 11% as of December 31, 2014 compared to December 31, 2013 mainly due to the net effect of the following:

- For the year ended December 31, 2014, the Group recorded a net cash outflow from operating activities of ₱4,154.2 million primarily due to a continuous development of City of Dreams Manila as discussed in the aforesaid sections.
- Net cash used in investing activities amounted to ₱15,476.1 million for the year ended December 31, 2014, which primarily includes: (i) capital expenditure payments of ₱11,669.1 million; (ii) advance payment and deposit for the acquisition of property and equipment of ₱3,800.5 million; and (iii) an increase in restricted cash of ₱4.2 million for the escrow account as a result of depreciation of Philippine Peso against the U.S. Dollar and therefore more Philippine Peso are required to fulfill the US\$50 million minimum requirement on the escrow account as required under the Provisional License granted by PAGCOR.
- Net cash provided by financing activities for the year ended December 31, 2014 mainly represented: (i) net proceeds from the 2014 Placing and Subscription Transaction of ₱5,375.9 million; (ii) proceeds from the issuance of Senior Notes of ₱15,000 million; partially offset by (iii) payment of deferred financing costs related to the issuance of Senior Notes of ₱328.2 million; (iv) payment for transaction costs of issuance of share capital during the year ended December 31, 2013 of ₱6.1 million during the year ended December 31, 2014; (v) repayments of obligations under the finance lease of ₱737.5 million and (vi) interest and other finance fee payments for Senior Notes of ₱492.7 million.

The table below shows the Group's capital resources as of December 31, 2014 and 2013.

	As of December 31, 2014	As of December 31, 2013	% Change
<i>In thousands of Philippine peso, except % change data</i>			
Long-term debt	14,720,524	-	N/A
Equity	12,887,411	13,333,691	-3%
	27,607,935	13,333,691	107%

Total long-term debt and equity increased by 107% to ₱27,607.9 million as of December 31, 2014, from ₱13,333.7 million as of December 31, 2013. The increase was due to (i) the 2014 Placing and Subscription Transaction in June 2014; (ii) the issuance of the Senior Notes; (iii) recognition of share-based compensation reserve of ₱481.1 million; partially offset by (iv) the net loss of ₱6,303.3 million during the year ended December 31, 2014.

On January 24, 2014, MCE Leisure completed the issuance of the Senior Notes, which was priced at par, with an interest rate of 5.00% per annum and a maturity date of January 24, 2019. The interest on Senior Notes includes a tax gross up provision requiring MCE Leisure to pay without any deduction or withholding for or on account of tax. The net proceeds from the issuance of the Senior Notes were used for the further development of City of Dreams Manila.

The Senior Notes are general obligations of MCE Leisure, ranked equally with all of MCE Leisure's existing and future senior indebtedness (save and except for any statutory preferences or priority), and senior to all of MCE Leisure's existing and future subordinated indebtedness. The Senior Notes were guaranteed by MCE, MCP and all present and future direct and indirect subsidiaries of MCP (subject to certain limited exceptions) on a senior basis. In addition, the Senior Notes were secured by pledge of shares of all present and future direct and indirect subsidiaries of MCP.

On June 24, 2014, MCP and MCE Investments completed the 2014 Placing and Subscription Transaction, under which MCE Investments offered and sold in a private placement to various institutional investors 485,177,000 common shares of MCP with par value of ₱1 per share, at the offer price of ₱11.30 per share. MCE Investments then used the proceeds from the 2014 Offer to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱11.30 per share. The aggregate net proceeds from aforementioned equity transactions, after deducting the underwriting commissions and other expenses of ₱106.6 million, was ₱5,375.9 million.

Pre-operating results for the Year Ended December 31, 2013 Compared to the Year Ended December, 2012

The following table shows a summary of the pre-operating results of the Group for the year ended December 31, 2013 and the period from August 13, 2012 to December 31, 2012 as derived from the accompanying consolidated financial statements:

(in thousands of Philippine peso, except per share and % change data)	VERTICAL ANALYSIS				HORIZONTAL ANALYSIS	
	For the year ended	Period from	% to Revenues		% of Change from Prior	
	December 31,	August 13, 2012 to	2013	2012	Inc / (Dec)	%
	2013	December 31, 2012				
Net Operating Revenues						
Entertainment, retail and others	52,952	-	100%	N/A	52,952	N/A
Total net operating revenues	52,952	-	100%	N/A	52,952	N/A
Operating costs and expenses						
Employee benefit expenses	(460,965)	-	-871%	N/A	(460,965)	N/A
Depreciation and amortization	(51,520)	-	-97%	N/A	(51,520)	N/A
Other expenses	(644,861)	(49,471)	-1218%	N/A	(595,390)	1204%
Total operating costs and expenses	(1,157,346)	(49,471)	-2186%	N/A	(1,107,875)	2239%
Operating loss	(1,104,394)	(49,471)	-2086%	N/A	(1,054,923)	2132%
Non-operating income (expenses)						
Interest income	54,506	112	103%	N/A	54,394	48566%
Interest expenses, net of capitalized interest	(1,316,877)	-	-2487%	N/A	(1,316,877)	N/A
Foreign exchange loss, net	(112,195)	(427)	-211%	N/A	(111,768)	26175%
Other income	15,543	-	29%	N/A	15,543	N/A
Total non-operating expenses, net	(1,359,023)	(315)	-2566%	N/A	(1,358,708)	431336%
Net loss	(2,463,417)	(49,786)	-4652%	N/A	(2,413,631)	4848%
Other comprehensive income	-	-	0%	N/A	-	N/A
Total comprehensive loss	(2,463,417)	(49,786)	-4652%	N/A	(2,413,631)	4848%
Basic/diluted loss per share	(P 0.74)	(P 0.12)	0%	N/A	(P 0.62)	517%

The Company was in the development stage until only recently, and as a result, there was no revenue and cash provided by the Company's intended operations, except for a management fee income from MCE as discussed below. Accordingly, the activities reflected in the Company's consolidated statements of comprehensive income mainly relate to operating costs and expenses and non-operating income (expenses) including employee benefit expenses, depreciation and amortization, other expenses, interest income, interest expenses – net of capitalized interest, foreign exchange loss – net and other income. Consequently, as is typical for a development stage company, the Company incurred losses.

Consolidated comprehensive loss for the year ended December 31, 2013 was ₱2,463.4 million, representing an increase of ₱2,413.6 million, or 4,848%, from ₱49.8 million for the period from August 13, 2012 to December 31, 2012, which is primarily related to employee benefit expenses, depreciation and amortization, other expenses, as well as the interest expenses (net of capitalized interest) as a result of continuous development of City of Dreams Manila.

Revenue

Revenue for the year ended December 31, 2013 amounted to ₱53.0 million, which primarily represents the reimbursement for the share based compensation costs for certain MCP directors recharged to MCE.

Operating costs and expenses

Total operating costs and expenses were ₱1,157.3 million for the year ended December 31, 2013, representing an increase of ₱1,107.9 million, from ₱49.5 million for the period from August 13, 2012 to December 31, 2012. The increase in operating costs was attributable to the continuous development of City of Dreams Manila.

Employee benefit expenses for the year ended December 31, 2013 amounted to ₱461.0 million, as compared to ₱Nil for the year ended December 31, 2012, which primarily consist of basic salaries, allowances and bonus, consultancy fee in consideration for share awards, share-based compensation expenses, retirement costs –

defined contribution plans and other employee benefit expenses. The increase was in line with the increase in headcount during the year ended December 31, 2013.

Depreciation and amortization for the year ended December 31, 2013 of ₱51.5 million consist of depreciation for property and equipment of ₱8.1 million and amortization of contract acquisition costs of ₱43.4 million, respectively. There was no depreciation and amortization for the year ended December 31, 2012.

Other expenses for the year ended December 31, 2013 amounted to ₱644.9 million, as compared to ₱49.5 million for the year ended December 31, 2012, which is primarily consisted of rental expenses, project management fee expenses, repairs and maintenance, advertising and marketing expenses, travel and entertainment, legal and other professional fees, written off from contract acquisition costs, taxes and licenses and other operating expenses. The increase was in-line with the active development of City of Dreams Manila.

Non-operating expenses, net

Interest income of ₱54.5 million for the year ended December 31, 2013 represented the bank interest income mainly generated from net proceeds from the Placing and Subscription Transaction for the Offer and exercise of the Over-allotment Option. The increase was primarily driven by the increase in bank balances as a result of these funding activities and a full year interest income.

Interest expenses (net of capitalized interest) of ₱1,316.9 million for the year ended December 31, 2013 mainly 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 ₱112.2 million for the year ended December 31, 2013, was mainly attributable to the translation of foreign currency denominated payables at the year-end closing rate. The increase of ₱111.8 million from ₱0.4 million for the period from August 13, 2012 to December 31, 2012, was primarily due to the depreciation of Philippine Peso against H.K. Dollar and U.S. Dollar and the increase in foreign currency denominated payables as at December 31, 2013 when compared to the balance as at December 31, 2012.

Net loss

As a result of the foregoing, the Group incurred net loss of ₱2,463.4 million for the year ended December 31, 2013, as compared to ₱49.8 million for the year ended December 31, 2012.

Financial Condition and Balance Sheet

There were certain significant changes in the consolidated balance sheet of the Group as of December 31, 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 upon completion of the closing arrangement conditions as detailed in Note 10 to the consolidated financial statements for details.
- ii) Under the Provisional License granted by PAGCOR, it is a requirement that the Group should set up an escrow account with a maintaining balance of US\$50.0 million until the completion of City of Dreams Manila. For details, please refer to Note 6 to the consolidated financial statements.
- iii) Reverse acquisition accounting upon completion of Asset Acquisition Transaction on March 20, 2013.
- iv) 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.
- 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 to 36,024,600 common shares of MCP with a par value of ₱1.00 per share, at the offer price of ₱14.00 per share.

- vii) On June 28, 2013, MCP granted to certain directors and employees of MCE and MCP and other eligible participants of the Share Incentive Plan of MCP (i) share options (the “MCP Share Options”) to subscribe to a total of 120,826,336 common 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 28 to the consolidated financial statements for details.
- viii) On July 31, 2013, MCE Leisure and Belle signed an addendum to the Lease Agreement to reduce the monthly rental payments with total discount for each twelve month rolling period, the first twelve month period beginning from March 1, 2013, shall be subject to a cap of the Philippine peso equivalent of US\$1.0 million for each twelve month period.

The consolidated balance sheet of the Company as of December 31, 2013 with variance of plus or minus 5% against of December 31, 2012 (#) is discussed, as follows:

(in thousands of Philippine peso, except % change data)			VERTICAL		HORIZONTAL ANALYSIS	
	December 31		% to Total Assets		% of Change from Prior Period	
	2013	2012	2013	2012	Inc / (Dec)	2013
ASSETS						
Current assets						
Cash and cash equivalents	8,599,842	1,152,022	31%	92%	7,447,820	646%
Prepayments and other current assets	391,140	701	1%	0%	390,439	55697%
Amount due from a shareholder	5,425	-	0%	0%	5,425	N/A
Total current assets	8,996,407	1,152,723	32%	92%	7,843,684	680%
Noncurrent Assets						
Property and equipment	14,995,010	39,282	53%	3%	14,955,728	38073%
Contract acquisition costs	1,020,151	58,427	4%	5%	961,724	1646%
Other intangible assets	8,698	-	0%	0%	8,698	N/A
Other noncurrent assets	895,795	-	3%	0%	895,795	N/A
Restricted cash	2,226,674	-	8%	0%	2,226,674	N/A
Total noncurrent assets	19,146,328	97,709	68%	8%	19,048,619	19495%
Total assets	28,142,735	1,250,432	100%	100%	26,892,303	2151%
LIABILITIES AND EQUITY						
Current Liabilities						
Accrued expenses, other payables and other current liabilities	918,389	80,453	3%	6%	837,936	1042%
Current portion of obligations under finance lease	1,214,187	-	5%	0%	1,214,187	N/A
Amount due to ultimate holding company	107,787	90,434	0%	7%	17,353	19%
Amount due to immediate holding company	887,415	-	3%	0%	887,415	N/A
Amounts due to affiliated companies	353,591	21,903	1%	2%	331,688	1514%
Total current liabilities	3,481,369	192,790	12%	15%	3,288,579	1706%
Noncurrent Liabilities						
Noncurrent portion of obligations under finance lease	11,268,283	-	40%	0%	11,268,283	N/A
Deferred rent liability	59,392	-	0%	0%	59,392	N/A
Total noncurrent liabilities	11,327,675	-	40%	0%	11,327,675	N/A
Equity						
Capital stock	4,426,303	562,500	16%	45%	3,863,803	687%
Additional paid-in capital	14,756,430	92,679	53%	8%	14,663,751	15822%
Share-based compensation reserve	278,151	-	1%	0%	278,151	N/A
Equity reserve	(3,613,990)	740,763	-13%	59%	(4,354,753)	-588%
Accumulated deficits	(2,513,203)	(49,786)	-9%	-4%	(2,463,417)	4948%
Cost of treasury shares held	-	(288,514)	0%	-23%	288,514	-100%
Total equity	13,333,691	1,057,642	48%	85%	12,276,049	1161%
Total equity and liabilities	28,142,735	1,250,432	100%	100%	26,892,303	2151%

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

Current assets

Cash and cash equivalents increased by ₱7,447.8 million, which is the net result of the net proceeds from issuance of share capital (mainly the Placing and Subscription Transaction, Over-allotment Option and sales of 150,435,404 treasury shares), partially offset by the payments made for the capital and operating expenditures during the year presented.

Prepayments and other current assets increased by ₱390.4 million, which was primarily due to the increase in (i) input VAT mainly arising from the payments of constructions costs and rental expenses and (ii) current portion of prepaid rent.

Noncurrent assets

Property and equipment increased by ₱14,955.7 million, mainly due to the recognition of the leased building structures as finance lease assets of ₱11,820.4 million and additional capital expenditures mainly from construction in progress of ₱2,692.7 million incurred during the year ended December 31, 2013. The depreciation will commence when the assets are ready for their intended use.

Contract acquisition costs increased by ₱961.7 million net of amortization for the year ended December 31, 2013.

Other intangible assets represented the license fees incurred for right to use of certain trademarks for City of Dreams Manila.

Other noncurrent assets increased by ₱895.8 million primarily as a result of recognition of advance payment and deposit for property and equipment of ₱678.5 million, noncurrent portion of prepaid rent of ₱106.0 million and rental and security deposits of ₱90.3 million under the Lease Agreement.

Restricted cash increased by ₱2,226.7 million due to the escrow account as required under the Provisional License granted by PAGCOR.

Current liabilities

Accrued expenses, other payables and other current liabilities increased by ₱837.9 million which is mainly related to increase in accruals for fit-out construction costs by ₱701.1 million, increase in accruals for legal and other professional fees of ₱59.4 million as well as increase in accruals for staff costs of ₱44.0 million.

Current portion of obligations under finance lease comprised of the building lease portion as discussed above and the finance lease for information technology infrastructure service. It represented the lease payments that are due within one year.

Amounts due to affiliated companies, ultimate holding company and immediate holding company increased by ₱1,236.5 million, which primarily resulted from project management fee and payroll recharged from affiliates/holding companies as well as funds advance from MCE Investments during the year ended December 31, 2013. Please refer to Note 18 to the consolidated financial statements for nature and details of the related party transactions for the year ended December 31, 2013.

Noncurrent liabilities

Non-current portion of obligations under finance lease increased by ₱11,268.3 million. It represented the lease payments that are due more than one year.

Deferred rent liability represented the difference between the amount of effective rent on leased land recognized in the consolidated statement of comprehensive income and actual payment made during the year ended December 31, 2013. The amount is not expected to be reversed within one year.

Equity

Capital stock and additional paid-in capital increased by ₱3,863.8 million and ₱14,663.8 million, respectively, mainly in relation to the subscription of 2,846,595,000 shares by MCE Investments, sale of treasury shares, the completion of the Placing and Subscription Transaction of 981,183,700 common shares, followed by the exercise of the Over-allotment Option of 36,024,600 common shares.

Share-based compensation reserve increased by ₱278.2 million mainly due to the grant of Share Incentive Plan as mentioned in significant changes of financial condition above.

Equity reserve consisted of 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.

Accumulated deficits increased by ₱2,463.4 million to ₱2,513.2 million as of December 31, 2013 from ₱49.8 million as of December 31, 2012 which was solely due to the net loss recognized during the year.

Liquidity and Capital Resources

The table below shows the Group's consolidated cash flows for the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012:

	For the Year Ended December 31, 2013	For the Period from August 13, 2012 to December 31, 2012	% Change
<i>In thousands of Philippine peso, except % change data</i>			
Net cash (used in)/provided by operating activities	(771,474)	1,472	-52510%
Cash used in investing activities	(13,471,049)	(1,664)	809458%
Net cash provided by financing activities	21,689,092	8,310	260900%
Effect of foreign exchange on cash and cash equivalents	1,251	39	3108%
Net increase in cash and cash equivalents	7,447,820	8,157	91206%
Cash and cash equivalents at beginning of year/period	1,152,022	1,143,865	1%
Cash and cash equivalents at end of year/period	8,599,842	1,152,022	646%

Cash and cash equivalents increased by 646% as of December 31, 2013 compared to December 31, 2012 mainly due to the net effect of the following:

- For the year ended December 31, 2013, the Group registered negative cash flow from operating activities of ₱771.5 million primarily due to a continuous development of City of Dreams Manila as discussed in the aforesaid sections.
- Cash used in investing activities amounted to ₱13,471.0 million for the year ended December 31, 2013 and which primarily includes: (i) cash used in reverse acquisition of ₱7,198.6 million as detailed in Notes 1(c) and 2 to the consolidated financial statements; (ii) increase in restricted cash of ₱2,226.7 million for escrow account as discussed in the foregoing; (iii) capital expenditure payments of ₱2,059.7 million; (iv) contract acquisition cost to Belle of ₱1,128.8 million as well; and (v) advance payment and deposit for acquisition of property and equipment of ₱678.7 million.
- Net cash provided by financing activities during the year mainly represented: (i) net proceeds from the issuance of share capital of ₱16,685.9 million; (ii) net proceeds from capital stock issuance of a legal subsidiary of ₱2,843.8 million; (iii) proceeds from the sale of treasury shares of ₱2,136.2 million; (iv) fund transfer from MCE Investments of ₱811.4 million; partially offset by (v) repayments of obligations under finance lease of ₱785.0 million.

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

	As of December 31, 2013	As of December 31, 2012	% Change
<i>In thousands of Philippine peso, except % change data</i>			
Equity	13,333,691	1,057,642	1161%
Total Capital	13,333,691	1,057,642	1161%

Except for the obligations under finance lease, no other material noncurrent liability was incurred for the year ended December 31, 2013 and the period from August 13, 2012 to December 31, 2012. Total capital increased by 1,161% to ₱13,333.7 million as of December 31, 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 ₱18.8 billion upon the completion of the Share Subscription Transaction, the sales of treasury shares, the Placing and Subscription Transaction and the exercise of the Over-allotment Option as discussed above; (ii) recognition of share-based compensation of ₱278.2 million; partially offset by (iii) the net loss of ₱2,463.4 million during the year, 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 the 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 has financial assets and financial liabilities such as cash and cash equivalents, accounts receivable, security deposit, amounts due from a shareholder, other deposits and receivables, restricted cash, accounts payable, accrued expenses, other payables and other current liabilities, amounts due to its ultimate holding company, amount due to its immediate holding company, amount due to affiliated companies, obligations under finance lease, long-term debt, other non-current liabilities and interest expenses payable on long-term debt, which arose directly from its operations.

The main risks arising from the Group's financial instruments as of and for year ended December 31, 2014 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 25 to the consolidated financial statements for details.

Other Financing and Liquidity Matters

The Company may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on its operating cash flow to fund the further development of City of Dreams Manila. The Company is a growing company with significant financial needs. We expect to have significant capital expenditures in the future as we continue to develop City of Dreams Manila.

We have relied, and intend in the future to rely, on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on acceptable terms to us, and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

The further development of City of Dreams Manila may be subject to further financing and a number of other factors, many of which are beyond our control. Our investment plans are subject to change based upon the execution of our business plan, the progress of our capital projections, market conditions and outlook on future business.

As of December 31, 2014, the Group have incurred construction and fixed asset costs of ₱33,253.0 million, including recognition of assets under the capital lease obligations. City of Dreams Manila's grand opening occurred on February 2, 2015.

As of December 31, 2014, we had capital commitments mainly for the fit-out construction costs of City of Dreams Manila totaling ₱3,367.3 million including advance payment for construction costs of ₱330.6 million. For further details on our commitments and contingencies, please refer to Note 24 to the audited consolidated financial statements included in this annual report.

There were no material off-balance sheet transactions, arrangement, obligations, and other relationships of the Company with unconsolidated entities or other persons that the Company is aware of during the reporting period.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Information of Independent Accountant and Other Related Matters

1. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

To the best knowledge of the undersigned officers, there are no disagreements on any matter of accounting principles or practices, financial statement disclosure or accounting scope or procedure with the Company's external auditor.

2. External Audit Fees and Services

For the year ended December 31, 2014, the fees for audit work and other services performed by SGV & Co. for the Company and its subsidiaries were as follows:

	2014
<i>In thousands of Philippine peso</i>	
External audit fees and services	₱2,956
Other non-audit service fees	1,974
Tax fees	3,296
Out-of-pocket expenses	210

- External audit fees were incurred for the professional services rendered for the audit of the Company and its subsidiaries' annual financial statements and reporting to group auditor.
- Other non-audit service fees were incurred for professional services rendered for various agreed-upon procedures work and review of quarterly condensed consolidated financial statements.
- Tax fees were incurred for professional services rendered for tax accounting, tax compliance audit, and other advisory work.
- Estimated out-of-pocket expenses were incurred for incidental costs incurred in relation to the services rendered.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The following are the directors and executive officers of the Company as of December 31, 2014:

Name And Position	Age	Citizenship	Period Served As A Director/Officer
Clarence Yuk Man Chung Chairman of the Board/President	52	Chinese	Since December 19, 2012
Jose F. Buenaventura Director	80	Filipino	Since February 20, 2013
William Todd Nisbet Director	47	American	Since December 19, 2012
James Andrew Charles MacKenzie Independent Director	61	Australian	Since December 19, 2012
Alec Yiu Wa Tsui Independent Director	65	British	Since December 19, 2012
J.Y. Teo Kean Yin Director	35	Singaporean	Since March 13, 2014
Maria Marcelina O. Cruzana Director	56	Filipino	Since March 13, 2014

Liberty A. Sambua Director	30	Filipino	Since March 13, 2014
Johann M. Albano Director	38	Filipino	Since April 11, 2014
Kevin Sim Chief Operating Officer	52	Malaysian	Since April 29, 2013
Adrian Hsen Bin Au Treasurer	41	Australian	Since March 13, 2014
Marissa T. Academia Corporate Information Officer* Corporate Secretary / Compliance Officer**	48	Filipino	*Since January 22, 2014 **Since March 13, 2014
Marie Grace A. Santos Alternate Corporate Information Officer* and Assistant Corporate Secretary**	33	Filipino	*Since January 22, 2014 **Since March 13, 2014

As of January 22, 2014, Marissa T. Academia replaced Frances Marie T. Yuyucheng as Corporate Information Officer, and Marie Grace A. Santos replaced Yvette P. Chua and Maria Tara A. Mercado as Alternate Corporate Information Officer. Marissa T. Academia also replaced Frances Marie T. Yuyucheng as Corporate Secretary and Compliance Officer and Marie Grace A. Santos replaced Maria Tara A. Mercado as Assistant Corporate Secretary as of March 13, 2014. Marissa T. Academia is the Company's Vice-President for Legal Affairs.

In addition, Adrian Hsen Bin Au also replaced Geoffrey Stuart Davis as Treasurer of the Company as of March 13, 2014. Adrian Hsen Bin Au is the Company's Vice-President, Finance and Treasurer.

J.Y. Teo Kean Yin, Maria Marcelina O. Cruzana and Liberty A. Sambua were elected as members of the Board of Directors on March 13, 2014, replacing Rena M. Rico-Pamfilo, Yvette P. Chua and Anna Cristina Collantes-Garcia. Johann M. Albano was elected as a member of the Board of Directors on April 11, 2014, replacing Frances T. Yuyucheng.

DIRECTORS AND OFFICERS

The names of the incumbent Directors and Executive Officers of the Company and their respective current positions held, periods of service and business experience during the past five (5) years are as follows:

Clarence Yuk Man Chung - *President / Chairman of the Board / Director*

Mr. Chung was appointed as Chairman and President of the Company on December 19, 2012. Mr. Chung was appointed as Director of MCE in November 2006 and has been an Executive Director of Melco International Development Limited since May 2006. Mr. Chung has been the Chairman and Chief Executive Officer of Entertainment Gaming Asia Inc., a NASDAQ listed company, since August 2008 and October 2008, respectively. Mr. Chung has more than twenty five (25) years of experience in the finance industry in various capacities as a chief financial officer, an investment banker and a merger and acquisition specialist. Mr. Chung obtained a master degree in business administration from the Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology, and a bachelor degree in business administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Jose F. Buenaventura – *Director*

Mr. Buenaventura joined Romulo Mabanta Buenaventura Sayoc & de los Angeles in 1976 and is currently a senior partner. He graduated from the Ateneo de Manila with a degree in Bachelor of Laws and was admitted to the Philippine Bar in 1960. He sits in the boards of various companies, including Cebu Pacific Air, BDO Unibank, Inc. (Independent Director), GROW, Inc., GROW Holdings, Inc., La Concha Land Investments Corporation, Philippine First Insurance Co., Inc., Philam Plans, Inc., Techzone Philippines, Inc., The Country Club, Inc., Total Consolidated Asset Management, Inc., and Turner Entertainment Manila, Inc. He is the President and a director of

Consolidated Coconut Corporation and Milano Co., Inc. He is likewise a director and the Corporate Secretary of 2B3C Foundation, Inc., and the Corporate Secretary of Capital Managers and Advisors, Inc.

William Todd Nisbet – *Director*

Mr. Nisbet, who was appointed as a director of the Company on December 19, 2012, joined the Crown Limited team (now Crown Resorts Limited) in October 2007. In his role as Executive Vice President – Strategy & Development, Mr. Nisbet is responsible for all project development and construction operations of Crown Resorts Limited. Mr. Nisbet is also a Director of MCE and Studio City International Holdings Limited. From August 2000 through to July 2007, Mr. Nisbet held the position of Executive Vice President – Project Director for Wynn Design and Development, a development subsidiary of Wynn Resorts Limited (“**Wynn**”). Prior to joining Wynn, Mr. Nisbet was the Vice President of Operations for Marnell Corrao Associates. During his fourteen (14) years at Marnell Corrao (1986 to 2000), Mr. Nisbet was responsible for managing various aspects of the construction of Las Vegas’ most elaborate and industry-defining properties. Mr. Nisbet holds a Bachelor of Science degree in Finance from the University of Nevada, Las Vegas.

James Andrew Charles MacKenzie – *Independent Director*

Mr. MacKenzie was appointed as an independent non-executive director of the Company on December 19, 2012 and has been an independent non-executive director of MCE, our ultimate holding company, listed on the NASDAQ and Main Board of The Stock Exchange of Hong Kong Limited, since his appointment on April 24, 2008. He is the chairman of the Company’s Audit Committee and a member of the Company’s nominating and corporate governance committee and compensation committee. Mr. MacKenzie was appointed chairman of ShineWing Australia on February 1, 2015. He has extensive experience as a company director having held a number of directorships including director and co-vice chairman of Yancoal Australia Limited from June 2012 to April 2014, non-executive director and chairman of Mirvac Group from November 2005 to January 2014 and November 2005 to November 2013, respectively, and non-executive director and chairman of Pacific Brands Limited from May 2008 to May 2013 and May 2008 to May 2012, respectively. He led the transformation of the Victorian Government’s Personal Injury Schemes from 2000 to 2007. Prior to 2005, he held senior executive positions with ANZ Banking Group, Standard Chartered Bank and Norwich Union PLC and was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte. In 2001, Mr. MacKenzie was awarded the Australian Centenary Medal for services to public administration. He obtained a bachelor of business (accounting and quantitative methods) degree from the Swinburne University of Technology in 1974. Mr. MacKenzie has been a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors since 1974 and 1994, respectively.

Alec Yiu Wa Tsui – *Independent Director*

Mr. Tsui was appointed as an independent director of the Company on December 19, 2012, and as an independent non-executive director of MCE on December 18, 2006. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. Mr. Tsui graduated from the University of Tennessee with a bachelor’s degree in industrial engineering in 1975 and a master of engineering degree in 1976. He completed a program for senior managers in government at the John F. Kennedy School of Government at Harvard University in 1993. He is the chairman of the Company’s Nominating and Corporate Governance Committee and Compensation Committee.

J.Y. Teo Kean Yin – *Director*

Ms. Teo was appointed as a director of the Company on March 13, 2014. Ms. Teo has extensive gaming working experiences in South East Asia, including the Philippines, Singapore and Cambodia. She has a Diploma in Business specializing in Corporate Communication Marketing from Temasek Polytechnic (Singapore) and holds a Diploma Slot Management from The Slot Academy (Singapore) and a Bachelor of Business Communication from the University of Queensland (Brisbane, Australia).

Maria Marcelina O. Cruzana – *Director*

Ms. Cruzana was appointed as a director of the Company on March 13, 2014. Ms. Cruzana is a Licensed Certified Public Accountant with a total of twenty five (25) years of professional experience. She held various

positions in finance and accounting functions as Finance Controller, Finance Manager as well as Finance and Administration Manager. She graduated *Cum Laude* from Polytechnic University of the Philippines (“PUP”) with a bachelor degree in Science in Accountancy and holds a Master’s Degree (Business Administration) from PUP Graduate School.

Liberty A. Sambua – Director

Ms. Sambua was appointed as a director of the Company on March 13, 2014. She has multiple years of auditing, accounting and finance working experience in an audit/accounting firm and a private company. She also has been with Chevron Philippines, Inc. as a Credit Analyst. Ms. Sambua is a Licensed Certified Public Accountant and holds a bachelor degree in Science in Accountancy from PUP.

Johann M. Albano – Director

On April 11, 2014, Mr. Albano was appointed as Director of the Company, bringing with him years of experience in business development. Mr. Albano is also the Vice President of Dole Asia from 2009 to present. He graduated from the Ateneo de Manila University with a Bachelor’s Degree in Economics and holds a Master’s Degree in Business Administration from J.L. Kellogg School of Management and HKUST Business School.

Kevin Sim - Chief Operating Officer

On March 26, 2013, the Company appointed Mr. Sim as Chief Operating Officer effective April 29, 2013. Mr. Sim previously served as Executive Vice President for Genting Malaysia Berhad, in charge of all aspects of operations including the casino, hotels and various other operating divisions. Prior to this role, he was Senior Vice President of Casino Operations, Vice President of Slots, and Vice President of Finance. Mr. Sim was also instrumental in starting the Business Intelligence Unit at Genting Highlands Resort, where data mining is used extensively to drive various Customer Relationship Management initiatives. Prior to working at Genting Malaysia Berhad, Mr. Sim was the Vice President of Finance for Naga Resorts, a casino operator in Cambodia. Mr. Sim is a qualified Chartered Accountant and a Member of the Institute of Chartered Accountants in England and Wales. He graduated from the University of London with BSc (Hons) Mathematics and began his career as an auditor with various Chartered Accountant firms in England and later with Coopers & Lybrand in Malaysia.

Adrian Hsen Bin Au – Treasurer

On March 13, 2014, Mr. Au was appointed as the Treasurer of the Company. Mr. Au brings with him years of experience in credit and collection, finance, audit and compliance. He has worked for various major casinos in Macau and Australia. He was part of the pre-opening teams for four properties in Macau including Galaxy Macau and City of Dreams. He is also a qualified Chartered Accountant with extensive experience across gaming audit, casino accounting, casino credit and collections and AML compliance. Prior to joining the Company, he was previously the Assistant Vice-President for Finance for Galaxy Entertainment in Macau from April 2010 until February 2014, and the Director of Casino Control & Compliance for Melco Crown Macau from February 2007 to March 2010.

Marissa T. Academia – Corporate Secretary / Corporate Information Officer / Compliance Officer

On January 22, 2014, Ms. Academia was appointed as the Corporate Information Officer of the Company. She was subsequently appointed as the Corporate Secretary and Compliance Officer on March 13, 2014. Ms. Academia is the Vice-President for Legal Affairs of the Company. She brings with her more than twenty (20) years of experience in corporate practice. Prior to joining the Company, she was the Chief Legal Counsel for Thunderbird Resorts, Inc. from 2009 to 2013 and was a Partner in Herrera Teehankee Cabrera Law Offices where she practiced law from 1994 to 2009. She obtained her Juris Doctor of Law degree from the Ateneo Law School and was admitted to the Philippine Bar in 1994.

The Directors of the Company are elected at the Annual Stockholders’ meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the annual stockholders’ meeting, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

The Company believes that all descriptions provided by its Directors and Officers are correct and complete.

Significant Employees

There is not a person who is not an Executive Officer expected by the Company to make significant contribution to the business.

Family Relationship

There are no family relationships up to the fourth (4th) civil degree, either by consanguinity or affinity, among Directors, Executive Officers or persons nominated or chosen by the registrant to become Directors or Executive Officers.

Involvement of Directors and Officers in Certain Legal Proceedings

During the past five (5) years and until December 31, 2014, the members of the Board of Directors and the Executive Officers:

- a) have not filed any bankruptcy petitions or have not had bankruptcy petitions filed against them;
- b) have not been convicted by final judgment or have any pending criminal cases;
- c) have not been subject to any order, judgment or decree, or any court of competent jurisdiction (in a civil action), not subsequently reversed or vacated limiting its involvement in any type of business, securities, commodities or banking activities; and
- d) have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law.

Item 10. Executive Compensation⁴

The aggregate compensation paid or accrued during the last two fiscal years to the Company's (a) President and four (4) highest compensated officers, and (b) other officers and directors or key management personnel (as a group unnamed) are as follows:

Name and Position of (a) above for the year 2014

1. Mr. Clarence Yuk Man Chung (President / Chairman of the Board)
2. Mr. Kevin Sim (Chief Operating Officer)
3. Mr. Adrian Hsen Bin Au (Vice President, Finance and Treasurer)
4. Mr. Jarlath Lynch (Vice President, Hotels, Food and Beverage)
5. Ms. Lysa Michelle Evans (Vice President, Table Games)

Summary of Compensation Table

	(Estimated) Year Ending December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
(a) President and four (4) highest compensated officers and/or key management personnel:			
Basic salaries, allowances and benefits in kind	P75,642	P71,716	P49,112
Performance bonuses (estimated)	35,044	15,723	15,939
Post-employment benefits	2,311	2,594	1,572

⁴ In thousands of Philippine peso.

Share-based compensation	29,758	42,694	19,312
	<u>₱142,755</u>	<u>₱132,727</u>	<u>₱85,935</u>

(Estimated) Year Ending December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
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(b) All other officers, key management personnel and Directors as a group unnamed:

Basic salaries, allowances and benefits in kind	₱88,105	₱77,605	₱32,048
Performance bonuses (estimated)	20,085	19,167	5,000
Post-employment benefits	517	143	91
Share-based compensation	31,062	57,058	16,197
	<u>₱139,769</u>	<u>₱153,973</u>	<u>₱53,336</u>

The Company cannot accurately estimate the aggregate remuneration to be paid to its key management personnel and senior executives as a group for the year ending December 31, 2015. At this point of time, the Company anticipates that the estimated aggregate compensation for the President, the 4 highest compensated officers and/or key management personnel for FY2015 will be based on market rates for the hospitality, leisure, gaming and entertainment industries.

Compensation of Directors

The Company did not pay any compensation to the Directors for the years ended December 31, 2014 and 2013. The remuneration of the Directors of the Company were borne by MCE.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There is no compensatory plan or arrangement with respect to any of the Company's executive officers that will result from the resignation, retirement or termination of such executive officer or from a change of control in the Company.

Warrants and Options Outstanding

The Company did not have any outstanding warrants as of December 31, 2014 and 2013. Please refer to Note 28 to the consolidated financial statements for the details of the Share Incentive Plan.

The details of outstanding MCP Restricted Shares and MCP Share Options of the Company as at December 31, 2014 and 2013 are as follows:

Date of grant/award	June 28, 2013	February 17, 2014	February 28, 2014	March 27, 2014	March 28, 2014	May 30, 2014
Exercise Price	₱8.30	₱8.30	₱8.30	₱8.30	₱8.30	₱13.256
Market Price as of date of grant/award	₱8.30	₱13.48	₱13.00	₱12.76	₱12.96	₱13.00

Recipients	As of December 31, 2014		As of December 31, 2013	
	Total number of outstanding MCP Restricted Shares	Total number of outstanding MCP Share Options	Total number of outstanding MCP Restricted Shares	Total number of outstanding MCP Share Options
President	5,876,347	10,404,851	5,202,425	10,404,851
Chief Operating Officer	2,143,008	4,286,017	1,300,606	2,601,213
Treasurer	861,773	1,723,550	1,040,485*	2,080,970*
Corporate Secretary	969,559	1,939,118	-	-
All other officers, key management personnel and Directors as a group unnamed	15,157,551	27,046,585	11,965,578	23,931,155
Others	39,363,248	78,726,491	38,562,982	77,125,964
Total	64,371,486	124,126,612	58,072,076	116,144,153

* There has been a change in the Treasurer of the Company in 2014.

The exercise price for the stock options is the higher of (i) the closing price on Grant Date or (ii) the average closing price for the five (5) business days immediately preceding the Grant Date. The relevant dates for purposes of the computation of the exercise price are June 28, 2013 and May 30, 2014, the dates of grant and approval by the SEC of the issuance of shares under the Share Incentive Plan.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2014, the following are the shareholders who beneficially own in excess of 5% of the Company's common stock:

Title of Class	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent to Outstanding Shares
Common	MCE (Philippines) Investments Limited Jayla Place, Wickams Cay I, Road Town, British Virgin Islands Stockholder of Record	MCE (Philippines) Investments Limited	British Virgin Islands ("BVI")	3,206,677,096*	65.29%
Common	PCD Nominee Corporation (Non-Filipino)	Various Stockholders	Various	1,182,106,077	24.07%
Common	MCE (Philippines) Investments No.2 Corporation Aseana Boulevard corner Roxas Boulevard, Brgy. Tambo, Parañaque City, 1701 Stockholder of Record	MCE (Philippines) Investments Limited Parent Company of MCE (Philippines) Investments No.2 Corporation	BVI	173,834,368	3.54%

*Includes 485,177,000 shares lodged with the Philippine Depository and Trust Corporation.

Security Ownership of Management

The following are the securities owned and held by the directors and executive officers of the Company as of December 31, 2014:

A. Directors

Title Common	Name of Director	Citizenship	Amount and Nature of Record/Beneficial Ownership ⁵	Percent to Total Outstanding Shares
Common	Clarence Yuk Man Chung	Chinese	100	NIL
Common	Jose F. Buenaventura	Filipino	28,125	NIL
Common	William Todd Nisbet	American	100	NIL
Common	James Andrew Charles MacKenzie	Australian	100	NIL
Common	Alec Yiu Wa Tsui	British	100	NIL
Common	J.Y. Teo Kean Yin	Singaporean	200	NIL
Common	Maria Marcelina O. Cruzana	Filipino	100	NIL
Common	Liberty A. Sambua	Filipino	100	NIL
Common	Johann M. Albano	Filipino	3,000	NIL

B. Executive Officers

Title Common	Name of Executive Officer	Citizenship	Amount and Nature of Record/Beneficial Ownership ⁶	Percent to Total Outstanding Shares
Common	Clarence Yuk Man Chung	Chinese	100	NIL
-	Kevin Sim	Malaysian	-	-
-	Adrian Hsen Bin Au	Australian	-	-
-	Marissa T. Academia	Filipino	-	-

C. Voting Trusts of 5% or More

There are no voting trusts or similar arrangement covering the shares of stock of the Company.

D. Changes in Control

There were no arrangements which have resulted in a change in control of the Company in the last fiscal year.

Item 12. Certain Relationships and Related Transactions

Related transactions were described in page 11 of this report under the heading "Related Party Transactions".

PART IV - EXHIBITS AND SCHEDULES

Item 13. Corporate Governance

Please refer to the attached Annual Corporate Governance Report of the Company.

Exhibits and Reports on SEC Form 17-C

(a) **Exhibits** - See accompanying Index to Exhibits (page 168).

⁵ (1) Clarence Yuk Man Chung and William Todd Nisbet hold the shares in trust and for the benefit of MCE (Philippines) Investments Limited. (2) J.Y. Teo Kean Yin, Maria Marcelina O. Cruzana, Liberty A. Sambua and Johann M. Albano hold the shares in trust and for the benefit of MCE (Philippines) Investments No.2 Corporation. (3) Jose F. Buenaventura, James MacKenzie and Alec Tsui are the registered and beneficial owners of the shares held by them.

⁶ Clarence Yuk Man Chung holds the shares in trust and for the benefit of MCE (Philippines) Investments Limited.

(b) Reports on SEC Form 17-C

January 6, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of December 27, 2013.																																				
February 5, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of January 31, 2014.																																				
February 13, 2014	Reported the fourth (4 th) quarter financial results of City of Dreams Manila segment included in the fourth (4 th) quarter financial results of MCE, the Company's parent company.																																				
March 7, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of February 28, 2014.																																				
March 13, 2014	Reported the following: <ul style="list-style-type: none">a. Disclosure of date of Stockholders' Meeting and Record Dateb. Resignation of the following directors and officers:<table><tr><td>Rena M. Rico-Pamfilo</td><td>-</td><td>Director</td></tr><tr><td>Yvette P. Chua</td><td>-</td><td>Director</td></tr><tr><td>Cristina Collantes-Garcia</td><td>-</td><td>Director</td></tr><tr><td>Geoffrey Stuart Davis</td><td>-</td><td>Treasurer</td></tr><tr><td>Frances Marie T. Yuyucheng-</td><td></td><td>Corporate Secretary, Compliance Officer</td></tr><tr><td>Maria Tara Mercado</td><td>-</td><td>Assistant Corporate Secretary</td></tr></table><p>And the election of the following new directors and appointment of officers:</p><table><tr><td>J.Y. Teo Kean Yin</td><td>-</td><td>Director</td></tr><tr><td>Maria Marcelina Cruzana</td><td>-</td><td>Director</td></tr><tr><td>Liberty Sambua</td><td>-</td><td>Director</td></tr><tr><td>Adrian Hsen Bin Au</td><td>-</td><td>Treasurer</td></tr><tr><td>Marissa T. Academia</td><td>-</td><td>Corporate Secretary, Compliance Officer</td></tr><tr><td>Marie Grace A. Santos</td><td>-</td><td>Assistant Corporate Secretary</td></tr></table>c. Amendment of the Articles of Incorporation to adopt a business.d. Amendments to the By-Laws to (i) adopt a business name, (ii) include electronic mail as a manner of giving notice of board meetings, (iii) formation of a Supervisory Committee, (iv) include the position of Chief Operating Officer as a By-Law Officer, and (v) correction of clerical errors.	Rena M. Rico-Pamfilo	-	Director	Yvette P. Chua	-	Director	Cristina Collantes-Garcia	-	Director	Geoffrey Stuart Davis	-	Treasurer	Frances Marie T. Yuyucheng-		Corporate Secretary, Compliance Officer	Maria Tara Mercado	-	Assistant Corporate Secretary	J.Y. Teo Kean Yin	-	Director	Maria Marcelina Cruzana	-	Director	Liberty Sambua	-	Director	Adrian Hsen Bin Au	-	Treasurer	Marissa T. Academia	-	Corporate Secretary, Compliance Officer	Marie Grace A. Santos	-	Assistant Corporate Secretary
Rena M. Rico-Pamfilo	-	Director																																			
Yvette P. Chua	-	Director																																			
Cristina Collantes-Garcia	-	Director																																			
Geoffrey Stuart Davis	-	Treasurer																																			
Frances Marie T. Yuyucheng-		Corporate Secretary, Compliance Officer																																			
Maria Tara Mercado	-	Assistant Corporate Secretary																																			
J.Y. Teo Kean Yin	-	Director																																			
Maria Marcelina Cruzana	-	Director																																			
Liberty Sambua	-	Director																																			
Adrian Hsen Bin Au	-	Treasurer																																			
Marissa T. Academia	-	Corporate Secretary, Compliance Officer																																			
Marie Grace A. Santos	-	Assistant Corporate Secretary																																			
March 26, 2014	Reported the inclusion of the Company's results in the Hong Kong Preliminary Announcement of Annual Results of MCE, the Company's parent company.																																				
March 27, 2014	Reported the Audit Committee Performance Assessment in relation to the year ended December 31, 2013.																																				
April 2, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of March 31, 2014.																																				
April 11, 2014	Reported the change in Director (Frances T. Yuyucheng was replaced by Johann M. Albano).																																				
April 22, 2014	Reported the Board approval of additional issuance of shares under the current Share Incentive Plan.																																				
May 5, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of April 30, 2014.																																				

May 9, 2014

Reported the 10% adjustment in license fees by PAGCOR.

May 19, 2014

Reported the following:

a. Results of Annual Stockholders' Meeting:

The following were elected as members of the Board of Directors of the Corporation for the year 2014 to 2015:

1. Clarence Yuk Man Chung
2. William Todd Nisbet
3. Jose F. Buenaventura
4. J. Y. Teo Kean Yin
5. Maria Marcelina O. Cruzana
6. Liberty A. Sambua
7. Johann M. Albano
8. James Andrew Charles MacKenzie (as Independent Director)
9. Alec Yiu Wa Tsui (as Independent Director)

b. Results of Organizational Meeting

The following were elected officers of the Corporation for the year 2014 to 2015:

1. Clarence Yuk Man Chung - President / Chairman of the Board
2. Kevin Sim - Chief Operating Officer
3. Adrian Hsen Bin Au - Treasurer
4. Marissa T. Academia - Corporate Secretary / Compliance Officer /
Corporate Information Officer
5. Marie Grace A. Santos - Assistant Corporate Secretary / Alternate
Corporate Information Officer

Also, the following were re-appointed to the various Board Committees of the Corporation:

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	
<i>Name</i>	<i>Position</i>
Alec Yiu Wa Tsui	Chairman
Clarence Yuk Man Chung	Member
William Todd Nisbet	Member
James A.C. MacKenzie	Member

AUDIT COMMITTEE	
<i>Name</i>	<i>Position</i>
James A.C. MacKenzie	Chairman
Clarence Yuk Man Chung	Member
William Todd Nisbet	Member
Alec Yiu Wa Tsui	Member

COMPENSATION COMMITTEE	
<i>Name</i>	<i>Position</i>
Alec Yiu Wa Tsui	Chairman
Clarence Yuk Man Chung	Member
William Todd Nisbet	Member
James A.C. MacKenzie	Member

c. Amendments to the Articles of Incorporation to include "Melco Crown Philippines" as

a business name of the Corporation in compliance with SEC Memorandum Circular No. 21, Series of 2013.

May 22, 2014	Reported the press release on City of Dreams Manila's collaboration with DreamWorks Animation.
June 3, 2014	Reported the grant of Share Options and Restricted Shares by the Company as reported by MCE.
June 3, 2014	Reported the press release on the announcement for Hyatt City of Dreams Manila.
June 3, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of May 31, 2014.
June 17, 2014	Reported the Board approval of a placing and subscription transactions.
June 18, 2014	Reported the Comprehensive Corporate Disclosure on the placing and subscription transactions.
July 7, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of June 30, 2014.
August 6, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of July 31, 2014.
August 7, 2014	Reported the inclusion of the Company's results in the Hong Kong Second Quarter Earnings Release of MCE, the Company's parent company.
August 18, 2014	Reported the press release on Pangaea and Chaos, two famed nightclubs in City of Dreams Manila.
September 3, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of August 31, 2014.
September 29, 2014	Reported the press release on the provision of gaming industry systems by International Game Technology.
October 7, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of September 30, 2014.
November 4, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of October 31, 2014.
December 5, 2014	Reported the number of shareholders of the Company owning one (1) board lot each as of November 30, 2014.
December 9, 2014	Reported PAGCOR's issuance of Notice to Commence Casino Operations to MCE Leisure, the Company's wholly-owned indirect subsidiary.
December 26, 2014	Reported the press release issued by PokerStars on the opening of a PokerStars Live Poker Room at City of Dreams Manila.
January 9, 2015	Reported the number of shareholders of the Company owning one (1) board lot each as of December 31, 2014.
February 2, 2015	Reported the PAGCOR Contribution and Regular Gaming License.
February 2, 2015	Reported the press release on City of Dreams Manila Grand Opening Event.
February 3, 2015	Reported the recap press release on City of Dreams Manila Grand Opening.

February 3, 2015	Reported the wrap up press release on City of Dreams Manila Grand Opening.
February 4, 2015	Reported the second wrap up press release on the Grand Opening of City of Dreams Manila.
February 6, 2015	Reported the number of shareholders of the Company owning one (1) board lot each as of January 31, 2015.
February 12, 2015	Reported the Financial Results of Melco Crown Entertainment Limited for the 4 th Quarter ended December 31, 2014.
February 23, 2015	Reported the Opening of 'Chaos' at City of Dreams Manila with Valentine's Day Love Ball.
February 25, 2015	Reported the approval by the SEC of the Corporation's Petition for Correction of the Amended Articles of Incorporation on July 25, 2013 and the Amended By-Laws on February 7, 2014.
March 4, 2015	Reported the number of shareholders of the Company owning one (1) board lot each as of February 28, 2015.
March 16, 2015	Reported the approval by the SEC of the further amendment to the Corporation's Amended Articles of Incorporation and By-Laws on March 6, 2015.
March 25, 2015	Reported the inclusion of the Company's results in the Hong Kong Preliminary Announcement of Annual Results of MCE, the Company's parent company.
April 8, 2015	Reported the Board approval on the following: <ul style="list-style-type: none"> a. Further amendments to the Amended Articles of Incorporation to correct the place of the principal office of the Corporation from Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701 to Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701. b. Amendment of the Company's Share Incentive Plan to remove references to, and provisions required by, Hong Kong laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in connection with the proposed voluntary withdrawal of the listing of the shares of Melco Crown Entertainment Limited, an affiliate of the Company, on the Main Board of the Stock Exchange of Hong Kong Limited.
April 10, 2015	Reported the number of shareholders of the Company owning one (1) board lot each as of 31 March 2015

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

Issuer

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned; thereunto duly authorized, in the City of Paranaque on April 8, 2015.



Clarence Yuk Man Chung
President

SIGNATURES

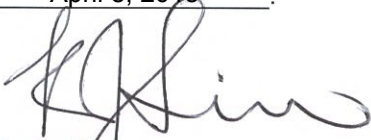
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned; thereunto duly authorized, in the City of Pasay on April 8, 2015.



Adrian Hsen Bin Au
Vice President, Finance & Treasurer

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned; thereunto duly authorized, in the City of Pasay on April 8, 2015.



Kevin Sim
Chief Operating Officer

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned; thereunto duly authorized, in the City of Pasay on April 10, 2015.




Marissa T. Academia
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 10th day of April 2015 affiant exhibiting to me her Government Issued ID, as follows:

NAME	GOVERNMENT ISSUED ID NO.	EXPIRATION DATE	PLACE OF ISSUE
Marissa T. Academia	PP No. EB9104882	September 9, 2018	Manila

Doc. No. 157;
Page No. 33;
Book No. 1;
Series of 2015.


AIZA B. CONSTANTINO
NOTARY PUBLIC
Until December 31, 2015
Notarial Commission No. 14-29
Roll No. 58264
PTR No. 4220595/01-14-15/Pasay City
IBP No. 0992565/1-21-15/RSM
MCLE Compliance No. IV-0012680

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES****FORM 17-A, Item 7**Page No.**Financial Statements**

Statement of Management's Responsibility for Consolidated Financial Statements	64
Independent Auditors' Report	65-66
Consolidated Balance Sheets as of December 31, 2014 and 2013	67
Consolidated Statements of Comprehensive Income for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012	68
Consolidated Statements of Changes in Equity for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012	69-70
Consolidated Statements of Cash Flows for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012	71-72
Notes to Consolidated Financial Statements	73-149

Supplementary Schedules

Independent Auditors' Report on Supplementary Schedules	150
A. Financial Assets	151
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	*
C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements	152
D. Intangible Assets	153
E. Long-term Debt	154
F. Indebtedness to Related Parties (Long-term Loans from Related Companies)	*
G. Guarantees of Securities of Other Issuers	*
H. Capital Stock	155

** These schedules, which are required by RSA Rule 68.1, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or the notes to financial statements.*

Additional Documents

Reconciliation of Retained Earnings	156
Financial Soundness Indicators	157
Mapping of relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates	158
List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as of December 31, 2014	159-165

Melco Crown (Philippines) Resorts Corporation and
Subsidiaries

Consolidated Financial Statements
December 31, 2014 and 2013
and For The Years Ended December 31, 2014 and 2013
and For the Period from August 13, 2012 to December 31, 2012

and

Independent Auditors' Report

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

M	E	L	C	O		C	R	O	W	N		(P	H	I	L	I	P	P	I	N	E	S)		R	E	S	O
R	T	S		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I
E	S																												

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

A	S	E	A	N	A		B	O	U	L	E	V	A	R	D		C	O	R	.		R	O	X	A	S		B	O
U	L	E	V	A	R	D	,		B	R	G	Y	.		T	A	M	B	O	,		P	A	R	A	Ñ	A	Q	U
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Form Type

A	A	C	F	S
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Department requiring the report

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Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

866-9888

Mobile Number

--

No. of Stockholders

437

Annual Meeting
Month/Day

May/3rd Monday of each calendar year
--

Fiscal Year
Month/Day

December/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Marissa T. Academia

Email Address

aissatacademia@cod-manila.com

Telephone Number/s

866-8819

Mobile Number

(0917) 808-4270

Contact Person's Address

9/F, Mall of Asia Annex Arena Bldg., (SM MAAX), Coral Way cor. J.W. Diokno Blvd., Mall of Asia Complex, Pasay City 1300
--

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



STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Melco Crown (Philippines) Resorts Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable under the circumstances.

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



CLARENCE YUK MAN CHUNG
President & Chairman



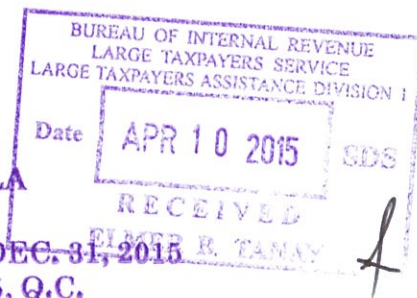
ADRIAN HSEN BIN AU
Treasurer

Signed this 8th day of April 2015

Subscribed and Sworn to before me this APR 10 2015
Affiant exhibit to me his/her CTC No. _____
Issued on / at _____

DOC. NO. 88
PAGE NO. 1
BOOK NO. 26
SERIES OF 2015

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
COMMISSION EXPIRES DEC. 31, 2015
PTR NO. 0560688 1/05/2015, Q.C.
ROLL OF ATTORNEY NO. 25103



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Melco Crown (Philippines) Resorts Corporation
Aseana Boulevard cor. Roxas Boulevard
Brgy. Tambo, Parañaque City 1701

We have audited the accompanying consolidated financial statements of Melco Crown (Philippines) Resorts Corporation and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

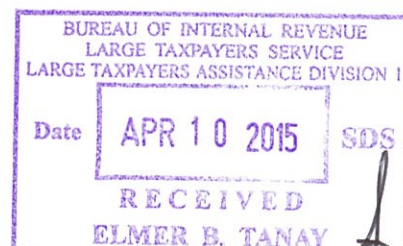
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements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

Auditors' Responsibility

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

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

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



Opinion

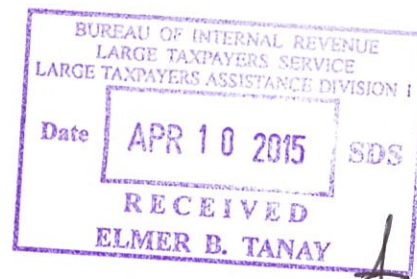
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Melco Crown (Philippines) Resorts Corporation and Subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
SEC Accreditation No. 1079-AR-1 (Group A),
March 4, 2014, valid until March 3, 2017
Tax Identification No. 191-180-015
BIR Accreditation No. 08-001998-95-2014,
January 22, 2014, valid until January 21, 2017
PTR No. 4751294, January 5, 2015, Makati City

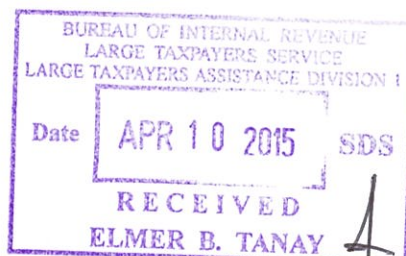
April 8, 2015





MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES 12
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In thousands of Philippine peso, except share and per share data)

	December 31, 2014 (Note 2)	December 31, 2013 (Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 25 and 26)	P7,651,187	P8,599,842
Restricted cash (Notes 6, 25 and 26)	2,230,850	-
Accounts receivable (Notes 7, 25 and 26)	24,719	-
Inventories	194,609	-
Prepayments and other current assets (Note 8)	184,957	391,140
Amount due from a shareholder (Notes 18, 25 and 26)	5,425	5,425
Total Current Assets	10,291,747	8,996,407
Noncurrent Assets		
Property and equipment (Note 9)	32,830,332	14,995,010
Contract acquisition costs (Note 10)	968,058	1,020,151
Other intangible assets (Note 11)	8,698	8,698
Other noncurrent assets (Note 12)	3,624,180	895,795
Restricted cash (Notes 6, 25 and 26)	-	2,226,674
Deferred tax asset (Note 20)	23,729	-
Total Noncurrent Assets	37,454,997	19,146,328
	P47,746,744	P28,142,735
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (Notes 25 and 26)	P160,219	P-
Accrued expenses, other payables and other current liabilities (Notes 13, 25 and 26)	4,631,506	918,389
Current portion of obligations under finance lease (Notes 21, 25 and 26)	1,041,760	1,214,187
Amount due to ultimate holding company (Notes 18, 25 and 26)	58,363	107,787
Amount due to immediate holding company (Notes 18, 25 and 26)	889,239	887,415
Amounts due to affiliated companies (Notes 18, 25 and 26)	834,384	353,591
Income tax payable (Note 20)	3,882	-
Total Current Liabilities	7,619,353	3,481,369
Noncurrent Liabilities		
Long-term debt (Notes 22, 25 and 26)	14,720,524	-
Noncurrent portion of obligations under finance lease (Notes 21, 25 and 26)	12,378,968	11,268,283
Deferred rent liability	122,131	59,392
Other noncurrent liabilities	18,357	-
Total Noncurrent Liabilities	27,239,980	11,327,675
Equity		
Capital stock (Note 14)	4,911,480	4,426,303
Additional paid-in capital	19,647,157	14,756,430
Share-based compensation reserve	759,248	278,151
Equity reserve (Notes 2 and 14)	(3,613,990)	(3,613,990)
Accumulated deficits	(8,816,484)	(2,513,203)
Total Equity	12,887,411	13,333,691
	P47,746,744	P28,142,735



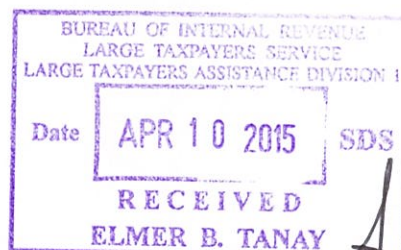
See accompanying Notes to Consolidated Financial Statements.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 AND
FOR THE PERIOD FROM AUGUST 13, 2012 TO DECEMBER 31, 2012
(In thousands of Philippine peso, except share and per share data)

	Year Ended December 31, 2014 (Note 2)	Year Ended December 31, 2013 (Note 2)	Period from August 13, 2012 to December 31, 2012 (Note 2)
NET OPERATING REVENUES			
Casino	P299,991	P-	P-
Rooms	7,317	-	-
Food and beverage	26,154	-	-
Entertainment, retail and others	96,756	52,952	-
Total Net Operating Revenues	<u>430,218</u>	<u>52,952</u>	<u>-</u>
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees	(64,077)	-	-
Inventories consumed	(27,918)	-	-
Employee benefit expenses (Note 15)	(2,796,583)	(460,965)	-
Depreciation and amortization	(285,731)	(51,520)	-
Other expenses (Note 16)	(1,448,147)	(644,861)	(49,471)
Payments to the Philippine Parties	(38,809)	-	-
Total Operating Costs and Expenses (Note 17)	<u>(4,661,265)</u>	<u>(1,157,346)</u>	<u>(49,471)</u>
OPERATING LOSS	<u>(4,231,047)</u>	<u>(1,104,394)</u>	<u>(49,471)</u>
NON-OPERATING INCOME (EXPENSES)			
Interest income	42,887	54,506	112
Interest expenses, net of capitalized interest	(1,915,097)	(1,316,877)	-
Other finance fees	(44,776)	-	-
Foreign exchange loss, net	(101,013)	(112,195)	(427)
Amortization of deferred financing costs	(54,235)	-	-
Other income	-	15,543	-
Total Non-operating Expenses, Net	<u>(2,072,234)</u>	<u>(1,359,023)</u>	<u>(315)</u>
NET LOSS	<u>(6,303,281)</u>	<u>(2,463,417)</u>	<u>(49,786)</u>
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS	<u>(P6,303,281)</u>	<u>(P2,463,417)</u>	<u>(P49,786)</u>
Basic/Diluted Loss Per Share (Note 19)	<u>(P1.35)</u>	<u>(P0.74)</u>	<u>(P0.12)</u>

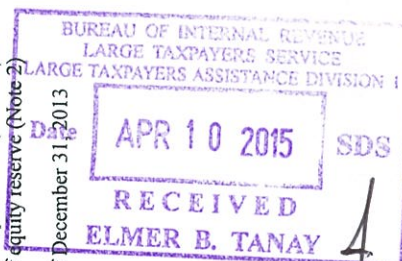
See accompanying Notes to Consolidated Financial Statements.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 AND
FOR THE PERIOD FROM AUGUST 13, 2012 TO DECEMBER 31, 2012
(In thousands of Philippine peso, except share and per share data)**

	Capital Stock (Note 14)		Subtotal Capital Stock	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve (Note 14)	Accumulated Deficits	Treasury Shares Held (Note 14)	Total
	Class A	Class B							
Balance as of January 1, 2014	P-	P-	P4,426,303	P14,756,430	P278,151	(P3,613,990)	(P2,513,203)	P-	P13,333,691
Net loss	-	-	-	-	-	-	(6,303,281)	-	(6,303,281)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	(6,303,281)	-	(6,303,281)
Shares issued, net of offering expenses (Note 14)	-	-	485,177	4,890,727	481,097	-	-	-	5,375,904
Share-based compensation (Note 28)	-	-	-	-	481,097	-	-	-	481,097
Balance as of December 31, 2014	P-	P-	P4,911,480	P19,647,157	P759,248	(P3,613,990)	(P8,816,484)	P-	P12,887,411
Balance as of January 1, 2013	P337,500	P225,000	P-	P92,679	P-	P740,763	(P49,786)	(P288,514)	P1,057,642
Net loss	-	-	-	-	-	-	(2,463,417)	-	(2,463,417)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	(2,463,417)	-	(2,463,417)
Declassification of Class A shares and Class B shares (Note 14)	(337,500)	(225,000)	562,500	-	-	-	-	-	-
Shares issued, net of offering expenses (Note 14)	-	-	3,863,803	12,816,082	-	-	-	288,514	16,679,885
Sale of treasury shares (Note 14)	-	-	-	1,847,669	-	-	-	-	2,136,183
Share-based compensation (Note 28)	-	-	-	-	278,151	-	-	-	278,151
Movement of equity reserve (Note 2)	-	-	-	-	-	(4,354,753)	-	-	(4,354,753)
Balance as of December 31, 2013	P-	P-	P4,426,303	P14,756,430	P278,151	(P3,613,990)	(P2,513,203)	P-	P13,333,691

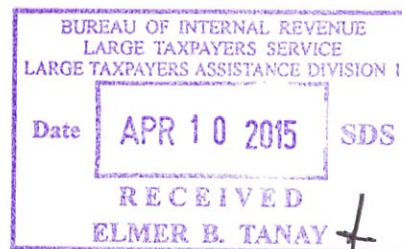


MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – continued
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 AND
FOR THE PERIOD FROM AUGUST 13, 2012 TO DECEMBER 31, 2012
(In thousands of Philippine peso, except share and per share data)**

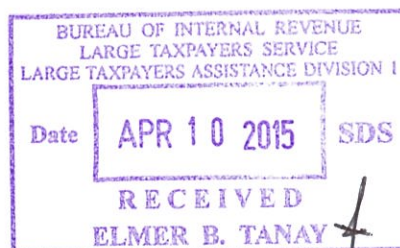
	Capital Stock (Note 14)		Subtotal Capital Stock	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve (Note 14)	Accumulated Deficits	Cost of Treasury Shares Held (Note 14)	Total
	Class A ₱337,500	Class B ₱225,000								Common Stock ₱-
Balance as of August 13, 2012	₱337,500	₱225,000	₱562,500	₱92,679	₱-	₱-	₱-	(₱288,514)	₱366,665
Net loss	-	-	-	-	-	-	(49,786)	-	(49,786)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	(49,786)	-	(49,786)
Movement of equity reserve (Note 2)	-	-	-	-	740,763	-	-	-	740,763
Balance as of December 31, 2012	₱337,500	₱225,000	₱562,500	₱92,679	₱740,763	₱-	(₱49,786)	(₱288,514)	₱1,057,642

See accompanying Notes to Consolidated Financial Statements.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 AND
FOR THE PERIOD FROM AUGUST 13, 2012 TO DECEMBER 31, 2012
(In thousands of Philippine peso, except share and per share data)

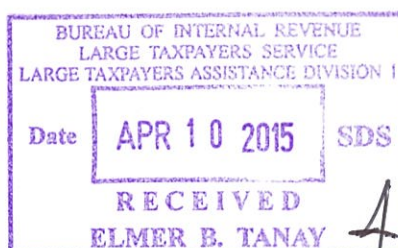
	Year Ended December 31, 2014 <u>(Note 2)</u>	Year Ended December 31, 2013 <u>(Note 2)</u>	Period from August 13, 2012 to December 31, 2012 <u>(Note 2)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	(₱6,303,281)	(₱2,463,417)	(₱49,786)
Adjustments for:			
Interest income	(42,887)	(54,506)	(112)
Interest expenses, net of capitalized interest	1,915,097	1,316,877	—
Depreciation and amortization	285,731	51,520	—
Consultancy fee in consideration for share awards (Note 28)	274,302	182,215	—
Share-based compensation expenses (Note 28)	206,795	95,936	—
Property and equipment written off to property charges and others	155,193	—	—
Unrealized foreign exchange loss (gain), net	132,495	105,941	(106)
Amortization of deferred financing costs	54,235	—	—
Other finance fees	44,776	—	—
Amortization of prepaid rent	5,288	4,407	—
Contract acquisition costs written off to development costs (Note 16)	—	64,721	—
Operating loss before working capital changes	(3,272,256)	(696,306)	(50,004)
Changes in assets and liabilities:			
Increase in other noncurrent assets	(2,038,788)	(27,784)	—
Increase in inventories	(194,609)	—	—
(Decrease) increase in amount due to ultimate holding company	(49,986)	6,929	21,956
Increase in accounts receivables	(24,719)	—	—
Increase in accrued expenses, other payables and other current liabilities	799,864	98,212	29,580
Decrease (increase) in prepayments and other current assets	201,349	(373,696)	(172)
Increase in accounts payable	160,608	—	—
Increase in amounts due to affiliated companies	147,558	120,164	—
Increase in deferred rent liability	62,739	59,392	—
Increase in other noncurrent liabilities	18,357	—	—
Increase in amount due from a shareholder	—	(5,425)	—
Net cash (used in) generated from operations	(4,189,883)	(818,514)	1,360
Income tax paid (Note 20)	(8,603)	—	—
Interest received	44,242	47,040	112
Net cash (used in) provided by operating activities	(₱4,154,244)	(₱771,474)	₱1,472



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS – continued
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 AND
FOR THE PERIOD FROM AUGUST 13, 2012 TO DECEMBER 31, 2012
(In thousands of Philippine peso, except share and per share data)

	Year Ended December 31, 2014 (Note 2)	Year Ended December 31, 2013 (Note 2)	Period from August 13, 2012 to December 31, 2012 (Note 2)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment	(₱11,669,108)	(₱2,059,683)	(₱1,664)
Advance payments and deposit for acquisition of property and equipment	(3,800,548)	(678,661)	–
Increase in restricted cash	(4,176)	(2,226,674)	–
Payment for acquisition of other intangible assets	(1,317)	(3,074)	–
Payment for other noncurrent assets	(1,000)	–	–
Cash used in reverse acquisition (Notes 1(c) and 2)	–	(7,198,590)	–
Payment for contract acquisition costs	–	(1,128,768)	–
Payment for security deposit	–	(175,599)	–
Cash used in investing activities	<u>(15,476,149)</u>	<u>(13,471,049)</u>	<u>(1,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt (Note 22)	15,000,000	–	–
Net proceeds from issuance of capital stock (Note 14)	5,369,846	16,685,943	–
Increase in amount due to immediate holding company	154	811,405	–
Repayments of obligations under finance lease	(737,458)	(785,003)	–
Interest paid	(468,750)	–	–
Payment for deferred financing costs	(328,243)	–	–
Other finance fees paid	(23,916)	–	–
Net proceeds from capital stock issuance of legal subsidiary (Note 14)	–	2,843,837	8,310
Proceeds from sale of treasury shares (Note 14)	–	2,136,183	–
Prepayment of other noncurrent assets	–	(3,273)	–
Net cash provided by financing activities	<u>18,811,633</u>	<u>21,689,092</u>	<u>8,310</u>
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	<u>(129,895)</u>	<u>1,251</u>	<u>39</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(948,655)</u>	<u>7,447,820</u>	<u>8,157</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	<u>8,599,842</u>	<u>1,152,022</u>	<u>1,143,865</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>₱7,651,187</u>	<u>₱8,599,842</u>	<u>₱1,152,022</u>

See accompanying Notes to Consolidated Financial Statements.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO 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 (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 principally engaged in acquiring investments and securities and was further authorized to provide financing to its group companies, as approved by the SEC on July 25, 2013.

The Parent Company’s 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 from Manchester International Holdings Unlimited Corporation 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. The Parent Company’s registered office address was further changed to Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, which was approved by the stockholders of MCP and SEC on June 21, 2013 and July 25, 2013, respectively.

As of December 31, 2014 and 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 (“HKSE”) in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”). On January 2, 2015, MCE submitted an application to HKSE for the voluntary withdrawal of the listing of its ordinary shares on the Main Board of HKSE, which is expected to take effect at 4:00 p.m. on Friday, July 3, 2015, subject to fulfillment of certain conditions.

The accompanying consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors on April 8, 2015.

(b) Change in Capital Structure and Ownership of MCP

On February 19, 2013, the stockholders of MCP approved the declassification of ₱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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

1. **Organization and Business – continued**

(b) Change in Capital Structure and Ownership of MCP – continued

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 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. MCE Investments then used the proceeds from the Over-allotment Option to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱14 per share.

In March and April 2014, there are minor changes in ownership of MCP by MCE and its subsidiaries. As a result of change in directors for MCP, MCE (Philippines) Investments No.2 Corporation (“MCE Investments No.2”), an indirect subsidiary of MCE and a minority shareholder of MCP, acquired additional 400 common shares and 3,000 common shares of MCP under trust arrangements on March 13, 2014 and April 11, 2014, respectively. On March 31, 2014, MCE Investments sold 200 common shares of MCP to two independent directors of the Parent Company.

On June 24, 2014, MCP and MCE Investments completed a placing and subscription transaction (the “2014 Placing and Subscription Transaction”), under which MCE Investments offered and sold in a private placement to various institutional investors of 485,177,000 common shares of MCP with par value of ₱1 per share, at the offer price of ₱11.30 per share (the “2014 Offer”). MCE Investments then used the proceeds from the 2014 Offer to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱11.30 per share.

After the series of transactions as above and as of December 31, 2014 and 2013, MCE Investments became the immediate holding company of MCP.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

1. **Organization and Business** – continued

(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, in 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 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 as “MCE Holdings Group”). As a result of the Asset Acquisition Transaction, MCE Holdings Group became wholly owned subsidiaries of MCP.

As of December 31, 2014 and 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 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 and certain of its subsidiaries (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, which was subsequently branded “City of Dreams Manila” upon the execution of a trademark licensing agreement (the “Trademark Licensing Agreement”) signed between MCP and MCE (IP) Holdings Limited (“MCE (IP) Holdings”), a subsidiary of MCE, on October 9, 2013. Further to the MOA, on October 25, 2012, MCE Holdings Group 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 City of Dreams Manila. On March 13, 2013, the Cooperation Agreement and the Lease Agreement became effective upon completion of the closing arrangement conditions, with minor changes to the original terms (except for certain provisions of the Cooperation Agreement which were effective on signing). 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 City of Dreams Manila. 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. Details of these agreements are further discussed in Note 23.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

1. **Organization and Business** – continued

(e) Provisional License

On October 25, 2012, further to the Cooperation Agreement as mentioned above, the Philippine Amusement and Gaming Corporation (“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 March 13, 2013, 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 a provisional license (the “Provisional License”) in their dealings with PAGCOR. 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 City of Dreams Manila. 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. Further details of the terms and commitments under the Provisional License are included in Note 24(c).

(f) Status of Operations for City of Dreams Manila

The Group has been cooperating with the Philippine Parties to develop City of Dreams Manila. The cooperation in development involves the provision of the land and building structures by Belle and the fitting out of the buildings by MCE Leisure. MCE Leisure solely manages and operates City of Dreams Manila. MCE Leisure is required to pay rent for the land and building structures to Belle pursuant to the Lease Agreement, and is also responsible under the cooperation arrangement to pay monthly payments, based on the performance of gaming operations of City of Dreams Manila, to the Philippine Parties. MCE Leisure shall be entitled to retain all revenues from non-gaming operations of City of Dreams Manila.

City of Dreams Manila is located on an approximately 6.2-hectare site in Entertainment City. The Group received the notice to commence casino operations from the PAGCOR on December 9, 2014 and City of Dreams Manila commenced operations on December 14, 2014, with a grand opening of the integrated resort on February 2, 2015.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The 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 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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Basis of Preparation – continued

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 did 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 under Philippine Financial Reporting Standards (“PFRS”). 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 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.

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 December 31, 2014 and 2013.

Statement of Compliance

The Group’s consolidated financial statements have been prepared in conformity with PFRS. PFRS includes both standard titles PFRS and Philippine Accounting Standards (“PAS”) and Philippine Interpretations based on equivalent interpretations from International Financial Reporting Interpretations Committee (“IFRIC”) as issued by the Financial Reporting Standards Council (“FRSC”).

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in banks which are unrestricted as to withdrawal and use.

Restricted Cash

Restricted cash represents cash in escrow account as required in the Provisional License issued by PAGCOR for the development of City of Dreams Manila.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Accounts Receivable and Credit Risk

Accounts receivable, including casino, hotel and other receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems it is probable the receivable is uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful debts is maintained to reduce the Group's receivables to their carrying amounts, which approximates fair value. The allowance is estimated based on specific review of customer accounts as well as management's experience with collection trends.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated balance sheets when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, are done using trade date accounting.

Initial and Subsequent Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those at fair value through profit or loss, includes transaction cost.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The classification depends on the purpose for which the instruments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every balance sheet date. The Group has no financial assets or liabilities at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets as of December 31, 2014 and 2013.

Determination of Fair Value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either i) in the principal market for the asset or liability; or ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**2. Summary of Significant Accounting Policies – continued**Financial Assets and Liabilities – continued

“Day 1” Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” profit) in the consolidated statements of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” profit amount.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees and costs that are an integral part of the effective interest. Gains and losses are recognized in the consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date, otherwise, these are classified as noncurrent assets.

This category includes cash and cash equivalents (see Note 5), restricted cash (see Note 6), accounts receivable (see Note 7), other deposits and receivables included under prepayments and other current assets (see Note 8) and other noncurrent assets (see Note 12), amount due from a shareholder (see Note 18) and security deposit included under other noncurrent assets (see Note 12). The carrying values and fair values of loans and receivables are disclosed in Note 26.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. These include liabilities arising from operations and loans and borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized, as well as through the amortization process. Other financial liabilities are included in current liabilities if maturity is within 12 months from the balance sheet date, otherwise, these are classified as noncurrent liabilities.

This category includes accounts payable, accrued expenses, other payables and other current liabilities (see Note 13), current and noncurrent portion of obligations under finance lease (see Note 21), amount due to ultimate holding company (see Note 18), amount due to immediate holding company (see Note 18), amounts due to affiliated companies (see Note 18), long-term debt (see Note 22) and other noncurrent liabilities. The carrying values and fair values of other financial liabilities are disclosed in Note 26.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be charged to current operations. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables together with the associated allowance are written-off at each balance sheet date when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**2. Summary of Significant Accounting Policies – continued**Derecognition of Financial Assets and Liabilities – continued

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements and the related assets and liabilities are presented at gross amounts in the consolidated balance sheets.

Inventories

Inventories consist of retail merchandise, food and beverage items and certain operating supplies, which are stated at the lower of cost or market value. Cost is calculated using the first-in, first-out, average and specific identification methods. Write downs of potentially obsolete or slow-moving inventory are recorded based on management's specific analysis of inventory.

Property and Equipment

Property and equipment held for use in the production or supply of goods and services, or for administrative purposes, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value. Property and equipment under construction are carried at cost less any recognized impairment losses, if any.

The initial cost of property and equipment consists of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred and the recognition criteria are met. Property and equipment also include, if any, costs of dismantlement, removal or restoration, the obligation for which the entity incurs when it installs or uses the assets.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Property and Equipment – continued

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:

<u>Classification</u>	<u>Estimated Useful Life</u>
Building	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	2 to 7 years
Motor vehicles	5 years
Plant and gaming machinery	3 to 5 years

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each balance sheet date, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement, if the recognition criteria are satisfied.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited or charged to the consolidated statements of comprehensive income.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

During the process of design and construction of City of Dreams Manila's fit-out under the Cooperation Agreement, direct and incremental costs related to the design and construction of the project's fit-out, including costs under the design and construction contracts, duties and tariffs, equipment installation, shipping costs, payroll and payroll-benefit related costs and applicable portion of finance interest cost are capitalized in appropriate categories of property and equipment. The capitalization of such costs begins when the design and construction of the project's fit-out starts and ceases once it is substantially completed or design and construction activity of the project's fit-out is suspended for more than a brief period.

Depreciation and amortization expense related to capitalized cost of the project's fit-out is recognized from the time each asset is placed in service and it will be depreciated over the term of the Operating Agreement or estimated useful life of the asset, whichever is shorter and tested for impairment if there is an indication that the asset may be impaired. This may occur at different stages as hotel casino entertainment complex are completed and opened.

Assets held under finance leases are depreciated when the asset is ready for intended use over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**2. Summary of Significant Accounting Policies – continued**Capitalization of Interest and Amortization of Deferred Financing Costs

Interest and amortization of deferred financing costs incurred on funds used to construct the Group's casino gaming and entertainment resort facilities during the active construction period is capitalized. The capitalization of interest and amortization of deferred financing costs ceases once a project is substantially completed 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.

For the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, total interest expenses incurred amounted to ₱2,649,230, ₱1,464,430 and nil, of which ₱734,133, ₱147,553 and nil were capitalized, respectively. No amortization of deferred financing costs was capitalized for the year ended December 31, 2014.

Intangible Assets

Contract Acquisition Costs. Certain costs incurred by MCE Leisure to obtain various agreements in its capacity as the sole and exclusive operator and manager of the casino project have been capitalized in contract acquisition costs. These costs include considerations paid to Belle for termination of various agreements with a third party upon completion of the closing arrangement conditions on March 13, 2013 and the amounts paid to third parties and other directly attributable costs in obtaining the contracts such as legal fees, documentary stamps tax on the agreements and other professional fees incurred in the contract negotiations.

Upon completion of the closing arrangement conditions and the effective of the Lease Agreement on March 13, 2013, the portion of the contract acquisition costs incurred in relation to the contract negotiations classified as operating lease is immediately written off to the development costs (see Note 16), with the remaining portion incurred in relation to the contract negotiations classified as building under finance lease is capitalized to the finance lease asset. As of December 31, 2014, the contract acquisition costs, which represents the consideration paid to Belle for termination of various agreements related to the building lease, is amortized over the term of the Operating Agreement and tested for impairment if there is an indication that the asset may be impaired.

Other Intangible Assets. Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, other intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Other intangible assets are amortized over its useful life unless its life is determined to be indefinite in which case it is not amortized. The Group's finite-lived other intangible assets are amortized over the shorter of the contractual terms and estimated useful lives and tested for impairment if there is an indication that the other intangible assets may be impaired.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**2. Summary of Significant Accounting Policies – continued**Intangible Assets – continued

Gains or losses arising from de-recognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income when the asset is derecognized.

Impairment of Non-financial Assets

The carrying values of non-financial assets, including property and equipment, contract acquisition costs and other intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the higher of fair value less costs to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss, if any, is recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses, if any, may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Capital Stock

Capital stock is measured at par value for all shares issued. Incremental costs incurred that are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Equity Reserve

Equity reserve account pertains to the effect of the reverse acquisition discussed in Note 2 under basis of preparation. The analysis of the equity reserve account is presented in Note 14.

Accumulated Deficits

Accumulated deficits represent the Group's cumulative net losses. Accumulated deficits may also include effect of changes in accounting policy as may be required by the standards' transitional provisions or amendments to the standards.

Treasury Shares

The Parent Company's equity instruments which are reacquired are classified as treasury shares, and are deducted from equity at acquisition cost. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's equity instruments.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimation on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The following specific recognition criteria must also be met before revenue is recognized:

Casino Revenues. Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession.

Rooms, Food and Beverage, Entertainment, Retail and Other Revenues. Rooms, food and beverage, entertainment, retail and other revenues are recognized when services are performed or the retail goods are sold. Advance deposits on rooms are recorded as customer deposits until services are provided to the customer. Minimum operating and right to use fee, adjusted for contractual base fee and operating fee escalation, are included in entertainment, retail and other revenues and are recognized on a straight-line basis over the terms of the related agreement.

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, the Group's casino revenues are reduced by discounts and points earned in customer loyalty programs.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

The retail value of rooms, food and beverage, entertainment, retail and other services furnished to guests without charge is excluded from total net operating revenues in the accompanying consolidated statement of comprehensive income. The amounts of such promotional allowances excluded from total net operating revenues for the year ended December 31, 2014 are as follows:

	Year Ended December 31, 2014
Rooms	₱17,477
Food and beverage	20,423
	₱37,900

Management Fee Income. Revenue from the provision of management services is recognized when the services are provided and are included in entertainment, retail and other revenues.

Interest Income. Interest income is recognized on a time proportionate basis that reflects as the effective yield on the asset.

Point-loyalty Programs

The Group operates loyalty programs to encourage repeat business mainly from loyal slot machine customers and table games patrons. Members earn points primarily based on gaming activity and such points can be redeemed for free play and other free goods and services. The Group recognized the award points as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are initially recognized as deferred income at their fair value. Revenue from the award points is recognized when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Expenses Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in the consolidated statements of comprehensive income in the year/period these are incurred.

Development Costs

Development costs include costs associated with the Group's evaluation and pursuit of new business opportunities, which are expensed as incurred.

Pre-opening Costs

Pre-opening costs, consists primarily of expenses related to new or start-up operation, are expensed as incurred.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**2. Summary of Significant Accounting Policies – continued**Property Charges and Others

Property charges and others consist primarily of one-off activities related to written off of certain equipment damaged by typhoon. Property charges and others of ₱157,693 were recognized for the year ended December 31, 2014 and nil for both periods for the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012, respectively.

Deferred Financing Costs

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized over the terms of the related debt agreements using the effective interest method. Deferred financing cost amortization of ₱54,235, nil and nil, were recognized for the year ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, respectively.

Employee Benefit Expenses

Retirement Costs. Employees of the Group are members of government-managed Social Security System Scheme (the “SSS Scheme”) operated by the Philippine Government and the Group is required to pay a certain percentage of the employee’s income and in accordance with mandatory requirements of the SSS Scheme to fund the benefits. The obligation of the Group with respect to the SSS Scheme operated by the Philippine Government is to make the required contributions under the SSS Scheme.

Certain employees employed by the Group are eligible to participate in voluntary defined contribution schemes (the “Macau Schemes”) operated by the subsidiaries of MCE in the Macau Special Administrative Region of the People’s Republic of China (“Macau”). The Group contributes a fixed percentage of the eligible employees’ base salaries or fixed amount to the Macau Schemes. The Group’s contributions to the Macau Schemes are vested to employees in accordance to a vesting schedule with full vesting in 10 years from date of employment. The Macau Schemes were established under trust with the assets of the funds held separately from those of the MCE’s subsidiaries in Macau and the Group by independent trustees in Macau.

An employee and one of the executive officers employed by the Group are members of Mandatory Provident Fund Scheme (the “MPF Scheme”) operated by MCE and its subsidiary in Hong Kong. The Group is required to contribute a fixed percentage of the employee’s and the executive officer’s base salaries to the MPF Scheme, which included the Group’s mandatory portion. The excess of contributions over the Group’s mandatory portion are treated as the Group’s voluntary contribution and are vested to the employee and the executive officer in accordance to a vesting schedule with full vesting in 10 years from date of employment. The Group’s mandatory contributions to the MPF Scheme are fully and immediately vested to the employee and the executive officer once they are paid. The MPF Scheme was established under trust with the assets of the funds held separately from those of MCE and its subsidiary and the Group by an independent trustee in Hong Kong.

Annual Leave and Other Paid Leave. Employee entitlement to annual leave and other paid leave is recognized when it accrues to employees. A provision is made for the estimated liability for annual leave and other paid leave as a result of services rendered by employees for the year.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Employee Benefit Expenses – continued

Bonus Plans. The Group recognizes a liability and an expense for bonuses when contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based Compensation Expenses. 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, and adjusted for actual forfeitures 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 the consolidated statements of comprehensive income.

Further information on the Group's share-based compensation arrangement for the years ended December 31, 2014 and 2013 for restricted shares and share options granted under its share incentive plan is included in Note 28.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**2. Summary of Significant Accounting Policies – continued**Leases – continued

As a Lessee. Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased asset to the Group, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding lease obligations, net of finance charges, are included under current and noncurrent liabilities. Finance charges are recognized as finance costs in the consolidated statements of comprehensive income. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognized as an operating expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

As a Lessor. When assets are leased/granted out under an agreement for the right of use, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease rental (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease on a straight-line basis. Turnover fees arising under operating leases are recognized as income in the period in which they are earned.

Foreign Currency Transactions

The Group's consolidated financial statements are presented in the Philippine peso, the functional currency of the Parent Company and its subsidiaries. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the balance sheet date. All differences are taken to the consolidated statements of comprehensive income. All exchange rate differences including those arising on the settlement of monetary items at rates different from those at which these were recorded are recognized in the consolidated statements of comprehensive income in the year/period in which the differences arise.

For income tax reporting purposes, exchange gains or losses are treated as taxable income or deductible expense in the year/period these are realized.

Income Tax

Current Tax. Current tax assets and liabilities for the current and prior year/period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the balance sheet date.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Income Tax – continued

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credit from excess minimum corporate income tax (“MCIT”) over regular corporate income tax and unused net operating loss carryover (“NOLCO”) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of unused tax credit and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year/period when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognized outside other comprehensive income is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Income Tax – continued

Value-added Tax (“VAT”). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from the tax authority is included under other noncurrent assets as of December 31, 2014 and under prepayment and other current assets as of December 31, 2013 in the consolidated balance sheets.

Gaming Tax and License Fees

The Licensees are required to pay license fees to PAGCOR ranging from 15% to 25% of its gross gaming revenues on a monthly basis, starting from the date the casino commences operations. In May 2014, PAGCOR temporarily reduced the license fees by 10% to 5% and 15% effective from April 1, 2014. The license fee reduction is required to be used for the payment of corporate income taxes and any portion not used for such payment must be repaid to PAGCOR in quarterly and annual true-up payments (as defined). The parties agreed to revert to the original license fee structure under the Provisional License, in the event the Bureau of Internal Revenue (“BIR”) action to collect income tax from PAGCOR licensees is permanently restrained, corrected or withdrawn by order of BIR or the courts or under a new law. Such license fees include franchise tax on actual gross gaming revenues generated by the casino. The Group is also required to remit on a monthly basis 5% of non-gaming revenue and 2% of casino revenues generated from non-junket operation tables. These expenses are reported as gaming tax and license fees in the accompanying consolidated statements of comprehensive income.

Loss Per Share

The Group presents basic and diluted loss per share for its common shares.

Basic loss per share is determined by dividing net loss for the year/period by the weighted average number of common shares issued and outstanding for the year/period. Diluted loss per share is computed in the same manner, adjusted for the dilutive effect of any potential common shares.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Loss Per Share – continued

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:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Weighted average number of common shares outstanding used in the calculation of basic net loss per share	4,680,190,442	3,312,053,436	412,064,596
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	<u>4,680,190,442</u>	<u>3,312,053,436</u>	<u>412,064,596</u>

For the year ended December 31, 2014, 124,126,612 outstanding share options and 64,371,486 outstanding restricted shares as of December 31, 2014 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive. For the year ended December 31, 2013, 116,144,153 outstanding share options and 58,072,076 outstanding restricted shares as of December 31, 2013 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive. For the period from August 13, 2012 to December 31, 2012, there were no potential dilutive common shares that would have a dilutive effect on basic loss per share.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments, which operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available.

City of Dreams Manila operates in one geographical area for the year ended December 31, 2014 where it derives its revenue. Comparative financial information has been presented for the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012. Segment information is presented in Note 29.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (In thousands of Philippine peso, except share and per share data)

2. Summary of Significant Accounting Policies – continued

Segment Reporting – continued

The Group currently operates in one business segment, namely, the management of its casino and hotel resort of City of Dreams Manila. A single management team reports to the chief operating decision-maker who comprehensively manages the entire business. Accordingly, the Group does not have separate reportable segments.

Subsequent Events

Post year-end events that provide additional information about the Group's financial position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Comparatives

Upon commencement of operations of City of Dreams Manila on December 14, 2014, the management has decided to change the Group's analysis of expenses from by function to by nature as the analysis of expenses by nature is more reliable and relevant to the Group's operations. Accordingly, the Group presented the year 2014's analysis of expenses by function as additional disclosure for comparison with prior year. Such reclassifications have no impact on the overall results and financial position of the Group.

3. Accounting Policies Effective For the Year and Future Changes in Accounting Policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year/period except for adoption of the following new and amended PAS, PFRS and Philippine Interpretations as of January 1, 2014. The adoption of these new and amended PAS, PFRS and Philippine Interpretations had no significant impact on the consolidated financial statements:

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments)
- PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
- PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements*)
- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
- Annual Improvements to PFRS 13, *Fair Value Measurement* (2010 – 2012 Cycle)
- Annual Improvements to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards* (2011 – 2013 Cycle)



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued

Standards Issued But Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements which are relevant to the Group are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PAS and PFRS to have significant impact on the Group's financial position or performance.

▪ **PFRS 9, *Financial Instruments***

PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model hedge accounting is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities designated as at fair value through profit or loss using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued

Standards Issued But Not Yet Effective – continued

▪ **PFRS 9, *Financial Instruments*** – continued

PFRS 9 is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the FRSC. Such adoption, however, is still for approval by the Board of Accountancy.

▪ **PFRS 14, *Regulatory Deferral Accounts***

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the balance sheets and present movements in these account balances as separate line items in the statements of comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016.

▪ **PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)***

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015.

▪ **Annual Improvements to PFRSs (2010 – 2012 Cycle)**

These improvements are effective from January 1, 2015. They include:

▪ **PFRS 2, *Share-based Payment***

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- a performance condition must contain a service condition;
- a performance target must be met while the counterparty is rendering service;
- a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- a performance condition may be a market or non-market condition; and
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. **Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued**

Standards Issued But Not Yet Effective – continued

▪ **Annual Improvements to PFRSs (2010 – 2012 Cycle) – continued**

▪ **PFRS 3, *Business Combinations***

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of PFRS 9 (or PAS 39, as applicable).

▪ **PFRS 8, *Operating Segments***

The amendments are applied retrospectively and clarifies that:

- an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of PFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are “similar”; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

▪ **PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets***

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

▪ **PAS 24, *Related Party Disclosures***

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued

Standards Issued But Not Yet Effective – continued

▪ **Annual Improvements to PFRSs (2011 – 2013 Cycle)**

These improvements are effective from January 1, 2015. They include:

▪ **PFRS 3, *Business Combinations***

The amendment is applied prospectively and clarifies for the scope exceptions within PFRS 3 that:

- joint arrangements, not just joint ventures, are outside the scope of PFRS 3; and
- this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

▪ **PFRS 13, *Fair Value Measurement***

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PFRS 9 (or PAS 39, as applicable).

▪ **PAS 40, *Investment Property***

The description of ancillary services in PAS 40 differentiates between investment property and owner occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

▪ **PFRS 11, *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (Amendments)***

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. **Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued**

Standards Issued But Not Yet Effective – continued

▪ **PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)***

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

▪ **PAS 16 and PAS 41, *Agriculture: Bearer Plants (Amendments)***

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

▪ **PAS 27, *Equity Method in Separate Financial Statements (Amendments)***

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

▪ **PFRS 10 and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments)***

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. **Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued**

Standards Issued But Not Yet Effective – continued

▪ **Annual Improvements to PFRSs (2012 – 2014 Cycle)**

These improvements are effective from January 1, 2016. They include:

▪ **PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal***

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

▪ **PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements***

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

On the applicability of the amendments to PFRS 7 to Condensed Interim Financial Statements, this amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

▪ **PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate***

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

▪ **PAS 34, *Disclosure of Information “Elsewhere in the Interim Financial Report”***

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

3. Accounting Policies Effective For the Year and Future Changes in Accounting Policies – continued

Standards Issued But Not Yet Effective – continued

▪ **IFRS 15, *Revenue from Contracts with Customers***

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Group's policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional Currency. Based on the economic substance of underlying circumstances relevant to the Group, the functional currency of the Parent Company and its subsidiaries has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Parent Company and its subsidiaries operate and it is the currency that mainly influences the revenue and expenses for management and operation of City of Dreams Manila.

Evaluating Lease Agreement. The Group has entered into the Lease Agreement with Belle for City of Dreams Manila which became effective on March 13, 2013. The determination of whether a lease agreement has to be accounted for as operating or finance lease requires significant judgment. The result of this determination can be significant to the Group's financial position or performance as the classification of the amounts of property and equipment and lease obligation depends on this assessment.

The Group, at inception of the Lease Agreement on March 13, 2013, has determined based on an evaluation of the terms and conditions of the arrangements, that the lessor transfers substantially all the risks and benefits incidental to ownership of the building to the Group. The present value of the minimum lease payments is significantly higher than the fair value of the building at the lease inception date. Management considered this factor as key in assessing whether the risks and rewards of incidental to ownership of the building had effectively been transferred to the Group. Meanwhile, the lease on the land is considered as operating lease because Belle retains all the significant risks and rewards of ownership on the land at the end of the lease term and does not provide the Group with a bargain purchase option over the leased asset (see Note 23(c)).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

4. Significant Accounting Judgments, Estimates and Assumptions – continued

Judgments – continued

As a Lessee. The Group has entered into various operating lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Group the ownership over the assets at the end of the lease term and do not provide the Group with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

As a Lessor. The Group has entered into various operating lease agreements as a lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the Group retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the lessee the ownership over the assets at the end of the lease term and do not provide the lessee with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

Reporting Revenue Gross as a Principal or Net as an Agent. The Group follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for operations of Hyatt City of Dreams Manila hotel. For the operation of Hyatt City of Dreams Manila hotel, the Group is the owner of the hotel property, and the hotel manager operates the hotel under a management agreement providing management services to the Group, and the Group receives all rewards and takes substantial risks associated with the hotel business, it is the principal and the transactions of the hotel are therefore recognized on a gross basis.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The lower of cost and net realizable value of inventories is reviewed on a monthly basis to reflect the accurate valuation in the financial records. Inventories and supplies identified to be obsolete and unusable are also written off and charged as expense for the period.

There were no provision for inventory obsolescences for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012. Inventories at cost amounted to ₱194,609 and nil as of December 31, 2014 and 2013, respectively.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

4. Significant Accounting Judgments, Estimates and Assumptions – continued

Estimates and Assumptions – continued

Estimating Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for operational use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. A reduction in the estimated useful life of property and equipment would increase the recorded expenses and decrease noncurrent assets.

There were no changes made in the estimated useful lives of the Group's property and equipment. The carrying values of property and equipment amounted to ₱32,830,332 and ₱14,995,010 as of December 31, 2014 and 2013, respectively (see Note 9).

Estimating Fair Value of Share-based Compensation. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based compensation transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in Note 28.

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the value of property and equipment, contract acquisition costs and other intangible assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that such assets are impaired. Any resulting impairment could have a material impact on the financial condition and results of operation of the Group.

The preparation of the estimated future cash flows involves judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of recoverable values and may lead to future additional impairment charges under PFRS.

No impairment losses were recognized for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012. The carrying values of property and equipment amounted to ₱32,830,332 and ₱14,995,010 as of December 31, 2014 and 2013, respectively (see Note 9); the carrying values of contract acquisition costs amounted to ₱968,058 and ₱1,020,151 as of December 31, 2014 and 2013, respectively (see Note 10); and the carrying values of other intangible assets amounted to ₱8,698 and ₱8,698 as of December 31, 2014 and 2013, respectively (see Note 11).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

4. Significant Accounting Judgments, Estimates and Assumptions – continued

Estimates and Assumptions – continued

Recognition of Deferred Tax Assets. The Group reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduced these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

Deferred tax assets on deferred rent under PAS 17 amounting to ₱260,936 and ₱44,265 were recognized as of December 31, 2014 and 2013, respectively, to the extent of the amount of the reversing deductible temporary difference arising from capitalized interest expense.

Certain deferred tax assets were not recognized because management believes that future taxable profit will not be available against which the deferred tax assets can be utilized.

Unrecognized deferred tax assets amounted to ₱2,650,089 and ₱770,504 as of December 31, 2014 and 2013, respectively (see Note 20).

5. Cash and Cash Equivalents

This account consists of:

	December 31, 2014	December 31, <u>2013</u>
Cash on hand	₱1,128,060	₱687
Cash in banks	6,523,127	8,599,155
	<u>₱7,651,187</u>	<u>₱8,599,842</u>

Cash in banks earn interest at the respective bank deposit rates. Interest income from bank deposits amounted to ₱39,475, ₱51,807 and ₱112 for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, 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 City of Dreams Manila. The escrow account should have a maintaining balance of US\$50 million until the completion of City of Dreams Manila. As of December 31, 2014 and 2013, MCE Leisure, as one of the Licensees maintained a balance of ₱2,230,850 and ₱2,226,674, respectively, in the escrow account for US\$ equivalent of US\$50 million in each of those periods based on prevailing exchange rates. The escrow account will be closed as the City of Dreams Manila project is complete and funds held in the escrow account will be released to MCE Leisure (see Note 24(c)).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

7. Accounts Receivable

Components of accounts receivable are as follows:

	December 31, 2014	December 31, 2013
Casino	₱6,812	₱–
Rooms	12,042	–
Others	5,865	–
	₱24,719	₱–

For the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, no allowance for doubtful debts was made and no accounts receivable were directly written off. All accounts receivable as of December 31, 2014 were current.

8. Prepayments and Other Current Assets

This account consists of:

	December 31, 2014	December 31, 2013
Prepaid advertising, marketing, promotional and entertainment expenses	₱87,018	₱–
Prepaid employee benefit expenses	34,181	–
Refundable deposits (Notes 25 and 26)	16,855	5,262
Deposit for acquisition of inventory	16,012	–
Prepaid facilities expenses	13,541	68
Current portion of prepaid rent (Note 12)	7,106	14,314
Prepaid supplies expenses	2,970	–
Creditable withholding tax	483	6,944
Input VAT, net	–	351,458
Interest receivables (Notes 25 and 26)	–	4,767
Other prepaid expenses	6,791	8,327
	₱184,957	₱391,140



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

9. Property and Equipment

	<u>December 31, 2014</u>						
	<u>Building under Finance Lease</u>	<u>Leasehold Improvements</u>	<u>Motor Vehicles</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Plant and Gaming Machinery</u>	<u>Construction in Progress</u>	<u>Total</u>
Costs:							
Balance at beginning of year	₱11,820,440	₱186,536	₱14,293	₱258,289	₱–	₱2,731,558	₱15,011,116
Additions	–	697,111	27,856	4,134,827	1,459,550	11,908,557	18,227,901
Transfer	–	9,785,985	–	780,164	–	(10,566,149)	–
Capitalization of depreciation and amortization	–	–	–	–	–	13,949	13,949
Adjustment on purchase of leased asset	–	–	–	(3,748)	–	–	(3,748)
Written off	–	–	–	(155,193)	–	–	(155,193)
Balance at end of year	<u>11,820,440</u>	<u>10,669,632</u>	<u>42,149</u>	<u>5,014,339</u>	<u>1,459,550</u>	<u>4,087,915</u>	<u>33,094,025</u>
Accumulated Depreciation and Amortization:							
Balance at beginning of year	–	(109)	(1,620)	(14,377)	–	–	(16,106)
Depreciation and amortization	(26,503)	(67,954)	(6,724)	(121,443)	(24,963)	–	(247,587)
Balance at end of year	<u>(26,503)</u>	<u>(68,063)</u>	<u>(8,344)</u>	<u>(135,820)</u>	<u>(24,963)</u>	<u>–</u>	<u>(263,693)</u>
Net Book Value	<u>₱11,793,937</u>	<u>₱10,601,569</u>	<u>₱33,805</u>	<u>₱4,878,519</u>	<u>₱1,434,587</u>	<u>₱4,087,915</u>	<u>₱32,830,332</u>
	<u>December 31, 2013</u>						
	<u>Building under Finance Lease</u>	<u>Leasehold Improvements</u>	<u>Motor Vehicles</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Plant and Gaming Machinery</u>	<u>Construction in Progress</u>	<u>Total</u>
Costs:							
Balance at beginning of year	₱–	₱–	₱–	₱423	₱–	₱38,859	₱39,282
Additions	11,820,440	186,536	14,293	257,866	–	2,684,703	14,963,838
Capitalization of depreciation and amortization	–	–	–	–	–	7,996	7,996
Balance at end of year	<u>11,820,440</u>	<u>186,536</u>	<u>14,293</u>	<u>258,289</u>	<u>–</u>	<u>2,731,558</u>	<u>15,011,116</u>
Accumulated Depreciation and Amortization:							
Balance at beginning of year	–	–	–	–	–	–	–
Depreciation and amortization	–	(109)	(1,620)	(14,377)	–	–	(16,106)
Balance at end of year	<u>–</u>	<u>(109)</u>	<u>(1,620)</u>	<u>(14,377)</u>	<u>–</u>	<u>–</u>	<u>(16,106)</u>
Net Book Value	<u>₱11,820,440</u>	<u>₱186,427</u>	<u>₱12,673</u>	<u>₱243,912</u>	<u>₱–</u>	<u>₱2,731,558</u>	<u>₱14,995,010</u>

Upon the Lease Agreement becoming effective on March 13, 2013, management made an assessment at inception of the lease and recorded the portion related to the lease of certain of the building structures as finance lease and capitalized the fair value based on valuation by independent external valuer at inception date on the leased property (see Note 21) as well as capitalized the portion of the contract acquisition costs of ₱64,721 to building under finance lease incurred in relation to the contract negotiations classified as building under finance lease (see Note 10).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**9. Property and Equipment – continued**

On August 28, 2014, MCE Leisure terminated a finance lease agreement for certain equipment with net book value of ₱36,125 and exercised the buy-out option at a price of ₱36,173. As a result, the difference between the buy-out price and the carrying amount of the lease obligation of ₱3,748 was recognized as an adjustment to the cost for purchase of leased asset, further details please refer to Note 21.

Furniture, fixtures and equipment with net book value amounted to nil and ₱44,382 were held under finance lease as of December 31, 2014 and 2013, respectively.

Construction in progress represents the design and development cost for fit-out of City of Dreams Manila which included direct incidental costs capitalized (representing travelling expenses, salaries and wages, intercompany management fee incurred, depreciation of equipment and applicable interest cost). As of December 31, 2014 and 2013, construction in progress included interest paid or payable on the obligations under finance lease which amounted to ₱256,739 and ₱147,553, respectively.

10. Contract Acquisition Costs

This account consists of:

	December 31, 2014	December 31, 2013
Costs:		
Balance at beginning of year	₱1,063,561	₱58,427
Additions	–	1,134,576
Capitalized in building under finance lease (Note 9)	–	(64,721)
Written off to development costs (Note 16)	–	(64,721)
Balance at end of year	1,063,561	1,063,561
Accumulated Amortization:		
Balance at beginning of year	(43,410)	–
Amortization	(52,093)	(43,410)
Balance at end of year	(95,503)	(43,410)
Net Book Value	₱968,058	₱1,020,151

As of March 13, 2013, this account consists of legal and other professional fees, documentary stamps tax and other directly attributable costs incurred by the Group in negotiating the Lease Agreement and management contracts for City of Dreams Manila amounting to ₱129,442. 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 16), while the remaining portion amounting to ₱64,721 incurred in relation to the contract negotiations classified as building under finance lease is capitalized in 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 upon completion of the closing arrangement conditions and this amount is amortized over the lease term.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued****(In thousands of Philippine peso, except share and per share data)****11. Other Intangible Assets**

The other intangible assets represent the license fees of ₱8,698 incurred by MCE Leisure for the year ended December 31, 2013 for right to use of trademarks for certain entertainment business for City of Dreams Manila and are amortized on a straight-line basis over the term of the license agreement which expires in 5 years from the grand opening of City of Dreams Manila on February 2, 2015. Amortization was nil for the period from December 14, 2014 (commencement of operations of City of Dreams Manila) to December 31, 2014.

12. Other Noncurrent Assets

This account consists of:

	December 31, 2014	December 31, 2013
Input VAT, net	₱1,955,932	₱–
Advance payments and deposit for acquisition of property and equipment	1,401,059	678,472
Noncurrent portion of prepaid rent	99,838	106,044
Security and rental deposits (Notes 25 and 26)	98,686	90,342
Other noncurrent assets and deposits	68,665	–
Prepayment of deferred financing costs	–	20,937
	₱3,624,180	₱895,795

Advance payments for construction costs which are mostly secured by surety bonds and deposit for acquisition of property and equipment are connected with the fit-out of City of Dreams Manila.

Upon the Lease Agreement becoming effective on March 13, 2013, a security deposit of ₱175,599 was paid to Belle. As of December 31, 2014, part of prepaid rent amounting to ₱92,809 represented the noncurrent portion of excess of principal amount of the security deposit paid pursuant to the Lease Agreement over its fair value at inception, and is amortized on a straight-line basis over the lease term while part of the current portion of prepaid rent of ₱5,289 is included in prepayments and other current assets (Note 8).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**13. Accrued Expenses, Other Payables and Other Current Liabilities**

This account consists of:

	December 31, 2014	December 31, 2013
Accruals for:		
Fit-out construction costs	₱3,188,421	₱706,686
Employee benefit expenses	376,620	43,971
Facilities expenses	108,241	8,522
Gaming tax and license fees	64,077	–
Unpaid portion of obligations under finance lease	60,865	1,949
Rental expenses	44,853	9,685
Legal and other professional fees	25,279	87,671
Gaming related activities	10,790	–
Taxes and licenses	1,917	7,225
Operating expenses and others	170,881	22,260
Interest expenses payable	327,083	–
Withholding tax payable	168,795	26,668
Payments to the Philippine Parties	38,809	–
Other finance fees payable	20,443	–
Outstanding gaming chips and tokens	4,123	–
Other payables and liabilities	20,309	3,752
	₱4,631,506	₱918,389

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

14. EquityAuthorized 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:

Common Class A	Share Registered		Issue Price		Common Share	Date of SEC Approval
	Common Class B	Common Share	Class A	Class B		
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

Immediately before the declassification of Class A and Class B shares to a single class of common shares on March 5, 2013, 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 classes of common stocks have par value of ₱1 per share.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

14. **Equity** – continued

Authorized Capital Stock – continued

On February 19, 2013, the stockholders of MCP approved the declassification of ₱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

As of December 31, 2014 and 2013, the Parent Company's issued capital stock consists of 4,911,480,300 and 4,426,303,300 common shares with par value of ₱1 per share, respectively.

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 the 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. 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.

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. 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. MCE Investments then used the proceeds from the Over-allotment Option to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱14 per share.

The aggregate net proceeds from the aforementioned equity transactions, after deducting the underwriting commissions and other expenses of ₱407,626, was ₱16,679,885.

On June 24, 2014, MCP and MCE Investments completed the 2014 Placing and Subscription Transaction, under which MCE Investments offered and sold in a private placement to various institutional investors of 485,177,000 common shares of MCP with par value of ₱1 per share, at the offer price of ₱11.30 per share. MCE Investments then used the proceeds from the 2014 Offer to subscribe to an equivalent number of common shares in MCP at the subscription price of ₱11.30 per share. The net proceeds from the 2014 Offer, after deducting the underwriting commissions and other expenses of ₱106,596, was ₱5,375,904.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)14. **Equity** – continuedTreasury 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 December 31, 2014 and 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:

	December 31, 2014	December 31, 2013
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)	(7,198,590)
Legal capital of MCE Holdings Group as of March 20, 2013*	2,852,147	2,852,147
	<u>(₱3,613,990)</u>	<u>(₱3,613,990)</u>

*Including share issuance costs of ₱2,094

As of December 31, 2014 and 2013, the Parent Company has 437 and 436 stockholders, respectively.

15. **Employee Benefit Expenses**

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Basic salaries, allowances and bonuses	₱1,995,582	₱158,374	₱–
Consultancy fee in consideration for share awards (Note 28)	274,302	182,215	–
Share-based compensation expenses (Note 28)	206,795	95,936	–
Annual leave and other paid leave expenses	76,095	4,961	–
Meals and other amenities expenses	55,759	50	–
Retirement costs – defined contribution plans	40,233	2,415	–
Staff insurance expenses	33,345	472	–
Other employee benefit expenses	114,472	16,542	–
	<u>₱2,796,583</u>	<u>₱460,965</u>	<u>₱–</u>



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued****(In thousands of Philippine peso, except share and per share data)****15. Employee Benefit Expenses – continued**

For the years ended December 31, 2014 and 2013, total employee benefit expenses of ₱2,648,589 and ₱460,965, including consultancy fee in consideration for share awards of ₱274,302 and ₱182,215 and share-based compensation expenses of ₱206,795 and ₱95,936, respectively, were included as pre-opening costs under total operating costs and expenses as disclosed in Note 17.

16. Other Expenses

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Rental expenses (Note 24(b))	₱315,077	₱164,921	₱–
Management fee expenses (Note 18)	187,576	172,567	–
Facilities expenses	185,382	8,586	–
Written off of property and equipment	155,193	–	–
Supplies expenses	144,702	1,004	79
Legal and other professional fees	131,462	145,047	48,684
Advertising, marketing, promotional and entertainment expenses	122,335	6,546	–
Office and administrative expenses	96,719	25,631	–
Taxes and licenses	51,846	48,660	708
Written off from contract acquisition costs	–	64,721	–
Operating expenses and others	57,855	7,178	–
	₱1,448,147	₱644,861	₱49,471

For the years ended December 31, 2014 and 2013, rental expenses of ₱299,312 and ₱156,712 and management fee expenses of ₱176,000 and ₱164,814, respectively, were included as pre-opening costs under total operating costs and expenses as disclosed in Note 17.

For the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, written off from contract acquisition costs of nil, ₱64,721 and nil and legal and other professional fees of nil, ₱25,984 and ₱45,841, respectively, were included as development costs under total operation costs and expenses as disclosed in Note 17.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)
17. Total Operating Costs and Expenses

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Casino	₱177,895	₱–	₱–
Rooms	8,694	–	–
Food and beverage	38,036	–	–
Entertainment, retail and others	8,506	–	–
Payments to the Philippine Parties	38,809	–	–
General and administrative expenses	198,635	152,954	3,551
Pre-opening costs	3,747,266	857,782	–
Development costs	–	95,090	45,920
Depreciation and amortization	285,731	51,520	–
Property charges and others	157,693	–	–
	<u>₱4,661,265</u>	<u>₱1,157,346</u>	<u>₱49,471</u>

18. 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), 14, 27(a), 27(c), 27(g) and 27(i), the Group entered into the following significant related party transactions:

<u>Category</u>	<u>Amount of Transactions for the Year/Period</u>	<u>Outstanding Balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amount due from a shareholder</i> MCE Investments No.2				
Balance as of January 1, 2014 and December 31, 2014		₱5,425	Repayable on demand; non-interest bearing	Unsecured, no impairment
Balance as of January 1, 2013		₱–	Repayable on demand; non-interest bearing	Unsecured, no impairment
Settlement of payables on behalf of a shareholder	₱5,425	5,425		
Balance as of December 31, 2013		<u>₱5,425</u>		
Balance as of August 13, 2012 and December 31, 2012		<u>₱–</u>		



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

18. Related Party Transactions – continued

<u>Category</u>	<u>Amount of Transactions for the Year/Period</u>	<u>Outstanding Balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amount due to ultimate holding company</i> MCE				
Balance as of January 1, 2014		₱107,787	Repayable on demand; non-interest bearing	Unsecured
Management fee expenses recognized as other expenses	₱42,759	42,759		
Management fee income⁽¹⁾	(92,745)	(92,745)		
Revaluation of outstanding balance		562		
Balance as of December 31, 2014		₱58,363		
Balance as of January 1, 2013		₱90,434	Repayable on demand; non-interest bearing	Unsecured
Management fee expenses recognized as other expenses	₱58,559	58,559		
Settlement of payables on behalf of the Group	10,809	10,809		
Management fee income ⁽¹⁾	(52,952)	(52,952)		
Revaluation of outstanding balance		10,424		
Settlement of outstanding balance		(9,487)		
Balance as of December 31, 2013		<u>₱107,787</u>		
Balance as of August 13, 2012		₱–	Repayable on demand; non-interest bearing	Unsecured
Settlement of payables on behalf of the Group	₱90,434	90,434		
Balance as of December 31, 2012		<u>₱90,434</u>		



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

18. **Related Party Transactions – continued**

<u>Category</u>	<u>Amount of Transactions for the Year/Period</u>	<u>Outstanding Balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amount due to immediate holding company</i>				
MCE Investments				
Balance as of January 1, 2014		₱887,415	Repayable on demand; non-interest bearing	Unsecured
Funds advance to the Group	₱154	154		
Revaluation of outstanding balance		1,670		
Balance as of December 31, 2014		₱889,239		
Balance as of January 1, 2013		₱–	Repayable on demand; non-interest bearing	Unsecured
Acquisition costs related to Asset Acquisition Transaction	₱7,198,590	7,198,590		
Funds advance to the Group	811,660	811,660		
Settlement of payables on behalf of immediate holding company	(255)	(255)		
Revaluation of outstanding balance		76,010		
Settlement of outstanding balance		(7,198,590)		
Balance as of December 31, 2013		<u>₱887,415</u>		
Balance as of August 13, 2012 and December 31, 2012		<u>₱–</u>		



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

18. **Related Party Transactions – continued**

<u>Category</u>	<u>Amount of Transactions for the Year/Period</u>	<u>Outstanding Balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amounts due to affiliated companies</i> MCE's subsidiaries				
Balance as of January 1, 2014		₱345,449	Repayable on demand; non-interest bearing	Unsecured
Management fee expenses capitalized in construction in progress	₱204,669	204,669		
Management fee expenses capitalized in deferred financing costs	622	622		
Management fee expenses recognized as other expenses	144,817	144,817		
Settlement of payables on behalf of the Group	3,677	3,677		
Revaluation of outstanding balance		2,676		
Balance as of December 31, 2014		₱701,910		
Balance as of January 1, 2013		₱21,903	Repayable on demand; non-interest bearing	Unsecured
Management fee expenses capitalized in construction in progress	₱152,735	152,735		
Management fee expenses capitalized in other noncurrent assets	1,572	1,572		
Management fee expenses recognized as other expenses	114,008	114,008		
Settlement of payables on behalf of the Group	49,207	49,207		
Revaluation of outstanding balance		18,152		
Settlement of outstanding balance		(12,128)		
Balance as of December 31, 2013		₱345,449		



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

18. Related Party Transactions – continued

<u>Category</u>	<u>Amount of Transactions for the Year/Period</u>	<u>Outstanding Balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amounts due to affiliated companies – continued</i>				
MCE's subsidiaries – continued				
Balance as of August 13, 2012		₱–	Repayable on demand; non-interest bearing	Unsecured
Management fee expenses capitalized in construction in progress	₱22,253	22,253		
Settlement of payables on behalf of the Group	560	560		
Settlement of outstanding balance		(910)		
Balance as of December 31, 2012		<u>₱21,903</u>		
A subsidiary of Crown Resorts Limited (“Crown”) ⁽²⁾				
Balance as of January 1, 2014		₱5,874	Repayable on demand; non-interest bearing	Unsecured
Acquisition of property and equipment	₱37,000	37,000		
Consultancy fee expenses recognized as other expenses	3,711	3,711		
Settlement of payables on behalf of the Group	386	386		
Settlement of outstanding balance		(3,544)		
Balance as of December 31, 2014		<u>₱43,427</u>		
Balance as of January 1, 2013		₱–	Repayable on demand; non-interest bearing	Unsecured
Acquisition of property and equipment	₱5,874	5,874		
Balance as of December 31, 2013		<u>₱5,874</u>		
Balance as of August 13, 2012 and December 31, 2012		<u>₱–</u>		



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

18. Related Party Transactions – continued

<u>Category</u>	<u>Amount of Transactions for the Year/Period</u>	<u>Outstanding Balance</u>	<u>Terms</u>	<u>Conditions</u>
<i>Amounts due to affiliated companies – continued</i> Melco International Developments Limited (“Melco”) ⁽²⁾ and its subsidiaries				
Balance as of January 1, 2014		₱2,268	Repayable on demand; non-interest bearing	Unsecured
Deposit for acquisition of property and equipment	₱60,224	60,224		
Acquisition of property and equipment	96,660	96,660		
Settlement of payables on behalf of the Group	3,528	3,528		
Revaluation of outstanding balance		(60)		
Settlement of outstanding balance		(73,573)		
Balance as of December 31, 2014		₱89,047		
Balance as of January 1, 2013		₱–	Repayable on demand; non-interest bearing	Unsecured
Settlement of payables on behalf of the Group	₱5,827	5,827		
Revaluation of outstanding balance		61		
Settlement of outstanding balance		(3,620)		
Balance as of December 31, 2013		₱2,268		
Balance as of August 13, 2012		₱–	Repayable on demand; non-interest bearing	Unsecured
Settlement of payables on behalf of the Group	₱912	912		
Settlement of outstanding balance		(912)		
Balance as of December 31, 2012		₱–		

Notes:

(1) The amount represents the recharge of share-based compensation expenses for certain directors of MCP for the years ended December 31, 2014 and 2013 to MCE.

(2) Crown and Melco are major shareholders of MCE.

According to the terms of the Trademark Licensing Agreement signed between MCP and MCE (IP) Holdings on October 9, 2013 as mentioned in Note 1(d), the license fees are waived for three years from October 9, 2013.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued****(In thousands of Philippine peso, except share and per share data)****18. Related Party Transactions – continued****Directors' Remuneration**

For the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, the remuneration of directors of the Group were borne by MCE.

Compensation of Key Management Personnel

The compensation of key management personnel of the Group for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012 is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Basic salaries, allowances and benefits in kind	₱149,321	₱81,160	₱–
Performance bonuses	34,890	20,939	–
Retirement costs – defined contribution plans	2,737	1,663	–
Share-based compensation expenses	99,752	35,509	–
	₱286,700	₱139,271	₱–

19. Basic/Diluted Loss Per Share

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Net loss (a)	(₱6,303,281)	(₱2,463,417)	(₱49,786)
Weighted average number of common shares outstanding of legal parent (b)	4,680,190,442	3,312,053,436	412,064,596
Basic/Diluted loss per share (a)/(b)*1,000	(₱1.35)	(₱0.74)	(₱0.12)

For the year ended December 31, 2014, 124,126,612 outstanding share options and 64,371,486 outstanding restricted shares as of December 31, 2014 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive. For the year ended December 31, 2013, 116,144,153 outstanding share options and 58,072,076 outstanding restricted shares as of December 31, 2013 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive. For the period from August 13, 2012 to December 31, 2012, there were no potential dilutive common shares that would have a dilutive effect on basic loss per share.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued****(In thousands of Philippine peso, except share and per share data)****20. Income Tax**

The provision for income tax for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012 consisted of:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Provision for current income tax	₱23,729	₱–	₱–
Benefit from deferred income tax	(23,729)	–	–
	₱–	₱–	₱–

The provision for current income tax for the year ended December 31, 2014 represents the tax provided by the Group on its taxable income for the year. The benefit from deferred income tax represents the deferred tax asset, which is recognized up to the amount of income tax recognized for the year ended December 31, 2014 to the extent of the amount of the reversing deductible temporary difference arising from share-based compensation expenses.

The components of the Group's net deferred tax assets as of December 31, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Deferred rent under PAS 17	₱260,936	₱44,265
Share-based compensation expenses	23,729	–
	284,665	44,265
Deferred tax liability:		
Capitalized interest expenses	(260,936)	(44,265)
	₱23,729	₱–

The Group has the following temporary differences for which no deferred tax assets have been recognized since management believes that the Group may not be able to realize the benefits from these deferred tax assets in the future.

	December 31, 2014	December 31, 2013
NOLCO	₱1,859,305	₱468,301
Deferred rent under PAS 17	314,455	178,446
Share-based compensation expenses	204,045	83,445
Interest expenses	122,656	–
Unrealized foreign exchange loss, net	71,531	31,782
Others	78,097	8,530
	₱2,650,089	₱770,504



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued****(In thousands of Philippine peso, except share and per share data)****20. Income Tax – continued**

As of December 31, 2014, the Group's NOLCO which can be carried forward and claimed as deduction from regular taxable income in future years are as follows:

<u>Year Incurred</u>	<u>Expiry Year</u>	<u>Amount</u>
2012	2015	₱48,224
2013	2016	1,440,046
2014	2017	4,709,413
		₱6,197,683

NOLCO incurred in 2013, 2012 and 2011 amounting to ₱8,742, ₱3,210 and ₱1,264, respectively have been utilized for the year ended December 31, 2014. The amounts utilized included the NOLCO of ₱1,264 and ₱1,429 incurred by former business of MCP in 2011 and 2012, respectively. NOLCO incurred by former business of MCP in 2010 amounting to ₱1,365 expired in 2013.

As of December 31, 2014 and 2013, the Group has income tax payable as follows:

	December 31, 2014	December 31, 2013
Balance at beginning of year	₱–	₱–
Provision for current income tax	23,729	–
Under provision for income tax for prior year	1,722	–
Less: Utilization of creditable withholding tax	(11,244)	–
Less: Utilization of tax credit from MCIT	(1,722)	–
Less: Income tax paid	(8,603)	–
Balance at end of year	₱3,882	₱–

MCIT tax credit incurred for the prior year amounting to ₱1,722 has been utilized for the year ended December 31, 2014.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**20. Income Tax – continued**

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

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
Income tax benefit computed at statutory income tax rate	(₱1,890,984)	(₱739,025)	(₱14,936)
Income tax effects of:			
Change in unrecognized deferred tax assets	1,883,550	754,285	16,219
Change in unrecognized deferred tax asset in prior year	12,527	–	–
Expenses not deductible for tax	11,739	682	–
Utilization of tax loss previously not recognized	(3,965)	–	–
Expired NOLCO	–	410	–
Interest income subject to final tax	(11,843)	(15,542)	(33)
Interest income not taxable	(1,024)	(810)	–
Others	–	–	(1,250)
	₱–	₱–	₱–

Section 13(2)(a) of the PAGCOR Charter grants PAGCOR an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, levies of whatever nature, whether national or local, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its operations under the franchise. Such tax shall be in lieu of all taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. 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 March 31, 2013.

BIR 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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**20. Income Tax – continued**

To address the additional exposure to corporate income tax brought by BIR RMC No. 33-2013, in May 2014, PAGCOR temporarily reduced the license fees by 10% to 5% and 15% of gross gaming revenues effective from April 1, 2014. The license fee reduction is required to be used for the payment of corporate income taxes and any portion not used for such payment must be repaid to PAGCOR in quarterly and annual true-up payments (as defined), further details please refer to Note 24(c)(v).

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 (now rebranded as City of Dreams Manila), 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 certain eligible capital equipment to be used as part of the registered activity; and (b) VAT zero rating on local purchase of certain eligible capital equipment in accordance with the PEZA rules and regulations.

21. Obligations Under Finance Lease

Lease payments that are due within one year were presented as current portion of obligations under finance lease under current liabilities while the noncurrent portion was presented as noncurrent portion of obligations under finance lease separately under noncurrent liabilities in the consolidated balance sheets.

On October 25, 2012, MCE Leisure and Belle entered into the Lease Agreement with subsequent changes from time to time, where Belle agreed to lease to MCE Leisure the land and certain of the building structures for City of Dreams Manila 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 or 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, with the amount of obligations under finance lease recognized being the lower of the fair value of the building structures and present value of the minimum lease payments. 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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

21. Obligations Under Finance Lease – continued

As of December 31, 2014, after subsequent changes to the terms of the Lease Agreement from time to time during the year ended December 31, 2014, the interest rate underlying the obligations under finance lease was revised to 13.35% per annum.

As of December 31, 2014 and 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:

	<u>December 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Minimum Lease Payments</u>	<u>Present Value of Minimum Lease Payments</u>	<u>Minimum Lease Payments</u>	<u>Present Value of Minimum Lease Payments</u>
Amounts payable under finance lease:				
Within one year	₱1,120,108	₱1,041,760	₱1,305,472	₱1,206,198
In more than one year and not more than five years	6,821,344	4,540,675	6,490,353	4,170,746
In more than five years	33,693,577	7,838,293	36,160,760	7,059,327
	41,635,029	13,420,728	43,956,585	12,436,271
Less: Finance charges	(28,214,301)	–	(31,520,314)	–
Present value of lease obligations	₱13,420,728	13,420,728	₱12,436,271	12,436,271
Less: Current portion of obligations under finance lease		(1,041,760)		(1,206,198)
Noncurrent portion of obligations under finance lease		₱12,378,968		₱11,230,073

Apart from the lease of certain of the building structures under finance lease as mentioned above, MCE Leisure signed a master service agreement with a third party in 2013 to set up certain information technology infrastructure (the “IT Equipment”) for City of Dreams Manila 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 when MCE Leisure agrees 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.

On April 30, 2014, MCE Leisure exercised the termination clause of the master service agreement by serving a 120-day notice, and accordingly, the effective date of termination is August 28, 2014. Upon termination of the agreement, MCE Leisure exercised the buy-out option at a price of ₱36,173. The difference of ₱3,748 between the buy-out price of the IT Equipment under finance lease of ₱36,173 and the carrying amount of the lease obligations of ₱39,921 was recorded as an adjustment to the cost of the IT Equipment (see Note 9).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

21. Obligations Under Finance Lease – continued

As of December 31, 2014, the Group had no obligation under finance lease for the IT Equipment. As of December 31, 2013, the minimum lease payments and present value of minimum lease payments on obligations under finance lease for the IT Equipment were as follows:

	<u>December 31, 2013</u>	<u>Present Value of</u>
	<u>Minimum Lease</u>	<u>Minimum Lease</u>
	<u>Payments</u>	<u>Payments</u>
Amounts payable under finance lease:		
Within one year	₱11,396	₱7,989
In more than one year and not more than five years	44,635	38,210
	<u>56,031</u>	<u>46,199</u>
Less: Finance charges	(9,832)	–
Present value of lease obligations	<u>₱46,199</u>	46,199
Less: Current portion of obligations under finance lease		(7,989)
Noncurrent portion of obligations under finance lease		<u>₱38,210</u>

22. Long-term Debt

This account consists of:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2014</u>	<u>2013</u>
Senior Notes	₱15,000,000	₱–
Less: Deferred financing costs, net	(279,476)	–
	<u>14,720,524</u>	–
Current portion of long-term debt	–	–
	<u>₱14,720,524</u>	₱–

(a) Senior Notes

On January 24, 2014, MCE Leisure issued the ₱15,000,000 5% senior notes, due 2019 (the “Senior Notes”) at par of 100% of the principal amount and offered to certain primary institutional lenders as noteholders via private placement in the Philippines, which was priced on December 19, 2013.

The Senior Notes are general obligations of MCE Leisure, secured on a first-ranking basis by pledge of shares of all present and future direct and indirect subsidiaries of MCP, rank equally in right of payment to all existing and future senior indebtedness of MCE Leisure (save and except for any statutory preference or priority) and rank senior in right of payment to any existing and future subordinated indebtedness of MCE Leisure.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

22. Long-term Debt – continued

(a) Senior Notes – continued

The Senior Notes are guaranteed by MCP and all present and future direct and indirect subsidiaries of MCP (subject to certain limited exceptions) (collectively the “Guarantors”), jointly and severally with MCE Leisure; and irrevocably and unconditionally by MCE on a senior basis. The guarantees are general obligations of the Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the Guarantors (except for any statutory preference or priority) and rank senior in right of payment to any existing and future subordinated indebtedness of the Guarantors.

The Senior Notes mature on January 24, 2019. Interest on the Senior Notes is accrued at a rate of 5% per annum and is payable semi-annually in arrears on January 24 and July 24 of each year, commenced on July 24, 2014. In addition, the Senior Notes includes a tax gross up provision requiring MCE Leisure to pay without any deduction or withholding for or on account of tax.

The net proceeds from the offering of the Senior Notes, after deducting the underwriting commissions and other expenses of ₱230,769, was ₱14,769,231. The net proceeds from the offering are for funding the City of Dreams Manila project, refinancing of debt and general corporate purposes.

MCE Leisure has the option to redeem all or a portion of the Senior Notes at any time prior to January 24, 2015 at 100% of the principal amount plus applicable premium as defined in the notes facility and security agreement (the “Notes Facility and Security Agreement”) governing the Senior Notes. Thereafter, MCE Leisure has the option to redeem all or a portion of the Senior Notes at any time at fixed prices that decline ratably over time.

The Notes Facility and Security Agreement contains certain covenants that, subject to certain exceptions and conditions, limit the ability of MCP and its subsidiaries ability, including MCE Leisure to, among other things: (i) incur or guarantee additional indebtedness; (ii) sell assets; (iii) create liens; and (iv) effect a consolidation and merger. As of December 31, 2014, management believes that MCE Leisure was in compliance with each of the financial restrictions and requirements.

The Senior Notes are exempted from registration with the SEC under the Philippine Securities Regulation Code Rule (“SRC Rule”) 9.2.2(B) promulgated by the SEC as the Senior Notes were offered via private placement to not more than nineteen primary institutional lenders, accordingly, the Senior Notes are subject to the conditions of SRC Rule 9.2.2(B) which limit the assignment and transfer of the Senior Notes to primary institutional lenders only and to be held by not more than nineteen primary institutional lenders at any time before maturity of the Senior Notes.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

22. Long-term Debt – continued

(b) Shareholder Loan Facility

On December 23, 2013, MCE Leisure, as borrower (the “Borrower”), signed the definitive agreement of the senior secured shareholder loan facility (the “Shareholder Loan Facility”) in an aggregate amount of up to US\$340,000,000 (the “Shareholder Loan”) with MCE Investments as lender (the “Lender”) with reference to certain terms and conditions set out in a commitment letter entered by MCE Leisure with MCE Investments on April 12, 2013. The Shareholder Loan Facility is a term loan facility denominated in the United States dollars. MCP, MCE Holdings, MCE Holdings No. 2 (together with the Borrower, the “Obligors”) have provided a guarantee under the Shareholder Loan Facility in favor of the Lender in relation to the obligations of the Obligors under the Shareholder Loan. The Lender may require such security as is notified by the Lender to the Borrower, including a pledge of shares (legally and beneficially held) over each of the present and future direct and indirect subsidiaries of MCP to be provided as a condition precedent to the initial utilization of the Shareholder Loan.

The Shareholder Loan Facility availability period is to be notified by the Lender prior to the initial utilization of the Shareholder Loan, and is subject to quarterly amortization payments commencing on six months after the opening of City of Dreams Manila. The individual drawdowns under the Shareholder Loan Facility are subject to certain conditions precedents, including completion of a utilization request of proposed drawdown and issuance of promissory note in favor of the Lender with the same amount 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 includes a tax gross up provision requiring MCE Leisure to pay without any deduction or withholding for or on account of tax.

As of December 31, 2014 and 2013, the Shareholder Loan Facility has not been drawn.

(c) Deferred Financing Costs, Net

Direct and incremental costs of ₱333,711 incurred in connection with the issuance of the Senior Notes are capitalized as deferred financing costs. For the year ended December 31, 2014, deferred financing costs of ₱54,235 was amortized to the consolidated statements of comprehensive income. As of December 31, 2014, the unamortized deferred financing costs of ₱279,476 were net off and included in the amount of long-term debt as shown in the consolidated balance sheet.

Interest expenses on long-term debt consisted of interest for the Senior Notes amounted to ₱877,605 for the year ended December 31, 2014. No interest on long-term debt was capitalized for the year ended December 31, 2014.

For the year ended December 31, 2014, the Group’s borrowing rate was approximately 6.25% per annum, including a tax gross up impact on interest on the Senior Notes which required MCE Leisure to pay without any deduction or withholding for or on account of tax.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

22. Long-term Debt – continued

Other finance fees on long-term debt represents the gross receipt tax on interest on the Senior Notes, including a tax gross up impact which required MCE Leisure to pay without any deduction or withholding for or on account of tax amounted to ₱44,776 for the year ended December 31, 2014.

23. Cooperation Agreement, Operating Agreement and Lease Agreement

(a) Cooperation Agreement

On October 25, 2012, MCE Holdings Group and the Philippine Parties entered into the Cooperation Agreement which became effective upon completion of the closing arrangement conditions on March 13, 2013, with minor changes to the original terms (except for certain provisions which were effective on signing). The Cooperation Agreement governs the relationship and the rights and obligations of the Licensees. Under the Cooperation Agreement, MCE Leisure has been designated as the operator to operate City of Dreams Manila and appointed as the sole and exclusive representative of the Licensees in connection with the Provisional License and the operation and management of City of Dreams Manila until the expiry of the Provisional License, currently expected to be on July 11, 2033 or unless terminated earlier in accordance with its terms.

The Cooperation Agreement includes terms as follows, which:

- i) prohibit against assignment of rights and interests in the Provisional License by the Licensees except in certain circumstances, to an affiliate of that Licensees unless with prior written consent from other Licensees and prior written approval of PAGCOR;
- ii) set out the Licensees' contributions to the investment commitment required by PAGCOR, details were disclosed in Note 24(c)(i);
- iii) set out the right of first refusal and non-compete as agreed between the Licensees during the period commencing October 25, 2012 and ending on the date five years after the date of termination of the Cooperation Agreement, be involved in a similar business to City of Dreams Manila, including any integrated resort comprising gaming or casino operations, a hotel and entertainment venue in the Philippines;
- iv) none of the Licensees (other than, or with the consent of, MCE Leisure), may on behalf of any or all of the Licensees enter into any arrangement, agreement, make any commitment, or incur any obligation or liability to any person (including to any Government authority) in connection with the Provisional License;
- v) Belle will not, without the prior written consent of the MCE Holdings Group, sell, assign, transfer or convey any part of the land, building structures or land leased to MCE Leisure or terminate, novate or amend the lease agreement between Belle and the Government's Social Security System (the "SSS Lease Contract") as disclosed in Note 23(c);



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

23. Cooperation Agreement, Operating Agreement and Lease Agreement – continued

(a) Cooperation Agreement – continued

- vi) if any of City of Dreams Manila's land or building structures are or are proposed to be levied upon, garnished, foreclosed or attached by any Government authority, MCE Leisure may advance any sum or make any payment to prevent such action and charge the Philippine Parties for such payment plus a fee of 25% of the amount advanced, plus 15% interest per year of the aggregate amount paid by MCE Leisure;
- vii) Registration with PEZA and/or Philippine Tourism Infrastructure and Enterprise Zone must be maintained by Belle and MCE Leisure at all times;
- viii) restriction on change of control of the Licensees;
- ix) respective parties contribution in relation to City of Dreams Manila, including MCE Leisure's responsibility for the fit-out, operation and management of City of Dreams Manila, and the Philippine Parties' responsibility for the design and construction of the buildings for City of Dreams Manila (through Belle); and
- x) the indemnity of the Licensees, details were disclosed in Note 24(c).

(b) Operating Agreement

On March 13, 2013, the Licensees entered into the Operating Agreement which governs the operation and management of City of Dreams Manila by MCE Leisure. The Operating Agreement was effective as of March 13, 2013 and ends on the date of expiry of the Provisional License (as that License is extended, restored or renewed), unless terminated earlier in accordance with the terms of the Operating Agreement. The Provisional License is currently scheduled to expire on July 11, 2033. Under the Operating Agreement, MCE Leisure is appointed as the sole and exclusive operator and manager of City of Dreams Manila, and is responsible for, and has sole discretion (subject to certain exceptions) and control over, all matters relating to the management and operation of City of Dreams Manila (including the casino and gaming operations, hotel and retail components and all other activities necessary, desirable or incidental for the management and operation of City of Dreams Manila). The Operating Agreement also included terms of certain payments to PLAI upon commencement of operations of City of Dreams Manila in December 2014, in particular, PLAI has the right to receive monthly payments from MCE Leisure, based on the performance of gaming operations of City of Dreams Manila, and MCE Leisure has the right to retain all revenues from non-gaming operations of City of Dreams Manila.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

23. Cooperation Agreement, Operating Agreement and Lease Agreement – continued

(c) Lease Agreement

On October 25, 2012, MCE Leisure and Belle entered into the Lease Agreement (see Notes 9 and 21), which Belle agreed to lease to MCE Leisure the land and certain of the building structures for City of Dreams Manila. Part of the land leased by Belle to MCE Leisure is leased by Belle from the Government's Social Security System under the SSS Lease Contract.

The Lease Agreement, which was subsequently amended from time to time, became effective on March 13, 2013 upon completion of closing arrangement conditions and with minor changes from the original terms. The lease continues until termination of the Operating Agreement, currently expected to be on July 11, 2033 or unless terminated earlier in accordance with its terms. The leased property is used by MCE Leisure and any of its affiliates exclusively as a hotel, casino, and resort complex, with retail, entertainment, convention, exhibition, food and beverages services as well as other activities ancillary, related or incidental to the operation of any of the preceding uses.

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.

24. Commitments and Contingencies

(a) Capital Commitments

As of December 31, 2014, the Group had capital commitments contracted for but not provided mainly for the fit-out construction costs of City of Dreams Manila totaling ₱3,367,294 including advance payments for construction costs of ₱330,560 as disclosed in Note 12.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

24. Commitments and Contingencies – continued

(b) Lease Commitments

Operating Leases – As a Lessee

The Group leased a portion of land under the Lease Agreement for City of Dreams Manila and certain office spaces, warehouses, staff quarter and various equipment under non-cancellable operating lease agreements that expire at various dates through July 2033. Certain lease agreements provide for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by the Group and its lessors. For the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, the Group incurred rental expenses amounting to ₱342,988, ₱172,468 and nil, of which ₱315,077, ₱164,921 and nil were recognized as other expenses (Note 16) and ₱27,911, ₱7,547 and nil were capitalized in construction in progress, respectively. Minimum lease payments amounting to ₱342,947, ₱172,468 and nil and contingent fees amounting to ₱41, nil and nil were recognized for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, respectively.

As of December 31, 2014, minimum lease payments under non-cancellable leases are as follows:

	December 31, 2014
Year ending December 31,	
2015	₱210,818
2016	197,324
2017	191,469
2018	163,019
2019	149,144
Over 2019	2,435,012
	₱3,346,786

Operating Leases – As a Lessor

The Group entered into non-cancellable operating agreements mainly for mall spaces in City of Dreams Manila with various retailers that expire at various dates through October 2019. Certain of the operating agreements include minimum base fee with escalated contingent fee clauses. No contingent fees were recognized for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

24. **Commitments and Contingencies – continued**

(b) Lease Commitments – continued

Operating Leases – As a Lessor – continued

As of December 31, 2014, minimum future fees to be received under all non-cancellable operating agreements were as follows:

	December 31, 2014
Year ending December 31,	
2015	₱21,872
2016	26,082
2017	21,255
2018	11,277
2019	9,379
	<hr/> ₱89,865 <hr/>

The total minimum future fees do not include the escalated contingent fee clauses.

(c) Other Commitments

Provisional License

(i) Under the terms of the Provisional License, PAGCOR requires, amongst other things, the Licensees to make a total investment of US\$1 billion for City of Dreams Manila (the “Investment Commitment”) with a minimum investment of US\$650 million to be made prior to the opening of City of Dreams Manila on December 14, 2014. Under the terms of the Cooperation Agreement, the Licensees’ Investment Commitment of US\$1 billion will be satisfied as follows:

- For the amount of US\$650 million: (a) in the case of the Philippine Parties, the land and building structures having an aggregate value as determined by PAGCOR of not less than US\$325 million; and (b) in the case of MCE Leisure, the fit-out and furniture, gaming equipment, additional improvements, inventory and supplies as well as intangible property and entertainment facilities inside or outside of the building structures, having an aggregate value as determined by PAGCOR of not less than US\$325 million.
- For the remaining US\$350 million, the Philippine Parties and MCE Leisure shall make equal contributions of US\$175 million to City of Dreams Manila. The Licensees agree to contribute such amounts and for such purposes as notified by MCE Leisure (or in certain circumstances the Philippine Parties) to PAGCOR (subject to any recommendations PAGCOR may make).

As of December 31, 2014, the Licensees satisfied the minimum investment commitment of US\$650 million according to the terms of the Provisional License as mentioned above upon commencement of operations of City of Dreams Manila on December 14, 2014.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

24. Commitments and Contingencies – continued

(c) Other Commitments – continued

Provisional License – continued

- (ii) Within 30 days from getting approval by PAGCOR of the project implementation plan, to submit a bank guarantee, letter of credit or surety bond in the amount of ₱100 million to guarantee the Licensees' completion of City of Dreams Manila and is subject to forfeiture in case of delay in construction which delay exceeds 50% of the schedule, of which SM Group had submitted a surety bond of ₱100 million to PAGCOR on February 17, 2012. The surety bond was subsequently released on March 31, 2015.
- (iii) Seven days prior to commencement of operation of the casino, to secure a surety bond in favor of PAGCOR in the amount of ₱100 million to ensure prompt and punctual remittance/payment of all license fees, of which MCE Leisure had secured a surety bond of ₱100 million in December 2014.
- (iv) The Licensees are required to maintain an escrow account into which all funds for development of City of Dreams Manila must be deposited and all funds withdrawn from this account must be used only for such development and to deposit US\$100 million in the escrow account and maintain a balance of US\$50 million until completion of City of Dreams Manila, of which MCE Leisure had setup the escrow account in March 2013.
- (v) License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the gross gaming revenues: (a) 15% high roller tables; (b) 25% non-high roller tables; (c) 25% slot machines and electronic gaming machines; and (d) 15% junket operation.

For taxable periods prior to April 1, 2014, under Article IV, Section 20 of the Provisional License, PAGCOR and the Licensees agreed the license fees that are paid to PAGCOR by the Licensees are in lieu of all taxes with reference to the income component of the gross gaming revenues. In May 2014, PAGCOR temporarily reduced the license fees by 10% to 5% and 15% of gross gaming revenues effective from April 1, 2014. The license fee reduction is required to be used for the payment of corporate income taxes and any portion not used for such payment must be repaid to PAGCOR in quarterly and annual true-up payments (as defined). This adjustment will address the additional exposure to corporate income tax on the Licensees brought by BIR RMC No. 33-2013 as disclosed in Note 20. The 10% license fee adjustment is a temporary measure to address the unilateral BIR action and is not intended to modify, amend or revise the Provisional License. PAGCOR and the Licensees agreed to revert to the original license fee structure under the Provisional License in the event BIR action is permanently restrained, corrected or withdrawn. PAGCOR and the Licensees also agreed that the 10% license fee adjustment is not an admission of the validity of BIR RMC No. 33-2013 and it is not a waiver of any of the remedies against any assessments by BIR for corporate income tax on the gaming revenue of the Licensees.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

24. Commitments and Contingencies – continued

(c) Other Commitments – continued

Provisional License – continued

- (vi) In addition to the above license fees, the Licensees is required to remit 2% of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the Licensees and approved by PAGCOR, of which the foundation was setup by MCE Leisure on February 19, 2014.
- (vii) PAGCOR may collect a 5% fee of non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues of hotel operations should not be subject to the 5% fee except for rental income received from retail concessionaires.
- (viii) Grounds for revocation of the license, among others, are as follows: (a) failure to comply with material provision of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) has become bankrupt or insolvent; (d) delay in construction of more than 50% of the schedule; and (e) if debt-to-equity ratio is more than 70:30.

As of December 31, 2014 and 2013, MCE Holdings Group, as one of the parties as Licensees, has complied with the required debt-to-equity ratio under definition as agreed with PAGCOR, further details please refer to Note 25 under capital risk management.

Cooperation Agreement

Under the terms of the Cooperation Agreement, the Licensees are jointly and severally liable to PAGCOR under the Provisional License and each Licensee (indemnifying Licensee) must indemnify the other Licensees for any loss suffered or incurred by that Licensees arising out of, or in connection with, any breach by the indemnifying Licensee of the Provisional License. Also, each of the Philippine Parties and MCE Holdings Group agree to indemnify the non-breaching party for any loss suffered or incurred as a result of a breach of any warranty.

Lease Agreement

Under the terms of the Lease Agreement, MCE Leisure shall indemnify and keep Belle fully indemnified against all claims, actions, demands, actions and proceedings made against Belle by any person arising as a result of or in connection with any loss, damage or injury from MCE Leisure's use and operation of business on the leased property.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

24. Commitments and Contingencies – continued

(d) Guarantees

- (i) Under the Cooperation Agreement, Belle has irrevocably and unconditionally guaranteed to MCE Holdings Group the due and punctual observance, performance and discharge of all obligations of PLAI and each SM Group's company, and indemnified MCE Holdings Group against any and all loss incurred in connection with any default by the Philippine Parties under the Cooperation Agreement. MCE Leisure has likewise irrevocably and unconditionally guaranteed to each of the Philippine Parties the due and punctual observance, performance and discharge of all obligations of MCE Holdings Group, and indemnified the Philippine Parties against any and all loss incurred in connection with any default by MCE Holdings Group under the Cooperation Agreement.
- (ii) MCE Leisure has issued a corporate guarantee of ₱100 million to a bank in respect of surety bond issued to PAGCOR as disclosed in Note 24(c)(iii).

(e) Litigation

As of December 31, 2014, the Group is a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management does not believe that the outcome of such proceedings will have a material effect on the Group's financial position, results of operations or cash flows.

25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist mainly of cash and cash equivalents and restricted cash which are for development and operation for City of Dreams Manila. The Group has other financial assets and liabilities such as accounts receivable, security deposit, other deposits and receivables, amount due from a shareholder, accounts payable, accrued expenses, other payables and other current liabilities, amount due to ultimate holding company, amount due to immediate holding company, amounts due to affiliated companies and other noncurrent liabilities 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 and the Senior Notes which carries interest at fixed rate, 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 is 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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**25. Financial Risk Management Objectives and Policies – continued**Credit Risk – continued

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, accounts receivable, 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, the default of the counterparty of which the accounts receivable, security deposit and other deposits and receivables were held and the default of repayment from a shareholder, 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 December 31, 2014 and 2013.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

25. Financial Risk Management Objectives and Policies – continued

Credit Risk – continued

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. Accounts receivable, other deposits and receivables and amount due from a shareholder are 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 Parent Company to meet in full its financial obligations as they fall due. Security deposit is also 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.

	December 31, 2014				
	<u>Neither Past Due nor Impaired</u>		<u>Past Due but not Impaired</u>	<u>Impaired</u>	<u>Total</u>
	<u>High Grade</u>	<u>Standard Grade</u>			
Financial Assets					
Cash and cash equivalents	₱7,651,187	₱–	₱–	₱–	₱7,651,187
Accounts receivable	24,719	–	–	–	24,719
Deposits and receivables	169,243	–	–	–	169,243
Amount due from a shareholder	5,425	–	–	–	5,425
Restricted cash	2,230,850	–	–	–	2,230,850
	<u>₱10,081,424</u>	<u>₱–</u>	<u>₱–</u>	<u>₱–</u>	<u>₱10,081,424</u>

	December 31, 2013				
	<u>Neither Past Due nor Impaired</u>		<u>Past Due but not Impaired</u>	<u>Impaired</u>	<u>Total</u>
	<u>High Grade</u>	<u>Standard Grade</u>			
Financial Assets					
Cash and cash equivalents	₱8,599,842	₱–	₱–	₱–	₱8,599,842
Deposits and receivables	100,371	–	–	–	100,371
Amount due from a shareholder	5,425	–	–	–	5,425
Restricted cash	2,226,674	–	–	–	2,226,674
	<u>₱10,932,312</u>	<u>₱–</u>	<u>₱–</u>	<u>₱–</u>	<u>₱10,932,312</u>

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 immediate 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 to ensure it has sufficient cash to meet capital expenditure and operational needs. The forecast takes into consideration of the Group's issuance of new shares and debt financing plans and covenant compliance requirements.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

25. Financial Risk Management Objectives and Policies – continued

Liquidity Risk – continued

The table below summarizes the maturity profile of the Group's financial assets held for liquidity purposes and financial liabilities as of December 31, 2014 and 2013 based on undiscounted contractual cash flows.

	December 31, 2014				Total
	<u>Within 1 Year</u>	<u>1 – 3 Years</u>	<u>3 – 5 Years</u>	<u>Over 5 Years</u>	
Financial Assets					
Cash and cash equivalents	P7,651,187	P–	P–	P–	P7,651,187
Accounts receivable	24,719	–	–	–	24,719
Deposits and receivables	17,678	37,964	7,029	208,309	270,980
Amount due from a shareholder	5,425	–	–	–	5,425
Restricted cash	2,230,850	–	–	–	2,230,850
Financial Liabilities					
Accounts payable	P160,219	P–	P–	P–	P160,219
Accrued expenses, other payables and other current liabilities	4,378,846	–	–	–	4,378,846
Amount due to ultimate holding company	58,363	–	–	–	58,363
Amount due to immediate holding company	889,239	–	–	–	889,239
Amounts due to affiliated companies	834,384	–	–	–	834,384
Current portion of obligations under finance lease	1,120,108	–	–	–	1,120,108
Noncurrent portion of obligations under finance lease	–	3,104,953	3,716,391	33,693,577	40,514,921
Long-term debt	–	–	15,000,000	–	15,000,000
Interest expenses payable on long-term debt (including withholding tax)	937,500	1,875,000	997,396	–	3,809,896
Other finance fees payable on long-term debt (including gross up withholding tax)	47,832	95,663	50,888	–	194,383
Other noncurrent liabilities	–	6,298	10,968	1,091	18,357

	December 31, 2013				Total
	<u>Within 1 Year</u>	<u>1 – 3 Years</u>	<u>3 – 5 Years</u>	<u>Over 5 Years</u>	
Financial Assets					
Cash and cash equivalents	P8,599,842	P–	P–	P–	P8,599,842
Deposits and receivables	10,029	12,808	7,029	175,599	205,465
Amount due from a shareholder	5,425	–	–	–	5,425
Restricted cash	–	2,226,674	–	–	2,226,674
Financial Liabilities					
Accrued expenses, other payables and other current liabilities	P884,496	P–	P–	P–	P884,496
Amount due to ultimate holding company	107,787	–	–	–	107,787
Amount due to immediate holding company	887,415	–	–	–	887,415
Amounts due to affiliated companies	353,591	–	–	–	353,591
Current portion of obligations under finance lease	1,316,868	–	–	–	1,316,868
Noncurrent portion of obligations under finance lease	–	2,986,078	3,548,910	36,160,760	42,695,748



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**25. Financial Risk Management Objectives and Policies – continued**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, Renminbi 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 by maintaining a certain amount of operating funds in the same currencies in which the Group has obligations to pay from time to time. 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:

	December 31, 2014		December 31, 2013	
	Foreign Currency	Philippine Peso	Foreign Currency	Philippine Peso
Financial Asset				
Cash and cash equivalents:				
Hong Kong dollar ("HK\$")	HK\$20,072,620	115,113	–	–
United States dollar ("US\$")	US\$45,659,517	2,037,191	US\$502,697	22,387
Foreign Currency-denominated Financial Asset		2,152,304		22,387



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

25. Financial Risk Management Objectives and Policies – continued

Foreign Exchange Risk – continued

	December 31, <u>2014</u>		December 31, <u>2013</u>	
	Foreign Currency	Philippine Peso	Foreign Currency	Philippine Peso
Financial Liabilities				
Accounts payable:				
HK\$	HK\$71,080	408	–	–
		408		–
Accrued expenses, other payables and other current liabilities:				
HK\$	HK\$167,688	962	HK\$3,823,272	21,885
Renminbi (“RMB”)	RMB22,500	161	–	–
Singapore dollar (“SGD”)	SGD8,000	269	–	–
US\$	US\$357,645	15,957	US\$1,061,348	47,266
		17,349		69,151
Amount due to ultimate holding company:				
HK\$	HK\$2,634,522	15,109	HK\$2,634,522	15,080
Macau Patacas (“MOP”)	MOP18,841,429	104,905	MOP11,114,897	61,770
US\$	US\$1,879,012	83,836	US\$1,879,012	83,679
		203,850		160,529
Amount due to immediate holding company:				
HK\$	HK\$155,600,000	892,340	HK\$155,600,000	890,670
		892,340		890,670
Amounts due to affiliated companies:				
Australian dollar (“AUD”)	AUD7,439	271	AUD7,439	294
HK\$	HK\$22,261,384	127,665	HK\$14,746,789	84,412
MOP	MOP100,259,847	558,227	MOP44,343,000	246,431
SGD	SGD1,713	58	SGD1,713	60
US\$	US\$351,647	15,689	US\$320,007	14,251
		701,910		345,448
Current portion of obligations under finance lease:				
US\$	–	–	US\$179,390	7,989
		–		7,989
Noncurrent portion of obligations under finance lease:				
US\$	–	–	US\$858,008	38,210
		–		38,210
Foreign Currency-denominated Financial Liabilities		1,815,857		1,511,997



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**25. Financial Risk Management Objectives and Policies – continued**Foreign Exchange Risk – continued

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the Group used the following rates of exchange as of December 31, 2014 and 2013:

	December 31, <u>2014</u>	December 31, <u>2013</u>
Philippine peso to 1 unit of foreign currency:		
AUD	36.39	39.58
HK\$	5.73	5.72
MOP	5.57	5.56
RMB	7.15	N/A
SGD	33.68	35.03
US\$	44.62	44.53

The Group recognized net foreign exchange loss of ₱101,013 and ₱112,195 for the years ended December 31, 2014 and 2013, respectively.

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.

	December 31, <u>2014</u>		December 31, <u>2013</u>	
	% Change Currency Rate	Effect on Loss Before <u>Income Tax</u>	% Change Currency Rate	Effect on Loss Before <u>Income Tax</u>
AUD	+1.8%	₱5	+1.4%	₱4
	-1.8%	(5)	-1.4%	(4)
HK\$	+1.0%	9,214	+1.3%	13,157
	-1.0%	(9,214)	-1.3%	(13,157)
MOP	+1.0%	6,631	+1.3%	4,007
	-1.0%	(6,631)	-1.3%	(4,007)
RMB	+1.3%	2	N/A	N/A
	-1.3%	(2)	N/A	N/A
SGD	+0.9%	3	+0.9%	1
	-0.9%	(3)	-0.9%	(1)
US\$	+1.0%	(19,217)	+1.3%	2,197
	-1.0%	19,217	-1.3%	(2,197)

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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (In thousands of Philippine peso, except share and per share data)

25. Financial Risk Management Objectives and Policies – continued

Capital Risk Management

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 funding from shareholders, ultimate holding company, immediate holding company, debt financing or issuance of new shares.

The Group considers total equity and long-term debt as its capital which amounted to ₱27,607,935 and ₱13,333,691 as of December 31, 2014 and 2013, respectively.

Under the terms of the Provisional License, it requires each of the Licensees to maintain a debt-to-equity ratio under the definition as agreed with PAGCOR (the "D/E Ratio") of not more than 70:30. The Group's strategy is to monitor capital and maintain the D/E Ratio to comply with the PAGCOR requirements. As of December 31, 2014 and 2013, MCE Holdings Group, as one of the parties as Licensees, has complied with the D/E Ratio as required by PAGCOR.

26. Financial Instruments

Fair Value of Financial Instruments

Cash and cash equivalents, Restricted cash, Accounts receivable, Other deposits and receivables, Amount due from a shareholder, Accounts payable, Accrued expenses, other payables and other current liabilities, Amount due to ultimate holding company, Amount due to immediate 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, Current and Noncurrent portion of obligations under finance lease and Long-term debt. The carrying values approximate their fair values, which are measured by discounting estimated future cash flows 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) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2014 and 2013, the Group does not have financial instruments that are carried and measured at fair value. For the years ended December 31, 2014 and 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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**27. Note to Consolidated Statements of Cash Flows**

- (a) For the year ended December 31, 2014, fit-out construction costs and cost of property and equipment in total of ₱3,016,357, ₱329,997 and nil were funded through accrued expenses, other payables and other current liabilities, amounts due to affiliated companies and amount due to ultimate holding company, respectively (For the year ended December 31, 2013: ₱700,807, ₱185,623 and nil, respectively; for the period from August 13, 2012 to December 31, 2012: ₱5,594, ₱21,512 and ₱10,512, respectively).
- (b) For the year ended December 31, 2014, interest expenses capitalized in fit-out construction costs of ₱734,133 was funded through obligations under finance lease (For the year ended December 31, 2013: ₱147,553; for the period from August 13, 2012 to December 31, 2012: nil).
- (c) For the year ended December 31, 2014, deferred financing costs of ₱622 was funded through amounts due to affiliated companies (For the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012: nil for both periods).
- (d) For the year ended December 31, 2014, buy-out fee of a finance lease agreement of ₱36,173 was funded through accrued expenses, other payables and other current liabilities (For the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012: nil for both periods).
- (e) For the year ended December 31, 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 (For the period from August 13, 2012 to December 31, 2012: nil).
- (f) For the year ended December 31, 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 (For the period from August 13, 2012 to December 31, 2012: nil).
- (g) For the year ended December 31, 2013, contract acquisition costs of ₱5,808 and nil were funded through amounts due to affiliated companies and amount due to ultimate holding company, respectively (For the period from August 13, 2012 to December 31, 2012: ₱343 and ₱58,084, respectively). For the year ended December 31, 2013, contract acquisition costs of ₱64,721 were capitalized in building under finance lease (For the period from August 13, 2012 to December 31, 2012: nil).
- (h) For the year ended December 31, 2013, other intangible assets of ₱5,624 were funded through accrued expenses, other payables and other current liabilities (For the period from August 13, 2012 to December 31, 2012: nil).
- (i) For the year ended December 31, 2013, other noncurrent assets of ₱16,092 and ₱1,572 were funded through accrued expenses, other payables and other current liabilities and amounts due to affiliated companies, respectively (For the period from August 13, 2012 to December 31, 2012: nil).



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

27. Note to Consolidated Statements of Cash Flows – continued

- (j) For the year ended December 31, 2013, prepaid license fee of ₱6,680 was funded through accrued expenses, other payables and other current liabilities (For the period from August 13, 2012 to December 31, 2012: nil).

28. 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. As of December 31, 2014, 57,075,917 shares remain available for the grant of various share-based awards under the Share Incentive Plan.

Share Options

For the year ended December 31, 2014, the Group granted 9,543,186 share options to certain personnel under the Share Incentive Plan, with the exercise price for 4,861,003 share options 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 of the Parent Company’s common shares trading on the PSE. The exercise price for 4,682,183 share options is fixed at ₱8.3 per share, with the same exercise price with the share options granted on June 28, 2013 on the bases approved by the management that these personnel would contribute significantly to the pre-opening of City of Dreams Manila and joined the Group prior to March 31, 2014. These share options became exercisable over different vesting periods of around three years. For the year ended December 31, 2013, the Group granted share options to certain personnel under the Share Incentive Plan 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 of the Parent Company’s common shares trading on the PSE. These share options became exercisable over a vesting period of three years, with the first vesting on 30 days after the opening of City of Dreams Manila which were vested on March 4, 2015. All 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 share option granted, with highly subjective assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. 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 the Parent Company. 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.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

28. Share Incentive Plan – continued

Share Options – continued

The fair value per share option under the Share Incentive Plan was estimated at the date of grant using the following weighted average assumptions for share options granted for the years ended December 31, 2014 and 2013:

	December 31,	
	<u>2014</u>	<u>2013</u>
Expected dividend yield	–	–
Expected stock price volatility	40%	45%
Risk-free interest rate	3.77%	3.73%
Expected average life of options (years)	5.2	5.0

A summary of share options activity under the Share Incentive Plan as of December 31, 2014, and changes for the years ended December 31, 2014 and 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.....	(4,682,183)	8.30		
Outstanding as of December 31, 2013 ..	116,144,153	₱8.30		
Granted.....	9,543,186	10.82		
Forfeited.....	(1,560,727)	8.30		
Outstanding as of December 31, 2014..	<u>124,126,612</u>	<u>₱8.49</u>	<u>8.56</u>	<u>₱631,297</u>

As of December 31, 2014, no share options granted under the Share Incentive Plan were vested and exercisable.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**28. Share Incentive Plan – continued***Share Options – continued*

A summary of share options expected to vest under the Share Incentive Plan as of December 31, 2014 are presented below:

	Expected to Vest		
	Number of Share Options	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Exercise price per share:			
₱8.30	119,265,609	8.52	₱629,722
₱13.26	4,861,003	9.42	1,575
	124,126,612	8.56	₱631,297

The weighted average fair value of share options granted under the Share Incentive Plan for the years ended December 31, 2014 and 2013 were ₱6.31 and ₱3.68 per share, respectively. As of December 31, 2014, there was ₱131,885 unrecognized compensation costs related to share options under the Share Incentive Plan and the costs were expected to be recognized over a weighted average period of 1.23 years.

Restricted Shares

For the year ended December 31, 2014, the Group granted restricted shares to certain personnel under the Share Incentive Plan with vesting periods of around three years. For the year ended December 31, 2013, the Group granted restricted shares to certain personnel under the Share Incentive Plan with a vesting period of three years, with the first vesting on 30 days after the opening of City of Dreams Manila which were vested on March 4, 2015. The grant date fair value is determined with reference to the market closing price of the Parent Company's common share trading on the PSE at the date of grant.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
(In thousands of Philippine peso, except share and per share data)

28. Share Incentive Plan – continued

Restricted Shares – continued

A summary of the restricted shares activity under the Share Incentive Plan as of December 31, 2014, and changes for the years ended December 31, 2014 and 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.....	(2,341,091)	8.30
Unvested as of December 31, 2013	58,072,076	₱8.30
Granted.....	7,079,775	13.03
Forfeited.....	(780,365)	8.30
Unvested as of December 31, 2014	<u>64,371,486</u>	<u>₱8.82</u>

No restricted shares under the Share Incentive Plan were vested for the years ended December 31, 2014 and 2013. As of December 31, 2014, there was ₱158,089 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 1.25 years.

The impact of share options and restricted shares for the years ended December 31, 2014 and 2013 recognized in the consolidated financial statements is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Share Incentive Plan:		
Share options	₱220,730	₱128,819
Restricted shares	260,367	149,332
Total share-based compensation expenses	<u>₱481,097</u>	<u>₱278,151</u>
Share-based compensation expenses	₱206,795	₱95,936
Consultancy fee in consideration for share awards	274,302	182,215
	<u>₱481,097</u>	<u>₱278,151</u>



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**29. Segment Information**

The Group principal operating and developmental activities are engaged in the gaming and hospitality business in the Philippines. The chief operating decision maker monitors its operations and evaluates earnings by reviewing the assets and operations of City of Dreams Manila as one operating segment. Upon commencement of operations of City of Dreams Manila on December 14, 2014 and as of December 31, 2014, the Group operates in one geographical area, the Philippines, where it derives its revenue and represented the comparatives for the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012.

The Group's segment information for total assets and capital expenditures is as follows:

TOTAL ASSETS

	December 31, 2014	December 31, <u>2013</u>	December 31, <u>2012</u>
The Philippines:			
City of Dreams Manila	₱47,746,744	₱28,142,735	₱1,250,432
Total Assets	₱47,746,744	₱28,142,735	₱1,250,432

CAPITAL EXPENDITURES

	Year Ended December 31, 2014	Year Ended December 31, <u>2013</u>	Period from August 13, 2012 to December 31, <u>2012</u>
The Philippines:			
City of Dreams Manila	₱18,227,901	₱14,963,838	₱39,282
Total Capital Expenditures	₱18,227,901	₱14,963,838	₱39,282

The Group's geographic information for long-lived assets is as follows:

LONG-LIVED ASSETS

	December 31, 2014	December 31, <u>2013</u>	December 31, <u>2012</u>
The Philippines	₱33,807,088	₱16,023,859	₱97,709
Total Long-Lived Assets	₱33,807,088	₱16,023,859	₱97,709



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued**
(In thousands of Philippine peso, except share and per share data)**29. Segment Information – continued**

The Group's segment information on its results of operations is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013	Period from August 13, 2012 to December 31, 2012
NET OPERATING REVENUES			
The Philippines:			
City of Dreams Manila	₱430,218	₱52,952	₱–
Total Net Operating Revenues	₱430,218	₱52,952	₱–
ADJUSTED PROPERTY EBITDA ⁽¹⁾			
The Philippines:			
City of Dreams Manila	₱5,055	(₱92,234)	(₱3,551)
Total Adjusted Property EBITDA	5,055	(92,234)	(3,551)
OPERATING COSTS AND EXPENSES			
Payments to the Philippine Parties	(38,809)	–	–
Land rent to Belle	(158,466)	(132,055)	–
Pre-opening costs	(3,114,306)	(455,344)	–
Development costs	–	(95,090)	(45,920)
Depreciation and amortization	(285,731)	(51,520)	–
Share-based compensation expenses	(206,795)	(95,936)	–
Consultancy fee in consideration for share awards	(274,302)	(182,215)	–
Property charges and others	(157,693)	–	–
Total Operating Costs and Expenses	(4,236,102)	(1,012,160)	(45,920)
OPERATING LOSS	(4,231,047)	(1,104,394)	(49,471)
NON-OPERATING INCOME (EXPENSES)			
Interest income	42,887	54,506	112
Interest expenses, net of capitalized interest	(1,915,097)	(1,316,877)	–
Other finance fees	(44,776)	–	–
Foreign exchange loss, net	(101,013)	(112,195)	(427)
Amortization of deferred financing costs	(54,235)	–	–
Other income	–	15,543	–
Total Non-operating Expenses, Net	(2,072,234)	(1,359,023)	(315)
NET LOSS	(₱6,303,281)	(₱2,463,417)	(₱49,786)

Note:

(1) "Adjusted property EBITDA" is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, pre-opening costs, development costs, share-based compensation expenses, property charges and others and other non-operating income and expenses. The chief operating decision maker uses Adjusted property EBITDA to measure the operating performance of City of Dreams Manila and to the operating performance of its property with those of its competitors.



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued****(In thousands of Philippine peso, except share and per share data)****30. Subsequent Events**

- (a) In January 2015, the Group settled all outstanding claims in respect of the legal proceedings as mentioned in Note 24(e) and settled the amount of ₱2,500 for full and final settlement.
- (b) On January 30, 2015, MCE Leisure applied to PAGCOR for the issuance of a regular casino license for City of Dreams Manila as the Licensees satisfied the Investment Commitment of US\$1 billion under the terms of the Provisional License.

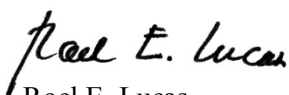


INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Melco Crown (Philippines) Resorts Corporation
Aseana Boulevard cor. Rozas Boulevard
Brgy. Tambo, Parañaque City 1701

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Melco Crown (Philippines) Resorts Corporation and Subsidiaries as at and for the years ended December 31, 2014 and 2013, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2014 and 2013 and for the period from August 13, 2012 to December 31, 2012, included in this Form 17-A and have issued our report thereon dated April 8, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Roel E. Lucas
Partner
CPA Certificate No. 98200
SEC Accreditation No. 1079-AR-1 (Group A),
March 4, 2014, valid until March 3, 2017
Tax Identification No. 191-180-015
BIR Accreditation No. 08-001998-95-2014,
January 22, 2014, valid until January 21, 2017
PTR No. 4751294, January 5, 2015, Makati City

April 8, 2015



MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

December 31, 2014

Schedule A. Financial assets

(In thousands of Philippine peso)

Name of issuing entity and association of each issue	Amounts shown in the balance sheet	Interest income received or receivable
Cash and cash equivalents:		
BDO Unibank, Inc.	3,359,627	19,191
Bank of China Manila Branch	2,251,114	15,457
Metropolitan Bank and Trust Company	886,361	189
Eastwest Bank	26,025	75
Cash on hand	1,128,060	-
	7,651,187	34,912
Accounts receivable:		
Various customers	24,719	-
Deposits and receivables:		
Belle Corporation	73,862	3,357
The Manila Electric Company	32,710	-
Froehlich Tours Inc.	20,169	-
Nissan Car Lease Philippines, Inc.	15,015	-
Microsourcing International, Ltd.	10,758	-
SM Investments Corporation	7,129	-
Common Goal Real Properties, Inc.	2,549	-
Others	7,051	55
	169,243	3,412
Amount due from a shareholder:		
MCE (Philippines) Investments No.2 Corporation	5,425	-
Restricted cash:		
BDO Unibank, Inc.	2,230,850	4,563

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

December 31, 2014

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

(In thousands of Philippine peso)

Receivable of MCE Leisure (Philippines) Corporation from Melco Crown (Philippines) Resorts Corporation

Name and designation of debtor	Beginning balance	Additions	Deductions			Current	Non-Current	Ending balance
			Amounts collected	Amounts written off	Revaluation of outstanding balance			
Melco Crown (Philippines) Resorts Corporation	-	8,533	(7,076)	-	(41)	1,416	-	1,416

Receivable of MCE Leisure (Philippines) Corporation from MCE Holdings (Philippines) Corporation

Name and designation of debtor	Beginning balance	Additions	Deductions			Current	Non-Current	Ending balance
			Amounts collected	Amounts written off	Revaluation of outstanding balance			
MCE Holdings (Philippines) Corporation	2,577	-	-	-	16	2,593	-	2,593

Receivable of MCE Holdings (Philippines) Corporation and MCE Leisure (Philippines) Corporation from MCE Holdings No. 2 (Philippines) Corporation

Name and designation of debtor	Beginning balance	Additions	Deductions			Current	Non-Current	Ending balance
			Amounts collected	Amounts written off	Revaluation of outstanding balance			
MCE Holdings No. 2 (Philippines) Corporation	6,332	16,670	-	-	-	23,002	-	23,002

Receivable of Melco Crown (Philippines) Resorts Corporation from MCE Leisure (Philippines) Corporation

Name and designation of debtor	Beginning balance	Additions	Deductions			Current	Non-Current	Ending balance
			Amounts collected (i)	Amounts written off	Revaluation of outstanding balance			
MCE Leisure (Philippines) Corporation	1,026,533	18,445	(1,044,978)	-	-	-	-	2,089,956

(i) PHP1,000,000 was settled by converting the outstanding balance into additional paid-in capital of MCE Leisure (Philippines) Corporation. The remaining amount of PHP44,978 was settled by cash.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

December 31, 2014

Schedule D. Intangible assets

(In thousands of Philippine peso)

Description	Beginning balance	Additions of cost	Amortization charged to cost and expenses	Other changes additions (deductions)	Ending balance
Contract acquisition costs	1,020,151	-	(52,093)	-	968,058
Other intangible assets (for right to use of trademarks)	8,698	-	-	-	8,698

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

December 31, 2014

Schedule E. Long-term Debt

(In thousands of Philippine peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet (i)
5.00% senior notes, due 2019	15,000,000	-	14,720,524

(i) Balance represents principal amount net against deferred financing costs of 279,476.

See note 22(a) to Consolidated Financial Statements for details of interest rates, amounts or number of periodic installments, and maturity dates.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION
Schedule H. Capital Stock
As of December 31, 2014

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held by		
				Affiliates/Related Parties	Directors, Officers and Employees	Others
Common	5,900,000,000	4,911,480,300	194,825,275	3,380,511,464	31,925	1,530,936,911

RECONCILIATION OF RETAINED EARNINGS

As of December 31, 2014

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

Aseana Boulevard cor. Roxas Boulevard, Brgy.

Tambo, Parañaque City 1701

Unappropriated retained earnings per financial statements, beginning	₱468,862,544
Adjustments: Unrealized foreign exchange loss – net (except those attributable to cash and cash equivalents)	505,216
Unappropriated retained earnings available for dividend declaration, as adjusted, beginning	₱469,367,760
Net loss based on the face of AFS	(₱376,785,076)
Less: Non-actual/unrealized income net of tax:	
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain – net (except those attributable to cash and cash equivalents)	(413,934)
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Fair value adjustment of investment property resulting to gain	–
Adjustment due to deviation from PFRS/GAAP – gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Add: Non-actual losses:	
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP – loss	–
Loss on fair value adjustment of investment property (after tax)	–
Net income actual/realized	(₱377,199,010)
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, AS ADJUSTED, ENDING	₱92,168,750

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

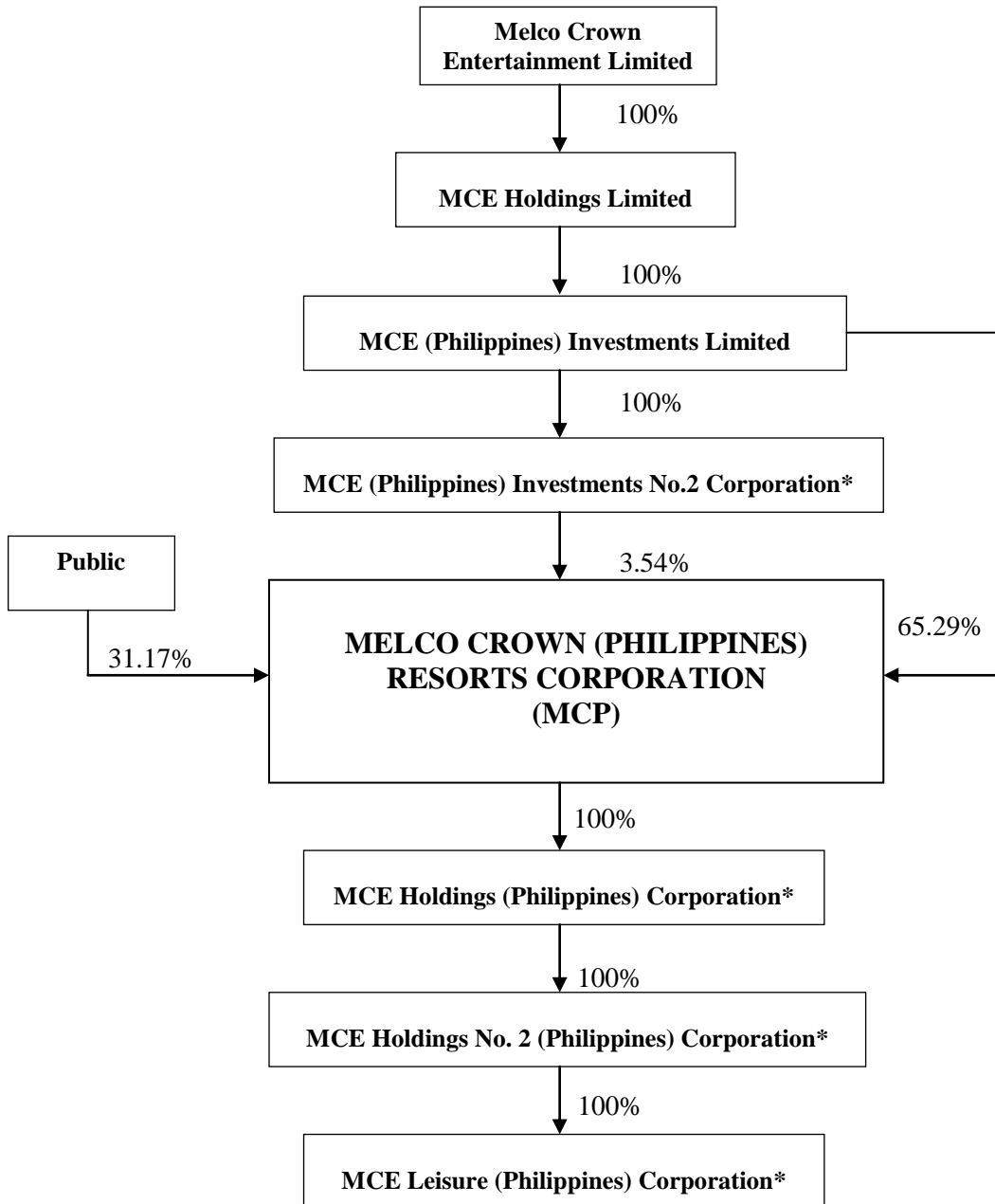
Key Performance Indicators

For the year ended December 31, 2014 and 2013

		December 31, 2014	Decembr 31, 2013	Note
Current ratio	Current assets over current liabilities	1.35	2.58	
Debt-to-equity ratio	Long term and short term debt over total equity	1.14	-	No debt in 2013
Interest rate coverage ratio	Net income before interest expense and taxes over interest expense	Not applicable	Not applicable	MCP is making a loss
Return on assets	Net income over total assets	Not applicable	Not applicable	MCP is making a loss
Return on equity	Net income over total equity	Not applicable	Not applicable	MCP is making a loss

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

**Mapping of relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates
As of December 31, 2014**



* The shares of these companies are owned 0.01% by 5 nominee directors of these companies respectively.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X			
PFRSs Practice Statement Management Commentary					X
Philippine Financial Reporting Standards					
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	X			
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate				X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters				X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters				X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters				X
	Amendments to PFRS 1: Government Loans				X
PFRS 2	Share-based Payment	X			
	Amendments to PFRS 2: Vesting Conditions and Cancellations	X			
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	X			
PFRS 3 (Revised)	Business Combinations				X
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination		X		
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements		X		
PFRS 4	Insurance Contracts				X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts				X
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations				X
	Amendment to PFRS 5 : Changes in Method of Disposal		X		
PFRS 6	Exploration for and Evaluation of Mineral Resources				X
PFRS 7	Financial Instruments: Disclosures	X			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
	Amendments to PFRS 7: Transition	X			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X			
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X			
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	X			
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	X			
	Amendments to PFRS 7: Disclosures – Servicing Contracts		X		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements		X		
PFRS 8	Operating Segments	X			
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets		X		
PFRS 9	Financial Instruments		X		
	Financial Instruments – New Hedge Accounting Requirements		X		
	Financial Instruments – Classification and Measurement (2010 version)		X		
	Financial Instruments – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)		X		
	Financial Instruments (2014 or final version)		X		
PFRS 10	Consolidated Financial Statements	X			
	Amendments to PFRS 10: Investment Entities	X			
	Amendments to PFRS 10 : Sale of Contribution of Assets between an Investor and its Associate of Joint Venture		X		
PFRS 11	Joint Arrangements				X
	Amendments to PFRS 11 : Accounting for Acquisitions of Interests in Joint Operations		X		
PFRS 12	Disclosure of Interests in Other Entities				X
	Amendments to PFRS 12: Investment Entities	X			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
PFRS 13	Fair Value Measurement	X			
	Amendment to PFRS 3 : Portfolio Exception		X		
PFRS 14	Regulatory Deferral Accounts		X		
PFRS 15	Revenue from Contracts with Customers		X		
Philippine Accounting Standards					
PAS 1 (Revised)	Presentation of Financial Statements	X			
	Amendment to PAS 1: Capital Disclosures	X			
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation				X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income				X
PAS 2	Inventories	X			
PAS 7	Statement of Cash Flows	X			
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X			
PAS 10	Events after the Balance Sheet Date	X			
PAS 11	Construction Contracts				X
PAS 12	Income Taxes	X			
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets				X
PAS 16	Property, Plant and Equipment	X			
	Amendment to PAS16 : Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization		X		
	Amendment to PAS16 : Clarification of Acceptable Methods of Depreciation and Amortization		X		
PAS 17	Leases	X			
PAS 18	Revenue	X			
PAS 19	Employee Benefits	X			
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	X			
PAS 19 (Revised)	Employee Benefits	X			
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		X		
	Amendments to PAS 19: regional market issue regarding discount rate		X		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance				X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates	X			
	Amendment: Net Investment in a Foreign Operation				X
PAS 23 (Revised)	Borrowing Costs	X			
PAS 24 (Revised)	Related Party Disclosures	X			
	Amendment to PAS 24 : Key Management Personnel		X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans				X
PAS 27	Consolidated and Separate Financial Statements	X			
PAS 27 (Amended)	Separate Financial Statements	X			
	Amendments to PAS 27: Investment Entities	X			
	Amendments to PAS 27 : Equity Method in Separate Financial Statements		X		
PAS 28	Investments in Associates				X
PAS 28 (Amended)	Investments in Associates and Joint Ventures				X
	Amendments to PAS 28 : Sale of Contribution of Assets between an Investor and its Associate of Joint Venture		X		
PAS 29	Financial Reporting in Hyperinflationary Economies				X
PAS 31	Interests in Joint Ventures				X
PAS 32	Financial Instruments: Disclosure and Presentation	X			
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation				X
	Amendment to PAS 32: Classification of Rights Issues				X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X			
PAS 33	Earnings per Share	X			
PAS 34	Interim Financial Reporting	X			
	Amendment to PAS 34 : disclosure of information 'elsewhere in the interim financial report'		X		
PAS 36	Impairment of Assets	X			
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	X			
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X			
PAS 38	Intangible Assets	X			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
	Amendment to PAS38 : Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization		X		
	Amendment to PAS38 : Clarification of Acceptable Methods of Depreciation and Amortization		X		
PAS 39	Financial Instruments: Recognition and Measurement	X			
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions				X
	Amendments to PAS 39: The Fair Value Option				X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts				X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	X			
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives				X
	Amendment to PAS 39: Eligible Hedged Items				X
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting				X
PAS 40	Investment Property				X
PAS 41	Agriculture				X
Philippine Interpretations					
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities				X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments				X
IFRIC 4	Determining Whether an Arrangement Contains a Lease	X			
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds				X
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment				X
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies				X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
IFRIC 8	<i>Scope of PFRS 2</i>				X
IFRIC 9	Reassessment of Embedded Derivatives				X
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives				X
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>				X
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	X			
IFRIC 12	Service Concession Arrangements				X
IFRIC 13	Customer Loyalty Programmes				X
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	X			
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement				X
IFRIC 15	Agreements for the Construction of Real Estate		X		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation				X
IFRIC 17	Distributions of Non-cash Assets to Owners				X
IFRIC 18	Transfers of Assets from Customers				X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments				X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine				X
IFRIC 21	Levies	X			
SIC-7	Introduction of the Euro				X
SIC-10	Government Assistance - No Specific Relation to Operating Activities				X
SIC-12	Consolidation - Special Purpose Entities	X			
	Amendment to SIC - 12: Scope of SIC 12	X			
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers				X
SIC-15	Operating Leases - Incentives				X
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets				X
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders				X
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	X			
SIC-29	Service Concession Arrangements: Disclosures.				X
SIC-31	Revenue - Barter Transactions Involving Advertising Services				X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Early Adopted	Not adopted	Not Applicable
SIC-32	Intangible Assets - Web Site Costs				X

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

INDEX TO EXHIBITS

Form 17-A

<u>No.</u>		<u>Page No.</u>
(3)	Plan of Acquisition, Reorganization, Arrangements, Liquidation or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	167
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits – Annual Corporate Governance Report	217

*These exhibits are either not applicable to the Company or require no answer.



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills,
City of Mandaluyong, Metro Manila

COMPANY REG. NO. CS201214789

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

KNOW ALL PERSONS BY THESE PRESENTS:

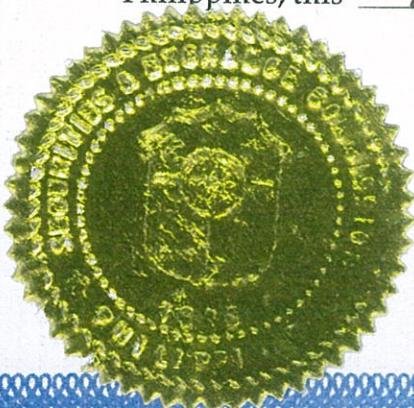
This is to certify that the amended articles of incorporation of the

MCE HOLDINGS (PHILIPPINES) CORPORATION
(Amending Article VII thereof)

copy annexed, adopted on June 17, 2014 by majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 18th day of August, Twenty Fourteen.




FERDINAND B. SALES
Director

Company Registration and Monitoring Department



COVER SHEET for Application at COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application
Amendment of AI and By-Laws

S.E.C. Registration Number
C S 2 0 1 2 1 4 7 8 9

Former Company Name

	M	C	E		H	O	L	D	I	N	G	S		(	P	H	I	L	I	P	P	I	N	E	S)			

AMENDED TO:
New Company Name

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

A	S	E	A	N	A	B	O	U	L	E	V	A	R	D	C	O	R	.	R	O	X	A	S			
B	O	U	L	E	V	A	R	D	,	B	R	G	Y	.	T	A	M	B	O							
P	A	R	A	N	A	Q	U	E	C	I	T	Y	1	7	0	1										

Company's Telephone Number/s
866-9888

Contact Person
MARISSA T. ACADEMIA

Contact Person's Telephone Number
866-9888

Contact Person's Address
G/F Two E-Com Center, Harbor Drive cor. Palm Coast Ave., MOA Complex, Pasay City

To be accomplished by CRMD Personnel

	Date	Signature
Assigned Processor _____ _____	_____	_____
Document I.D. 		
Received by Corporate Filing and Records Division (CFRD) _____	_____	_____
Forwarded to:		
<input type="checkbox"/> Corporate and Partnership Registration Division _____	_____	_____
<input type="checkbox"/> Green Lane Unit _____	_____	_____
<input type="checkbox"/> Financial Analysis and Audit Division _____	_____	_____
<input type="checkbox"/> Licensing Unit _____	_____	_____
<input type="checkbox"/> Compliance Monitoring Division _____	_____	_____

AMENDED ARTICLES OF INCORPORATION
OF
MCE HOLDINGS (PHILIPPINES) CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age, majority of whom are citizens and residents of the Republic of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE HEREBY CERTIFY:

FIRST: That the name of the said corporation shall be:

MCE HOLDINGS (PHILIPPINES) CORPORATION

SECOND: That the purposes for which said corporation is formed are:

PRIMARY PURPOSE

To subscribe, acquire, hold, sell, assign, or dispose of shares of stock and other securities of any corporation including, but not limited to, Corporations engaged in hotel and/or gaming and entertainment business, and to guarantee or provide a mortgage, pledge, or other security over all or part of its assets or financial support or accommodation to secure the whole or any part of the indebtedness and obligations of any of its subsidiaries and/or affiliates, without however engaging in dealership in securities or in the stock brokerage business or in the business of an investment company, to the extent permitted by law, and to be involved in the management and operation of such investee companies.

SECONDARY PURPOSES

1. To the extent permitted by law, to acquire by purchase, lease contract, concession, or otherwise, any and all real and personal properties of every kind and description whatsoever (other than land), which the Corporation may deem necessary or appropriate in connection with the conduct of the corporate business, and to own, hold, operate, improve, develop, manage, grant, lease, sell, exchange, or otherwise dispose of the whole or any part thereof;

2. To borrow or raise money necessary for any of the purposes of the Corporation, and from time to time, draw, make, accept, endorse, transfer, assign, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and transferable instruments and evidence of indebtedness, to give guarantees and indemnities, to secure indebtedness of third persons or other secured persons, and for the purpose of securing any of its obligations or contracts, to convey, transfer, assign, deliver, mortgage, and/or pledge

all or any part of the property or assets at any time held or owned by the Corporation, on such terms and conditions as the Board of Directors of the Corporation or its duly authorized officers or agents shall determine and as may be permitted by law;

3. To purchase or acquire, hold, assign, mortgage, pledge, and sell or otherwise dispose of shares of stock, receivables, bonds, securities, or other evidence of indebtedness issued or created by any other corporation, partnership, or company, whether domestic or foreign, and while the holder of any such share of stock, to exercise all the rights and privileges of ownership, including the right to vote without, however, engaging as a stock broker or dealer in securities;

4. To invest and deal with the money and properties of the Corporation in such manner as may, from time to time, be considered wise or expedient for the advancement of its interest and to sell, dispose, or transfer the business, properties, and goodwill of the Corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;

5. To aid in any manner, any corporation, association or trust estate, domestic or foreign, or any firm or individual, in which any shares of stocks or bonds, debentures, notes, securities, evidence of indebtedness, contracts, or obligations of which are held by or for the Corporation, directly or indirectly or through other corporations or otherwise;

6. To enter into any lawful arrangement for sharing profits, union of interest, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person, or governmental, municipal, or public authority, domestic or foreign, in the carrying out of any of the purposes of the Corporation;

7. To acquire or obtain from any government or authority, or any corporation, company, or partnership or person, such charter, contracts, franchise, privilege, exemption, license, or concession as may be conducive to any of the objects of the Corporation;

8. To exercise all the powers granted to the Corporation under Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines.

THIRD: That the place where the principal office of the Corporation is to be established is at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701. (As amended on 08 October 2013).

FOURTH: That the term for which the Corporation is to exist is fifty (50) years from and after the date of the issuance of the certificate of incorporation.

FIFTH: That the names, nationalities, and residences of the incorporators are as follows:

Name	Nationality	Address
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	Unit 30G, One Legaspi Park Condominium, Rada Street, Legaspi Village, Makati City
Jomini C. Nazareno TIN: 227-369-048	Filipino	9 Colt Street, Calvary Hills, Fort Bonifacio, Makati City
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	65 Switzerland Street, Better Living Subd., Parañaque, Metro Manila
Cristina Collantes Garcia TIN: 199-116-923	Filipino	121 Country Club Drive, Ayala Alabang Village, Muntinlupa City
Maria Tara A. Mercado TIN: 401-141-426	Filipino	Unit 904 Grand Soho Makati, HV de la Costa St., Makati City

SIXTH: That the number of directors of the Corporation shall be five (5) and that the names, nationality, and residences of the Directors of the Corporation who are to serve until their successors are elected and qualified, as provided by the By-Laws are as follows, to wit:

Name	Nationality	Address
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	Unit 30G, One Legaspi Park Condominium, Rada Street, Legaspi Village, Makati City
Jomini C. Nazareno TIN: 227-369-048	Filipino	9 Colt Street, Calvary Hills, Fort Bonifacio, Makati City
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	65 Switzerland Street, Better Living Subd., Parañaque, Metro Manila
Cristina Collantes Garcia TIN: 199-116-923	Filipino	121 Country Club Drive, Ayala Alabang Village, Muntinlupa City
Maria Tara A. Mercado TIN: 401-141-426	Filipino	Unit 904 Grand Soho Makati, HV de la Costa St., Makati City

SEVENTH: That the authorized capital stock of the Corporation is **Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00)** in lawful money of the Philippines, divided into **Five Billion Two Hundred Million (5,200,000,000)** common shares with par value of One Peso (PhP1.00) per share. (As amended on 17 June 2014)

No shareholder of any class of shares shall have or otherwise be entitled to any preemptive right to subscribe to, purchase or receive any class of shares of the Corporation, or part thereof, whether issued from the unissued capital, increase in capital stock, treasury stock any securities convertible into stock of the Corporation. Any such shares may at any time be issued, sold or disposed of by the Corporation pursuant to the resolution of the Board of Directors, to such persons and upon such terms as the Board of Directors may deem proper, without first offering such shares to existing shareholders.

EIGHT: That at least 25% of the authorized capital stock has been subscribed and at least 25% of the total subscription has been paid as follows:

Name	Nationality	No. of Shares Subscribed	Amount Subscribed (PhP)	Amount Paid-Up (PhP)
MCE (Philippines) Investments Limited	BVI	8,309,995	8,309,995.00	8,309,995.00
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	1	1.00	1.00
Jomini C. Nazareno TIN: 227-369-048	Filipino	1	1.00	1.00
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	1	1.00	1.00
Cristina Collantes Garcia TIN: 199-116-923	Filipino	1	1.00	1.00
Maria Tara A. Mercado TIN: 401-141-426	Filipino	1	1.00	1.00
Total		8,310,000	8,310,000.00	8,310,000.00

NINTH: That **Maria Tara A. Mercado** has been elected by the subscribers as treasurer of the Corporation to act as such until his/her successor is duly elected and qualified in accordance with the By-Laws; and that as such Treasurer, he/she has been authorized to receive for and in the name and for the benefit of the Corporation, all subscriptions paid in by the subscribers.

IN WITNESS WHEREOF, we have set our hands this 1st day of August 2012 at Makati, Philippines.

[Sgd.]
Frances Marie T. Yuyucheng
TIN: 161-211-692

[Sgd.]
Jomini C. Nazareno
TIN: 227-369-048

[Sgd.]
Rena Rico-Pamfilo
TIN: 209-631-089

[Sgd.]
Cristina Collantes-Garcia
TIN: 199-116-923

[Sgd.]
Maria Tara A. Mercado
TIN: 401-141-426

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public in and for the City of Makati, this 1st day of August 2012, personally appeared the following, who are satisfactorily proven to me their identity:

Name	Identification Nos.	Validity/Place of Issuance
Frances Marie T. Yuyucheng	PP# XX1409743	16 June 2013/Manila
Bertrand Hans B. Cagayan	PP# EB2037651	6 March 2016/Manila
Rena Rico-Pamfilo	PP#XX0549375	17 Feb 2013/Manila
Cristina Collantes-Garcia	PP# EB490044	25 March 2017/Manila
Maria Tara A. Mercado	PP# EB0753544	12 Aug 2015/Manila

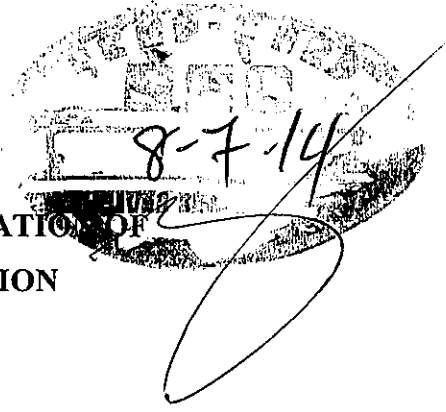
that they are the same persons who executed and voluntarily signed the foregoing Articles of Incorporation which they acknowledged before me as their free and voluntary act and deed.

WITNESS MY HAND SEAL, this 1st day of August 2012 in the City of Makati.

[Sgd.]
Atty. Jill Julie V. Genio
Commission No. M-585
Notary Public for Makati City
Until December 31, 2012
21st Flr. Philamlife Tower
8767 Paseo de Roxas, Makati City
Roll No. 56712
PTR No. 3174402 / 01-02-2012 / Makati
IBP No. 869523 / 01-03-2012 / Makati

Doc. No. 379;
Page No. 077;
Book No. III
Series of 2012.

**DIRECTORS' CERTIFICATE OF
AMENDMENT TO THE ARTICLES OF INCORPORATION OF
MCE HOLDINGS (PHILIPPINES) CORPORATION**



KNOW ALL MEN BY THESE PRESENTS:

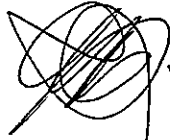
We, the undersigned, being the Chairman, the Corporate Secretary and the members of the Board of Directors of MCE Holdings (Philippines) Corporation (the “Corporation”), do hereby certify that:

1. The Attached Amended Articles of Incorporation embody the increase of the authorized capital stock of the Corporation from Two Hundred Million Pesos (PhP200,000,000.00) as indicated in the first paragraph of the Seventh Article of the Articles of Incorporation to Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00).

2. The foregoing amendments to the Articles of Incorporation were approved by all members of the Board of Directors of the Corporation during the meeting on June 17, 2014 at the principal office of the Corporation at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, Philippines, where a quorum was present and acted throughout, and the foregoing duly and unanimously approved and adopted by all of the Board of Directors of the Corporation.

3. The same amendments to the Articles of Incorporation were likewise approved and ratified by the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation at the Annual Stockholders' Meeting held on June 17, 2014 after the above-stated meeting of the Board of Directors of the Corporation and at the same said principal office of the Corporation, and called for the purpose of effecting such amendments.

IN WITNESS WHEREOF, we have hereunto set our hands this 17th day of June 2014 at ~~Davao City~~ **PASAY CITY**, Philippines.

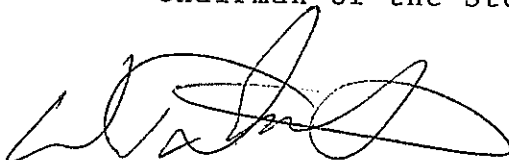


CLARENCE YUK MAN CHUNG

Director/Chairman of the Board

TIN 437-312/325-000

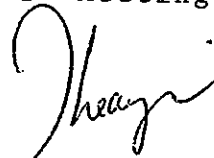
Chairman of the Stockholders' Meeting



WILLIAM TODD NISBET

Director

TIN No. 437-645-460-000



J.Y. TEO KEAN YIN

Director

TIN - 403-987-767-000



MARIA MARCELINA O. CRUZANA

Director

TIN - 127-508-849-000



LIBERTY A. SAMBUA

Director

TIN - 230-473-649-000

Certified and Attested by:



MARISSA T. ACADEMIA

Corporate Secretary

TIN No. 166-118-664-000

Corporate Secretary of the
Stockholders' Meeting

ACKNOWLEDGMENT

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


BEFORE ME, a Notary Public in and for Paranaque City, this 17th day of June 2014, personally appeared the following, who had satisfactorily proven to me their identity through the following identifications:

Name	Government Issued I.D.	Expiration Date/Place Issued
Clarence Yuk Man Chung	Passport No. KJ0117765	April 13, 2020/Hong Kong
William Todd Nisbet	Passport No. 488547414	Nov. 13, 2023/U.S.A.
J.Y. Teo Kean Yin	Passport No. E1659423E	June 9, 2015/Singapore
Maria Marcelina O. Cruzana	Passport No. EC0089398	Jan. 22, 2019/Manila
Liberty A. Sambua	Passport No. EB0358101	June 7, 2015/Manila
Marissa T. Academia	Passport No. EB9104882	Sept. 9, 2018/Manila

that they are the same persons who executed and voluntarily signed the foregoing instrument which they acknowledged before me as their free and voluntary act and deed.

WITNESS MY HAND AND SEAL at the place and date first above written.

Doc. No. 14
Page No. 4
Book No. F
Series of 2014.


AIZA B. CONSTANTINO
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 14-29
Roll No. 58264
RFP No. 3711833/01-23-14/Pasay City
IBP No. 954619/01-09-14/RSM
CLE Compliance No. IV-0012680



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills,
City of Mandaluyong, Metro Manila

COMPANY REG. NO. CS201215365

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the

MCE HOLDINGS NO. 2 (PHILIPPINES) CORPORATION
(Amending Article VII thereof)

copy annexed, adopted on June 17, 2014 by majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 11th day of August, Twenty Fourteen.




FERDINAND B. SALES
Director

Company Registration and Monitoring Department



COVER SHEET
for Application at
COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application
Amendment of AI and By-Laws

S.E.C. Registration Number
C S 2 0 1 2 1 5 3 6 5

Former Company Name

		M	C	E		H	O	L	D	I	N	G	S		N	O.		2		(	P	H	I	L	I	P	P	I	N	E	S)
						C	O	R	P	O	R	A	T	I	O	N																

AMENDED TO:
New Company Name

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

A	S	E	A	N	A		B	O	U	L	E	V	A	R	D		C	O	R	.		R	O	X	A	S				
B	O	U	L	E	V	A	R	D	,	B	R	G	Y	.		T	A	M	B	O										
P	A	R	A	N	A	Q	U	E		C	I	T	Y		1	7	0	1												

Company's Telephone Number/s
866-9888

Contact Person
MARISSA T. ACADEMIA

Contact Person's Telephone Number
866-9888

Contact Person's Address
G/F Two E-Com Center, Harbor Drive cor. Palm Coast Ave., MOA Complex, Pasay City

To be accomplished by CRMD Personnel

	Date	Signature
Assigned Processor _____	_____	_____
_____	_____	_____
_____	_____	_____
Document I.D. 		
Received by Corporate Filing and Records Division (CFRD) _____	_____	_____
Forwarded to:		
<input type="checkbox"/> Corporate and Partnership Registration Division _____	_____	_____
<input type="checkbox"/> Green Lane Unit _____	_____	_____
<input type="checkbox"/> Financial Analysis and Audit Division _____	_____	_____
<input type="checkbox"/> Licensing Unit _____	_____	_____
<input type="checkbox"/> Compliance Monitoring Division _____	_____	_____

AMENDED ARTICLES OF INCORPORATION
OF
MCE HOLDINGS NO. 2 (PHILIPPINES) CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age, majority of whom are citizens and residents of the Republic of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE HEREBY CERTIFY:

FIRST: That the name of the said corporation shall be:

MCE HOLDINGS NO. 2 (PHILIPPINES) CORPORATION

SECOND: That the purposes for which said corporation is formed are:

PRIMARY PURPOSE

To subscribe, acquire, hold, sell, assign, or dispose of shares of stock and other securities of any corporation including, but not limited to, Corporations engaged in hotel and/or gaming and entertainment business, and to guarantee or provide a mortgage, pledge, or other security over all or part of its assets or financial support or accommodation to secure the whole or any part of the indebtedness and obligations of any of its subsidiaries and/or affiliates, without however engaging in dealership in securities or in the stock brokerage business or in the business of an investment company, to the extent permitted by law, and to be involved in the management and operation of such investee companies. (As amended on 9 April 2013)

SECONDARY PURPOSES

1. To the extent permitted by law, to acquire by purchase, lease, contract, concession, or otherwise, any and all real and personal properties of every kind and description whatsoever (other than land), which the Corporation may deem necessary or appropriate in connection with the conduct of the corporate business, and to own, hold, operate, improve, develop, manage, grant, lease, sell, exchange, or otherwise dispose of the whole or any part thereof;

2. To borrow or raise money necessary for any of the purposes of the Corporation, and from time to time, draw, make, accept, endorse, transfer, assign, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and transferable instruments and evidence of indebtedness, to give guarantees and indemnities, to secure indebtedness of third persons or other secured persons, and for the purpose of securing

any of its obligations or contracts, to convey, transfer, assign, deliver, mortgage, and/or pledge all or any part of the property or assets at any time held or owned by the Corporation, on such terms and conditions as the Board of Directors of the Corporation or its duly authorized officers or agents shall determine and as may be permitted by law;

3. To purchase or acquire, hold, assign, mortgage, pledge, and sell or otherwise dispose of shares of stock, receivables, bonds, securities, or other evidence of indebtedness issued or created by any other corporation, partnership, or company, whether domestic or foreign, and while the holder of any such share of stock, to exercise all the rights and privileges of ownership, including the right to vote without, however, engaging as a stock broker or dealer in securities;

4. To invest and deal with the money and properties of the Corporation in such manner as may, from time to time, be considered wise or expedient for the advancement of its interest and to sell, dispose, or transfer the business, properties, and goodwill of the Corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;

5. To aid in any manner, any corporation, association or trust estate, domestic or foreign, or any form or individual, in which any shares of stocks or bonds, debentures, notes, securities, evidence of indebtedness, contracts, or obligations of which are held by or for the Corporation, directly or indirectly or through other corporations or otherwise;

6. To enter into any lawful arrangement for sharing profits, union of interest, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person, or governmental, municipal, or public authority, domestic or foreign, in the carrying out of any of the purposes of the Corporation;

7. To acquire or obtain from any government or authority, or any corporation, company, or partnership or person, such charter, contracts, franchise, privilege, exemption, license, or concession as may be conducive to any of the objects of the Corporation;

8. To exercise all the powers granted to the Corporation under Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines.

THIRD: That the place where the principal office of the Corporation is at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701. (As amended on 08 October 2013).

FOURTH: That the term for which the Corporation is to exist is fifty (50) years from and after the date of the issuance of the certificate of incorporation.

FIFTH: That the names, nationalities, and residences of the incorporators are as follows:

Name	Nationality	Address
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	Unit 30G, One Legaspi Park Condominium, Rada Street, Legaspi Village, Makati City
Jomini C. Nazareno TIN: 227-369-048	Filipino	9 Colt Street, Calvary Hills, Fort Bonifacio, Makati City
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	65 Switzerland Street, Better Living Subd., Parañaque, Metro Manila
Cristina Collantes Garcia TIN: 199-116-923	Filipino	121 Country Club Drive, Ayala Alabang Village, Muntinlupa City
Maria Tara A. Mercado TIN: 401-141-426	Filipino	Unit 904 Grand Soho Makati, HV de la Costa St., Makati City

SIXTH: That the number of directors of the Corporation shall be five (5) and that the names, nationality, and residences of the Directors of the Corporation who are to serve until their successors are elected and qualified, as provided by the By-Laws are as follows, to wit:

Name	Nationality	Address
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	Unit 30G, One Legaspi Park Condominium, Rada Street, Legaspi Village, Makati City
Jomini C. Nazareno TIN: 227-369-048	Filipino	9 Colt Street, Calvary Hills, Fort Bonifacio, Makati City
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	65 Switzerland Street, Better Living Subd., Parañaque, Metro Manila
Cristina Collantes Garcia TIN: 199-116-923	Filipino	121 Country Club Drive, Ayala Alabang Village, Muntinlupa City
Maria Tara A. Mercado TIN: 401-141-426	Filipino	Unit 904 Grand Soho Makati, HV de la Costa St., Makati City

SEVENTH: That the authorized capital stock of the Corporation is **Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00)** in lawful money of the Philippines, divided into **Five Billion Two Hundred Million (5,200,000,000)** common shares with par value of One Peso (PhP1.00) per share. (As amended on 17 June 2014)

No shareholder of any class of shares shall have or otherwise be entitled to any preemptive right to subscribe to, purchase or receive any class of shares of the Corporation, or part thereof, whether issued from the unissued capital, increase in capital stock, treasury stock any securities convertible into stock of the Corporation. Any such shares may at any time be issued, sold or disposed of by the Corporation pursuant to the resolution of the Board of Directors, to such persons and upon such terms as the Board of Directors may deem proper, without first offering such shares to existing shareholders.

EIGHT: That at least 25% of the authorized capital stock has been subscribed and at least 25% of the total subscription has been paid as follows:

Name	Nationality	No. of Shares Subscribed	Amount Subscribed (PhP)	Amount Paid-Up (PhP)
MCE Holdings (Philippines) Corporation	BVI	8,309,995	8,309,995.00	8,309,995.00
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	1	1.00	1.00
Jomini C. Nazareno TIN: 227-369-048	Filipino	1	1.00	1.00
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	1	1.00	1.00
Cristina Collantes Garcia TIN: 199-116-923	Filipino	1	1.00	1.00
Maria Tara A. Mercado TIN: 401-141-426	Filipino	1	1.00	1.00
Total		8,310,000	8,310,000.00	8,310,000.00

NINTH: That **Maria Tara A. Mercado** has been elected by the subscribers as treasurer of the Corporation to act as such until his/her successor is duly elected and qualified in accordance with the By-Laws; and that as such Treasurer, he/she has been authorized to receive for and in the name and for the benefit of the Corporation, all subscriptions paid in by the subscribers.

IN WITNESS WHEREOF, we have set our hands this 13th day of August 2012 at Makati, Philippines.

[Sgd.]
Frances Marie T. Yuyucheng
TIN: 161-211-692

[Sgd.]
Jomini C. Nazareno
TIN: 227-369-048

[Sgd.]
Rena Rico-Pamfilo
TIN: 209-631-089

[Sgd.]
Cristina Collantes-Garcia
TIN: 199-116-923

[Sgd.]
Maria Tara A. Mercado
TIN: 401-141-426

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public in and for the City of Makati, this 13th day of August 2012, personally appeared the following, who are satisfactorily proven to me their identity:

Name	Identification Nos.	Validity/Place of Issuance
Frances Marie T. Yuyucheng	PP# XX1409743	16 June 2013/Manila
Bertrand Hans B. Cagayan	PP# EB2037651	6 March 2016/Manila
Rena Rico-Pamfilo	PP#XX0549375	17 Feb 2013/Manila
Cristina Collantes-Garcia	PP# EB490044	25 March 2017/Manila
Maria Tara A. Mercado	PP# EB0753544	12 Aug 2015/Manila

that they are the same persons who executed and voluntarily signed the foregoing Articles of Incorporation which they acknowledged before me as their free and voluntary act and deed.

WITNESS MY HAND SEAL, this 13th day of August 2012 in the City of Makati.

[Sgd.]
Atty. Mark M. Tiaoqui
Commission No. M-375
Notary Public for Makati City
Until December 31, 2012
21st Flr. Philamlife Tower
8767 Paseo de Roxas, Makati City
Roll No. 54510
PTR No. 3175997 / 01-02-2012 / Makati
IBP No. 869555 / 01-03-2012 / Makati

Doc. No. 492;
Page No. 100;
Book No. III;
Series of 2012.

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

SECRETARY'S CERTIFICATE

I, **MARISSA T. ACADEMIA**, of legal age, Filipino, with office address at the G/F, Two E-com Center, Harbor Drive corner Palm Coast Avenue, Mall of Asia Complex, Pasay City, after being duly sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of MCE Holdings No. 2 (Philippines) Corporation (the "**Corporation**"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal place of business at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, Philippines.

2. The Corporation is filing an application to increase its authorized capital stock from Two Hundred Million Pesos (PhP 200,000,000.00) divided into Two Hundred Million (200,000,000) shares with a par value of One Peso (PhP 1.00) per share to Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00) divided into to Five Billion Two Hundred Million (5,200,000,000) shares with a par value of One Peso/s (PhP 1.00) per share.

3. To the best of my knowledge and based on records in my custody, no action or proceeding has been filed or is pending before any Court or tribunal involving an intra-corporate dispute or claim by any person or group against the directors, officers or stockholders of the Corporation in their capacity as such.

4. The Seventh Article of the Articles of Incorporation provides that no shareholder of any class of shares shall have or otherwise be entitled to any pre-emptive right to subscribe to, purchase or receive any class of shares of the Corporation, or part thereof, when issued from the unissued capital or increase in capital stock of the Corporation.

5. This Certification was executed to attest to the truth of the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand this 17 day of June 2014 at Pasay City.


JUN 17 2014



MARISSA T. ACADEMIA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this JUN 17 2014 day of June 2014 by
MARISSA T. ACADEMIA, who has satisfactorily proven to me her identity through her
Passport No. EB9104882 issued at DFA, Manila valid until 9 September 2018, that she is the
same person who personally signed before me the foregoing Secretary's Certificate and
acknowledged that she executed the same.

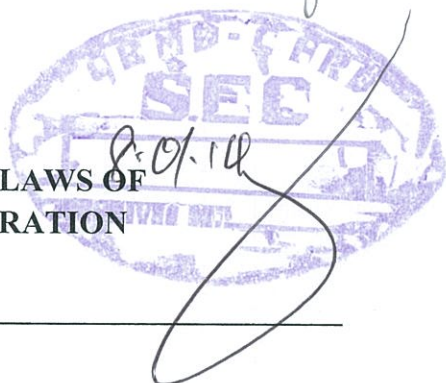
Doc. No. 12;
Page No. 4;
Book No. 1;
Series of 2014.


AIZA B. CONSTANTINO
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 14-29
Roll No. 58264
PTR No. 3711833/01-23-14/Pasay City
IBP No. 954619/01-09-14/RSM
MCLE Compliance No. IV-0012680

long version

**CERTIFICATE OF AMENDMENT OF
THE ARTICLES OF INCORPORATION AND BY-LAWS OF
MCE HOLDINGS NO. 2 (PHILIPPINES) CORPORATION**

8.09.14



We, the undersigned, being a majority of the members of the Board of Directors of MCE Holdings No. 2 (Philippines) Corporation (the “**Corporation**”), the Chairman and the Corporate Secretary hereof, do hereby certify that the Corporation’s Articles of Incorporation and By-Laws were approved to be amended by the members of the Board of Directors and by the stockholders of the Corporation.

1. At the Organizational Meeting of the Board of Directors and the Annual Meeting of the Shareholders of the Corporation, both held on 08 October 2013, a majority of the Board of Directors and stockholders of the Corporation owning or representing more than two-thirds (2/3) of the issued and outstanding capital stock of the Corporation, adopted the following resolutions:

RESOLVED, that Article IV, Section 3 of the By-Laws of the Corporation, be amended to read as follows:

Section 3. Chief Operating Officer – The Chief Operating Officer (“COO”) shall exercise executive functions and supervision of the day to day administration, management and operations of the Corporation. The COO shall have the following powers and duties:

- a. To have direct and active management of the business and operations of the Corporation, conducting the same according to the orders of the Board of Directors and according to his own sound discretion whenever the same is not expressly limited by such orders, resolutions and instructions;
- b. To exercise general supervision and control over all the officers and employees of the Corporation, and suspend or remove employees and other subordinate personnel of the Corporation, prescribe their duties, fix their salaries and wages, and, when necessary, require guaranties or bonds in such amounts as he may determine to secure the faithful discharge by said employees of their official duties, subject to the provisions on the

Delegation of Authority policy of the Corporation:

- c. To assign and execute on behalf of the Corporation all contracts and agreements which it may enter into, including deeds of purchase and sale, instruments of mortgage and pledge, overdraft agreements, letters of credit, trust receipts, promissory notes, guaranty undertakings and all other banking and commercial papers for the extension of loans or credit facilities by or to the Corporation, subject to the provisions on the Delegation of Authority policy of the Corporation;
- d. To represent the Corporation at all judicial and administrative proceedings affecting its business;
- e. To exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate.

(As amended on 8 October 2013)

RESOLVED, that the relevant numbering of the succeeding sections of Article IV be as the same are hereby amended and adjusted accordingly.

2. Thereafter, the Board of Directors, in a Special Meeting on 13 March 2014, held at El Nido Board Room, G/F Two E-Com Center, Harbor Drive cor. Palm Coast Avenue, Mall of Asia Complex, Pasay City, approved the following resolutions:

RESOLVED that, the Board of Directors of MCE Holdings No. 2 (Philippines) Corporation (the “**Corporation**”) approved and authorized the following amendments to the Corporation’s Amended By-Laws:

a. Change of Date of Annual Stockholders’ Meeting (“ASM”)

RESOLVED that, Article II, Section 1 of the By-Laws of the Corporation be amended to change the date of the ASM of the Corporation.

RESOLVED FURTHER that, Article II, Section 1 of the By-Laws of the Corporation be amended to state:

Section 1. Annual/Regular Meetings – The annual / regular meetings of stockholders shall be held at the principal office on the ~~second Wednesday of April~~ Last Monday of July of each year, if a legal holiday, then on the day following. (As amended on 13 March 2014)

b. Include the Positions of the Chairman of the Board of Directors and Chief Operating Officer as By-Law Officers

RESOLVED that, Article IV, Section 1 of the By-Laws of the Corporation be amended to include the positions of the Chairman of the Board and Chief Operating Officer in the enumeration of By-Law Officers of the Corporation.

RESOLVED FURTHER that, Article IV, Section 1 of the By-Laws of the Corporation be amended to state:

Section 1. Election / Appointment – Immediately after their election, the Board of Directors shall formally organize by electing the President, ~~the Vice President,~~ Chairman of the Board of Directors, the Chief Operating Officer, the Treasurer, and the Secretary at said meeting. (As amended on 13 March 2014)

RESOLVED FURTHER that, Article IV, Section 4 of the By-Laws of the Corporation be amended to state:

~~Section 4. The Vice President – He shall, if qualified, act as President in the absence of the latter. He/she shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.~~

Section 4. Chairman of the Board of Directors – The Chairman of the Board shall have the following powers and duties:

- a) To preside at all meetings of the stockholders and of the Board of Directors;
- b) To submit an annual report of the operations of the Corporation to the Board of Directors and to the stockholders at the annual meeting at such other times as the Board of Directors may request; and
- c) To exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate. (As amended on 13 March 2014)

RESOLVED FINALLY that, the relevant numbering of the succeeding sections of Article IV be amended and adjusted accordingly.

c. Delegate Authority to the Board to Amend the By-Laws

RESOLVED that, Article VIII, Section 1 of the By-Laws of the Corporation be amended to delegate to the Board the authority to amend such By-Laws, and to correct any errors found in the same Section.

RESOLVED FURTHER that, Article VIII, Section 1 of the By-Laws of the Corporation be amended to state:

Section 1. These by-laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. ~~However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock;~~ The Board of Directors has, in accordance with law, been delegated the authority to amend, modify, repeal these By-Laws or adopt new By-Laws by the owners of two-thirds (2/3) of the subscribed capital stock of the Corporation; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting. (As amended on 13 March 2014)

RESOLVED FINALLY that, any of the following be authorized and empowered to: (i) submit or cause the submission of a copy of the Amended By-Laws of the Corporation, duly certified by a majority of the directors and the Corporate Secretary, to the Securities and Exchange Commission; and (ii) sign, execute and deliver any and all documents, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect:

- | |
|--|
| <ul style="list-style-type: none">a. CHUNG, Yuk Manb. NISBET, William Toddc. SIM, Kevind. ACADEMIA, Marissa |
|--|

3. Furthermore, the Board of Directors, in a special meeting held for that purpose on 17 June 2014, at El Nido Board Room, G/F Two E-Com Center, Harbor Drive cor. Palm Coast Avenue, Mall of Asia Complex, Pasay City, approved the following resolutions:

RESOLVED that, the increase of Authorized Capital Stock from Two Hundred Million Pesos (PhP200,000,000.00), divided into Two Hundred Million (200,000,000) common shares with a par value of One Peso (PhP1.00) per share, to Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00), consisting of Five Billion Two Hundred Million (5,200,000,000) common shares with a par value of One Peso (PhP1.00) per share be approved and confirmed.

RESOLVED FURTHER that, the first paragraph of the seventh Article of the Articles of Incorporation of the Corporation be amended to read as follows:

SEVENTH: That the authorized capital stock of the Corporation is **Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00)** in lawful money of the Philippines, divided into **Five Billion Two Hundred Million (5,200,000,000)** common shares with par value of One Peso (PhP1.00) per share. (As amended on 17 June 2014)

4. For the same purpose of further amending the Amended Articles of Incorporation and By-Laws of the Corporation, the stockholders representing at least 2/3 of its capital stock, during the Annual Stockholders' Meeting held on 17 June 2014, at the City of Dreams – Project Site, Aseana Boulevard corner Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, approved, by an affirmative vote, the following resolutions:

A) MCE Holdings No. 2 Stockholders Resolution No. 2014-004

WHEREAS, on 13 March 2014, the Board of Directors of MCE Holdings No. 2 (Philippines) Corporation (the "**Corporation**") approved and authorized the amendments set forth below to the Corporation's Amended By-Laws.

RESOLVED that, the stockholders of the Corporation authorized and approved the following further amendments to the Corporation's Amended By-Laws:

a. Change of Date of Annual Stockholders' Meeting ("ASM")

RESOLVED that, Article II, Section 1 of the By-Laws of the Corporation be amended to change the date of the ASM of the Corporation.

RESOLVED FURTHER that, Article II, Section 1 of the By-Laws of the Corporation be amended to state:

Section 1. Annual / Regular Meetings – The annual / regular meetings of stockholders shall be held at the principal office on the ~~second Wednesday of April~~ Last Monday of July of each year, if a legal holiday, then on the day following. (As amended on 17 June 2014)

b. Include the Positions of the Chairman of the Board of Directors and Chief Operating Officer as By-Law Officers

RESOLVED that, Article IV, Section 1 of the By-Laws of the Corporation be amended to include the positions of the Chairman of the Board and Chief Operating Officer in the enumeration of By-Law Officers of the Corporation.

RESOLVED FURTHER that, Article IV, Section 1 of the By-Laws of the Corporation be amended to state:

Section 1. Election / Appointment – Immediately after their election, the Board of Directors shall formally organize by electing the President, ~~the Vice President,~~ Chairman of the Board of Directors, the Chief Operating Officer, the Treasurer, and the Secretary at said meeting. (As amended on 17 June 2014)

RESOLVED FURTHER that, Article IV, Section 4 of the By-Laws of the Corporation be amended to state:

~~Section 4. The Vice President – He shall, if qualified, act as President in the absence of the latter. He/she shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.~~

Section 4. Chairman of the Board of Directors – The Chairman of the Board shall have the following powers and duties:

- a) To preside at all meetings of the stockholders and of the Board of Directors;
- b) To submit an annual report of the operations of the Corporation to the Board of Directors and to the stockholders at the annual meeting at such other times as the Board of Directors may request; and

- c) To exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate. (As amended on 17 June 2014)

RESOLVED FINALLY that, the relevant numbering of the succeeding sections of Article IV be amended and adjusted accordingly.

c. Delegate Authority to the Board to Amend the By-Laws

RESOLVED that, Article VIII, Section 1 of the By-Laws of the Corporation be amended to delegate to the Board the authority to amend such By-Laws, and to correct any errors found in the same Section.

RESOLVED FURTHER that, Article VIII, Section 1 of the By-Laws of the Corporation be amended to state:

Section 1. These by-laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. ~~However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two thirds of the outstanding capital stock;~~ The Board of Directors has, in accordance with law, been delegated the authority to amend, modify, repeal these By-Laws or adopt new By-Laws by the owners of two-thirds (2/3) of the subscribed capital stock of the Corporation; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting. (As amended on 17 June 2014)

RESOLVED FINALLY that, any of the following be authorized and empowered to: (i) submit or cause the submission of a copy of the Amended By-Laws of the Corporation, duly certified by a majority of the directors and the Corporate Secretary, to the Securities and Exchange Commission; and (ii) sign, execute and deliver any and all documents, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect:

- | |
|--|
| <ul style="list-style-type: none">a. CHUNG, Clarence Yuk Manb. NISBET, William Toddc. SIM, Kevind. ACADEMIA, Marissa T. |
|--|

RESOLVED FINALLY that, the general authorization and the ratification of prior actions should be as stated in **Annex A**.

B) MCE Holdings No. 2 Stockholders Resolution No. 2014-005

RESOLVED that, the increase of Authorized Capital Stock from Two Hundred Million Pesos (Php200,000,000.00), divided into Two Hundred Million (200,000,000) common shares with par value of One Peso (PhP1.00) per share, to Five Billion Two Hundred Million Pesos (Php5,200,000,000.00), consisting of Five Billion Two Hundred Million (5,200,000,000) common shares with a par value of One Peso (PhP1.00) per share be approved and confirmed.

RESOLVED FURTHER, that the first paragraph of the seventh Article of the Articles of Incorporation of the Corporation be amended to read as follows:

SEVENTH: That the authorized capital stock of the Corporation is **Five Billion Two Hundred Million Pesos (PhP5,200,000,000.00)** in lawful money of the Philippines, divided into **Five Billion Two Hundred Million (5,200,000,000)** common shares with par value of One Peso (PhP1.00) per share.
(As amended on 17 June 2014)

RESOLVED FINALLY that, the general authorization and the ratification of prior actions should be as stated in **Annex A**.

5. The attached documents are the true, complete and correct copies of the Amended Articles of Incorporation and By-Laws of the Corporation.

IN WITNESS WHEREOF, we have hereunto set our hands this 17th day of June 2014 at Parañaque City, Philippines.



CLARENCE YUK MAN CHUNG
Director/Chairman of the Board
TIN 437-312-325-000



WILLIAM TODD NISBET
Director
TIN No. 437-645-460-000



J. Y. TEO/KEAN YIN
Director
TIN – 403-987-767-000



MARIA MARCELINA O. CRUZANA
Director
TIN – 127-508-849-000



LIBERTY A. SAMBUA
Director
TIN – 230-473-649-000

Certified and Attested by:



MARISSA T. ACADEMIA
Corporate Secretary
TIN No. 166-118-664-000

ACKNOWLEDGMENT

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


BEFORE ME, a Notary Public in and for Paranaque City, this 17th day of June 2014, personally appeared the following, who had satisfactorily proven to me their identity through the following identifications:

Name	Government Issued I.D.	Expiration Date/Place Issued
Clarence Yuk Man Chung	Passport No. KJ0117765	April 13, 2020/Hong Kong
William Todd Nisbet	Passport No. 488547414	Nov. 13, 2023/U.S.A.
J.Y. Teo Kean Yin	Passport No. E1659423E	June 9, 2015/Singapore
Maria Marcelina O. Cruzana	Passport No. EC0089398	Jan. 22, 2019/Manila
Liberty A. Sambua	Passport No. EB0358101	June 7, 2015 /Manila
Marissa T. Academia	Passport No. EB9104882	Sept. 9, 2018/Manila

that they are the same persons who executed and voluntarily signed the foregoing instrument which they acknowledged before me as their free and voluntary act and deed.

WITNESS MY HAND AND SEAL at the place and date first above written.

Doc. No. 13
Page No. 4
Book No. I
Series of 2014.


EDWIN VALENTE Z. LABRO, JR.
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 198-2014
Roll No. 58075
PTR No. 10110214/01-24-14/Parañaque City
IBP No. 961318/01-24-14/RSM
MCLE Compliance No. IV-0013407

ANNEX A

GENERAL AUTHORIZATION

RESOLVED that, in connection with the actions contemplated by the foregoing resolutions, each of the President and Chairman of the Board, Treasurer, Chief Operating Officer, and VP, Legal Affairs, Philippines or Corporate Secretary of the Corporation (collectively, the “**Authorized Representatives**”) be authorized to delegate the relevant authority to the employees in the relevant department and functional units (the “**Delegated Personnel**”). Each of the Authorized Representatives, Delegated Personnel or, if applicable, any attorney of any Authorized Representative supported by relevant supporting documents (collectively the “**Authorized Persons**”) be authorized, in the name and on behalf of the Corporation or the relevant subsidiary, to do such further acts and things and to sign such documents as any such Authorized Persons might deem necessary or appropriate, including to do and perform (or procure to be done and performed), in the name and on behalf of the Corporation or the subsidiary, all such acts and to sign, make, execute, deliver, issue or file (or procure to be signed, made, executed, issued, delivered or filed) with any person including, but not limited to, any governmental authority or agency, all such agreements, documents, instruments, certificates, consents and waivers, and all amendments to any such agreements, documents, instruments, certificates, consents or waivers and where any such documents be required to be sealed or executed as a deed by affixing the corporate/common seal of the Corporation or the relevant subsidiary, to affix thereto the seal countersigned by any such Authorized Person and to pay, or procure to be paid, all such payments, as any of them might deem necessary or advisable to carry out the intent of the foregoing resolutions, the authority for the taking of such acts and things and the signing, making, execution, delivery, issue and filing of such of the foregoing to be conclusively evidenced thereby.

RATIFICATION OF PRIOR ACTIONS

RESOLVED that, any and all actions of the Corporation or the subsidiary, or of any Authorized Person, or such other duly authorized person, taken in connection with the actions contemplated by the foregoing resolutions prior to the date of these resolutions be ratified, confirmed, approved and adopted in all respects as if such actions had been presented to for approval, and approved by, the Directors prior to such action being taken.



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro-Manila

COMPANY REG. NO. CS201215883

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the

MCE LEISURE (PHILIPPINES) CORPORATION
doing business under the name and style of
**City of Dreams Manila and
COD Manila**

[Formerly: MCE LEISURE (PHILIPPINES) CORPORATION]
[Amending Articles I & II Secondary Purposes thereof.]

copy annexed, adopted on March 13, 2014 and December 02, 2014 by majority vote of the Board of Directors and on May 19, 2014 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 12th day of February, Twenty Fifteen.




FERDINAND B. SALES
Director
Company Registration and Monitoring Department



COVER SHEET for Application at COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

Amendment of Articles of Incorporation

S.E.C. Registration Number

C S 2 0 1 2 1 5 8 8 3

Former Company Name

M	C	E	L	E	I	S	U	R	E	(P	H	I	L	I	P	P	I	N	E	S)				

AMENDED TO:

New Company Name

M	C	E	L	E	I	S	U	R	E	(P	H	I	L	I	P	P	I	N	E	S)				

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

A	S	E	A	N	A	B	O	U	L	E	V	A	R	D	C	O	R	.	R	O	X	A	S			

Company's Telephone Number/s

866-9888

Contact Person

Contact Person's Telephone Number

MARISSA T. ACADEMIA

866-9888

Contact Person's Address

G/F Two E-Com Center, Harbor Drive cor. Palm Coast Ave., MOA Complex, Pasay City

To be accomplished by CRMD Personnel

	Date	Signature
Assigned Processor _____	_____	_____
_____	_____	_____
_____	_____	_____
Document I.D. 		
Received by Corporate Filing and Records Division (CFRD) _____	_____	_____
Forwarded to:		
<input type="checkbox"/> Corporate and Partnership Registration Division _____	_____	_____
<input type="checkbox"/> Green Lane Unit _____	_____	_____
<input type="checkbox"/> Financial Analysis and Audit Division _____	_____	_____
<input type="checkbox"/> Licensing Unit _____	_____	_____
<input type="checkbox"/> Compliance Monitoring Division _____	_____	_____

AMENDED ARTICLES OF INCORPORATION

OF

MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of

City of Dreams Manila *and*

COD Manila

(Formerly: MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of

City of Dreams Manila)

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age, majority of whom are citizens and residents of the Republic of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE HEREBY CERTIFY:

FIRST: That the name of the said corporation shall be:

MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of:

City of Dreams Manila *and*

COD Manila

(As amended on 19 May 2014)

SECOND: That the purposes for which said corporation is formed are:

PRIMARY PURPOSE

To develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components, without being engaged in retail trade, and to engage in casino gaming activities. (As amended on 14 November 2012)

SECONDARY PURPOSES

1. To the extent permitted by law, to acquire by purchase, lease, contract, concession, or otherwise, any and all real and personal properties of every kind and description whatsoever, which the Corporation may deem necessary or appropriate in connection with the conduct of the corporate business, and to own, hold, operate, improve, develop, manage, grant, lease, sell, exchange, or otherwise dispose of the whole or any part thereof;

2. To borrow or raise money necessary for any of the purposes of the Corporation, and from time to time, draw, make, accept, endorse, transfer, assign, execute, and issue

promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and transferable instruments and evidence of indebtedness, to give guarantees and indemnities, to secure indebtedness of third persons or other secured persons, and for the purpose of securing any of its obligations or contracts, to convey, transfer, assign, deliver, mortgage, and/or pledge all or any part of the property or assets at any time held or owned by the Corporation, on such terms and conditions as the Board of Directors of the Corporation or its duly authorized officers or agents shall determine and as may be permitted by law;

3. To purchase or acquire, hold, assign, mortgage, pledge, and sell or otherwise dispose of shares of stock, receivables, bonds, securities, or other evidence of indebtedness issued or created by any other corporation, partnership, or company, whether domestic or foreign, and while the holder of any such share of stock, to exercise all the rights and privileges of ownership, including the right to vote without, however, engaging as a stock broker or dealer in securities;

4. To invest and deal with the money and properties of the Corporation in such manner as may, from time to time, be considered wise or expedient for the advancement of its interest and to sell, dispose, or transfer the business, properties, and goodwill of the Corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;

5. To enter into any lawful arrangement for sharing profits, union of interest, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal, or public authority, domestic or foreign, in the carrying out of any of the purposes of the Corporation;

6. To acquire or obtain from any government or authority, or any corporation, company, or partnership or person, such charter, contracts, franchise, privilege, exemption, license, or concession as may be conducive to any of the objects of the Corporation;

7. To act as foreign exchange dealer (FXD)/money changer (MC) or to engage in the business of buying and/or selling foreign currencies on real time basis as defined under Bangko Sentral ng Pilipinas Circular No. 471 dated 24 January 2005; (As amended on 12 August 2014)

8. To guarantee the whole or any part of the indebtedness and obligations of the parent company or any of its subsidiaries and/or affiliates; (As amended on 9 April 2013)

9. To engage in the business of importing and selling tobacco products, and otherwise dealing in wholesale and retail quantities, cigars and cigarettes of all kinds; and (As amended on 2 December 2014).

10. To exercise all the powers granted to the Corporation under Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines.

THIRD: That the place where the principal office of the Corporation is at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701. (As amended on 08 October 2013)

EIGHTH: That at least 25% of the authorized capital stock has been subscribed and at least 25% of the total subscription has been paid as follows:

Name	Nationality	No. of Shares Subscribed	Amount Subscribed (Php)	Amount Paid-up (Php)
MCE Holdings No. 2 (Philippines) Corporation	BVI	8,309,995	8,309,995.00	8,309,995.00
Frances Marie T. Yuyucheng TIN: 161-211-692	Filipino	1	1.00	1.00
Bertrand Hans B. Cagayan TIN: 152-022-237	Filipino	1	1.00	1.00
Rena Rico-Pamfilo TIN: 209-631-089	Filipino	1	1.00	1.00
Cristina Collantes-Garcia TIN: 199-116-923	Filipino	1	1.00	1.00
Maria Tara A. Mercado TIN: 401-141-426	Filipino	1	1.00	1.00
Total		8,310,000	8,310,000.00	8,310,000.00

NINTH: That Maria Tara A. Mercado has been elected by the subscribers as treasurer of the Corporation to act as such until his/her successor is duly elected and qualified in accordance with the By-Laws; and that as such Treasurer, he/she has been authorized to receive for and in the name and for the benefit of the Corporation, all subscriptions paid in by the subscribers.

IN WITNESS WHEREOF, we have set our hands this 22nd day of August 2012 at Makati, Philippines.

[Sgd.]
Frances Marie T. Yuyucheng
TIN: 161-211-692

[Sgd.]
Bertrand Hans B. Cagayan
TIN: 152-022-237

[Sgd.]
Rena Rico-Pamfilo
TIN: 209-631-089

[Sgd.]
Cristina Collantes-Garcia
TIN: 199-116-923

[Sgd.]
Maria Tara A. Mercado
TIN: 401-141-426

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public in and for the City of Makati, this 24th day of August 2012, personally appeared the following, who are satisfactorily proven to me their identity:

Name	Identification Nos.	Validity/Place of Issuance
Frances Marie T. Yuyucheng	PP# XX1409743	16 June 2013/Manila
Bertrand Hans B. Cagayan	PP# EB2037651	6 March 2016/Manila
Rena Rico-Pamfilo	PP#XX0549375	17 Feb 2013/Manila
Cristina Collantes-Garcia	PP# EB490044	25 March 2017/Manila
Maria Tara A. Mercado	PP# EB0753544	12 Aug 2015/Manila

that they are the same persons who executed and voluntarily signed the foregoing Articles of Incorporation which they acknowledged before me as their free and voluntary act and deed.

WITNESS MY HAND AND SEAL, this 24th day of August 2012 in the City of Makati.

[Sgd.]

Atty. Rafael Antonio P. Meer
Commission No. M-307
Notary Public for Makati City
Until December 31, 2012
21st Flr., Philamlife Tower
8767 Paseo de Roxas, Makati City
Roll No. 56712
PTR No. 3174417/01-02-2012/Makati
IBP No. 869529/01-03-2012/Makati

Doc. No. 165;
Page No. 034;
Book No. II;
Series of 2012.

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

SECRETARY'S CERTIFICATE

I, MARISSA T. ACADEMIA, of legal age, Filipino, with business address at G/F Two E-Com Center, Harbor Drive cor. Palm Coast Avenue, Mall of Asia Complex, Pasay City, after having been duly sworn in accordance with law, state that:

1. I am the Corporate Secretary of MCE Leisure (Philippines) Corporation (the "**Corporation**"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal place of business at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, Philippines.

2. The Corporation is filing an application with the Securities and Exchange Commission to further amend its Amended Articles of Incorporation and Amended By-Laws.

3. To the best of my knowledge and based on records in my custody, no action or proceeding has been filed or is pending before any Court or tribunal involving an intra-corporate dispute or claim by any person or group against the directors, officers or stockholders of the Corporation in their capacity as such.

4. This Certification was executed to attest to the truth of the foregoing.


IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of December 2014 at Pasay City.



MARISSA T. ACADEMIA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 4th day of December 2014 by MARISSA T. ACADEMIA, who has satisfactorily proven to me her identity through her Passport No. EB9104882 issued at DFA, Manila valid until 9 September 2018, that she is the same person who personally signed before me the foregoing Secretary's Certificate and acknowledged that she executed the same.

Doc. No. 34
Page No. 8
Book No. J
Series of 2014.


AIZA B. CONSTANTINO
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 14-29
Roll No. 58264
PTR No. 3711833/01-23-14/Pasay City
IBP No. 954619/01-09-14/RSM
MCLE Compliance No. IV-0012680

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

AFFIDAVIT OF UNDERTAKING TO CHANGE NAME

I, **MARISSA T. ACADEMIA**, of legal age, Filipino, with business address at G/F Two E-Com Center, Harbor Drive cor. Palm Coast Avenue, Mall of Asia Complex, Pasay City, after having been duly sworn in accordance with law, state that:

1. I am the Corporate Secretary of MCE Leisure (Philippines) Corporation doing business under the name and style of City of Dreams Manila, ^{and COD Manila} (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal place of business at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701.

2. In behalf of the Corporation, I hereby undertake to change its corporate name immediately upon receipt of notice or directive from the Securities and Exchange Commission that another corporation, partnership or person has acquired a prior right to the use of that name or that the name has been declared misleading, deceptive, confusingly similar to a registered name, or contrary to public morals, good custom or public policy.

3. This affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of January 2015 at Pasay City.



MARISSA T. ACADEMIA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 5th day of January 2015 by **MARISSA T. ACADEMIA**, who has satisfactorily proven to me her identity through her Passport No. EB9104882 issued at DFA, Manila valid until 9 September 2018, that she is the same person who personally signed before me the foregoing Secretary's Certificate and acknowledged that she executed the same.

Doc. No. 38
Page No. 9
Book No. 1
Series of 2015.


AIZA B. CONSTANTINO
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 14-29
Roll No. 58264
PTR No. 3711833/01-23-14/Pasay City
IBP No. 954619/01-09-14/RSM
MCLE Compliance No. IV-0012680

Print

Finish

Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION

Reservation Payment Confirmation

This certifies that the name **MCE LEISURE (PHILIPPINES) CORPORATION DOING BUSINESS UNDER THE NAME AND STYLE OF CITY OF DREAMS MANILA AND COD MANILA** has been reserved from **December 12, 2014 to February 10, 2015**.

Reference Reservation Number (RRN): **RRN20141212080818421**

Type of Industry: **Miscellaneous Business Activities**

Breakdown of Fees:

Reservation Fee: **Php 80.00**

TOTAL: Php 80.00

Important Reminders:

NOTE: The fact that the name is available at the date verified, it is not to be regarded as an approval of the registration of the company or any application for change of name. No expense for printing of materials using a verified name should be incurred until registration takes effect. As this is a computer printout, any erasure or alteration on this document nullifies verification.

The applicant undertakes to change the reserved name in case another person or firm has acquired a prior right to the use of the said firm name or the same is deceptively or confusingly similar to one already registered.

Please do not pay for your Name Reservation and Extension **WITHIN THE SAME DAY** via Funds Transfer. You may course your payment at any selected UnionBank branches or at the SEC Teller.

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Print Finish

Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION

Reservation Payment Confirmation

This certifies that the name **COD MANILA** has been reserved from **December 12, 2014** to **February 10, 2015**.

Reference Reservation Number (RRN): **RRN20141212080012153**

Type of Industry: **Miscellaneous Business Activities**

Breakdown of Fees:

Reservation Fee: **Php 80.00**

TOTAL: Php 80.00

Important Reminders:

NOTE: The fact that the name is available at the date verified, it is not to be regarded as an approval of the registration of the company or any application for change of name. No expense for printing of materials using a verified name should be incurred until registration takes effect. As this is a computer printout, any erasure or alteration on this document nullifies verification.

The applicant undertakes to change the reserved name in case another person or firm has acquired a prior right to the use of the said firm name or the same is deceptively or confusingly similar to one already registered.

Please do not pay for your Name Reservation and Extension **WITHIN THE SAME DAY** via Funds Transfer. You may course your payment at any selected UnionBank branches or at the SEC Teller.

For SEC use only:

Override By: **mvlinuco**

Reason: **Other Override Remark(s) - w/ letter of request to use name as additional style name of MCE LEISURE (PHILIPPINES) CORPORATION-CS201215883; APPROVED by Atty. M. Mallari dtd. 12.05.14**

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SECURITIES AND EXCHANGE COMMISSION

Reservation Notice:

This certifies that the name **COD MANILA** has been reserved from **December 12, 2014** to **February 10, 2015** by **RENIEDHY CULLANO**.

Reference Reservation Number (RRN): **RRN20141212080012153**

Type of Industry: [K74000] Miscellaneous Business Activities

Activation Key: **EjQ49911tEJ**

Payment Transaction Number: (refer to SEC Teller)

Reservation Fee: **Php 80.00**

Important Reminders:

Please pay within 4 days at any SEC office.

Please file your SEC Registration forms within the reservation period at SEC office.

You may also accomplish and print your SEC Registration forms online. For more details, please visit the **SEC i-Register** site at iregister.sec.gov.ph. In case you don't have an internet access, you may go to the nearest SECCCU Internet desk. You will be assisted by SECCCU staff during your online registration.

Please do not pay for your Name Reservation and Extension **WITHIN THE SAME DAY** via Funds Transfer. You may course your payment at any selected UnionBank branches or at the SEC Teller.

Please remember the Activation Key and Reference Reservation Number printed on this reservation notice. These two codes will enable you to add your reservation on your Online Account.

You may reserve a company name for a maximum of 90 calendar days.

If you have not completed your company registration within the reservation period, you may apply for reservation extension online or at any SEC office.

If the reservation period has elapsed and you still have not completed your company registration, your company name reservation will be forfeited. In this case, you should verify and reserve the company name again.

NOTE: The fact that the name is available at the date verified, it is not to be regarded as an approval of the registration of the company or any application for change of name. No expense for printing of materials using a verified name should be incurred until registration takes effect. As this is a computer printout, any erasure or alteration on this document nullifies verification.

The applicant undertakes to change the reserved name in case another person or firm has acquired a prior right to the use of the said firm name or the same is deceptively or confusingly similar to one already registered.

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107



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SECURITIES AND EXCHANGE COMMISSION

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

Barcode Page (Other Docs)
Non-Company Related Document(s)

Receiving Officer/Encoder : Marites S. Guevarra
Receiving Branch : Head Office
Receipt Date and Time : November 18, 2014 10:40:17 AM

Document Details

Sender Name	MARISSA T. ACADEMIA
Contact Information	PASAY CITY
Received From	Head Office
Department	Company Registration and Monitoring Department
Addressee	DEPARTMENT ACCOUNT - CRMD
Subject	APPEAL LETTER- COD MANILA
Document Type	Letter
Remarks	FOR DIR. SALES DATED 11/17/2014 W/ ATTACHMENT

MANILA C.O.D. EMPLOYEES HOMEOWNERS ASSN. INC. 0000070330 091990 REVOKED Aug 11, 2003 SEC
 MANILA C.O.D. FRANCHISING CORP. 0000170126 G51000 REVOKED Sep 29, 2003 SEC

C.O.D. MARKETING	-	-	-	-	DTI
C.O.D. MART	-	-	-	-	DTI



Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION

Scout Reyes Street, corner Panay Avenue, Quezon City
Tel No. (02) 374-3987 Fax. No. (02) 374-2505

INDORSEMENT

21 January 2015

TO: The SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City

This is to favourably indorse the application of **MCE LEISURE (PHILIPPINES) CORPORATION**, with business address at Aseana Blvd. cor. Roxas Blvd., Brgy. Tambo, Parañaque City 1701 Philippines, for registration with the SEC the amendments made under the Second Article of its Articles of Incorporation, subject to compliance with the other requirements of the said office.

PROVIDED, that this Indorsement shall not be valid as an authority to export/import tobacco products and that **MCE LEISURE (PHILIPPINES) CORPORATION** is still required to file with this Agency their application for Annual Authority and Commodity Clearance to Import/Export Tobacco Products before undertaking any shipment.

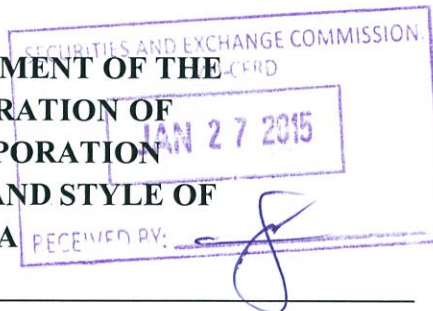
Issued this **21st** day of **January 2015** at Quezon City, Metro Manila, Philippines.

EDGARDO D. ZARAGOZA
Administrator and Vice-Chairman
NTA Governing Board

(not valid without seal)



**DIRECTORS' CERTIFICATE OF AMENDMENT OF THE
AMENDED ARTICLES OF INCORPORATION OF
MCE LEISURE (PHILIPPINES) CORPORATION
DOING BUSINESS UNDER THE NAME AND STYLE OF
CITY OF DREAMS MANILA**



We, the undersigned, being a majority of the members of the Board of Directors of MCE Leisure (Philippines) Corporation (the "**Corporation**"), the Chairman and the Corporate Secretary hereof, do hereby certify that:

1. At the special meeting of the Board of Directors held for that purpose on 13 March 2014 at El Nido Board Room, G/F Two E-Com Center, Harbor Drive cor. Palm Coast Avenue, Mall of Asia Complex, Pasay City, the Board approved the following resolutions:

MCE Leisure Resolution No. 2014-011

RESOLVED that, the Board of Directors of MCE Leisure (Philippines) Corporation (the "**Corporation**") approved and authorized the amendment of the Corporation's Amended Articles of Incorporation to include in its corporate name "**City of Dreams Manila**" and "**COD Manila**" as business names of the Corporation.

RESOLVED FURTHER that, the heading of the Amended Articles of Incorporation should be amended to state:

AMENDED ARTICLES OF INCORPORATION

OF

MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of:

**City of Dreams Manila and
COD Manila**

(Formerly: MCE LEISURE (PHILIPPINES) CORPORATION)

RESOLVED FURTHER that, the First Article of the Amended Articles of Incorporation be amended to state:

FIRST. – That the name of said Corporation shall be:

MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of:

**City of Dreams Manila and
COD Manila**

(As amended on 13 March 2014)

2. Moreover, for the same purpose of further amending the Amended Articles of Incorporation of the Corporation, and during the Annual Stockholders' Meeting held on 19 May 2014 at The Blue Leaf Filipinas, Belle Avenue, Aseana City, Paranaque City 1702, the stockholders representing at least 2/3 of its capital stock approved, by an affirmative vote, the following resolutions:

MCE Leisure Stockholders Resolution No. 2014-005

WHEREAS, on 13 March 2014, the Board of Directors of MCE Leisure (Philippines) Corporation (the "**Corporation**") approved and authorized the further amendment of the Corporation's Amended Articles of Incorporation to include in its corporate name "**City of Dreams Manila**" and "**COD Manila**" as business names of the Corporation.

RESOLVED that, the stockholders of the Corporation authorized and approved the further amendments of the Corporation's Amended Articles of Incorporation to include in its corporate name "**City of Dreams Manila**" and "**COD Manila**" as business names of the Corporation.

RESOLVED that, the heading of the Amended Articles of Incorporation should be amended to state:

AMENDED ARTICLES OF INCORPORATION

OF

MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of:

**City of Dreams Manila and
COD Manila**

(Formerly: **MCE LEISURE (PHILIPPINES) CORPORATION**)

RESOLVED FURTHER that, the First Article of the Amended Articles of Incorporation be amended to state:

FIRST. – That the name of said Corporation shall be:

MCE LEISURE (PHILIPPINES) CORPORATION

doing business under the name and style of:

**City of Dreams Manila and
COD Manila**

(As amended on 19 May 2014)

RESOLVED FINALLY that, any of the following be authorized and empowered to: (i) submit and cause the submission of a copy of the Amended Articles of Incorporation of the Corporation, duly certified by a majority of

the directors and the Corporate Secretary, to the Securities and Exchange Commission; (ii) sign, execute and deliver any and all documents, and do any and all acts, necessary and proper, to give the foregoing resolutions force and effect:

- | |
|---|
| <ul style="list-style-type: none">a. CHUNG, Clarence Yuk Manb. NISBET, William Toddc. SIM, Kevind. ACADEMIA, Marissa |
|---|

3. Furthermore, at the Special Meeting of the Board of Directors and the Special Stockholders' Meeting of the Corporation, both held on 2 December 2014, a majority of the Board of Directors and stockholders of the Corporation owning or representing more than two-thirds (2/3) of the issued and outstanding capital stock of the Corporation approved the further amendment of the Amended Articles of Incorporation and adopted the following resolutions:

MCE Leisure Stockholders Resolution No. 2014-010

RESOLVED, that a new secondary purpose be inserted in the Second Article of the Amended Articles of Incorporation, which should be amended to state:

“**SECOND:** That the purposes for which said corporation is formed are:

x x x

SECONDARY PURPOSES

x x x

9. To engage in the business of importing and selling tobacco products, and otherwise dealing in wholesale and retail quantities, cigars and cigarettes of all kinds; and (As amended on 2 December 2014).

RESOLVED FURTHER, that the relevant numbering of the succeeding items of the Second Article of the Amended Articles of Incorporation be amended and adjusted accordingly.

RESOLVED FURTHER, that the Corporate Secretary be authorized to file with the Securities and Exchange Commission (the “SEC”) and other relevant government agencies, the required applications for the Amendment of the Articles of Incorporation of the Corporation and for this purpose, execute and deliver the necessary documents to implement the foregoing amendment.

RESOLVED FURTHER, that any of the following be authorized and empowered to: (i) submit and cause the submission of a copy of the Amended Articles of Incorporation of the Corporation, duly certified by a majority of the

directors and the Corporate Secretary, to the SEC; (ii) sign, execute and deliver any and all documents, and do any and all acts, necessary and proper, to give the foregoing resolutions force and effect:

- | |
|--|
| <ol style="list-style-type: none">a. CHUNG, Clarence Yuk Manb. NISBET, William Toddc. SIM, Kevind. ACADEMIA, Marissa T. |
|--|

RESOLVED FURTHER, that in connection with the actions contemplated by the foregoing resolutions, the President and Chairman of the Board, Treasurer, Chief Operating Officer, and VP, Legal Affairs, Philippines or Corporate Secretary of the Corporation (collectively, the “**Authorized Representatives**”) be authorized to delegate the relevant authority to the employees in the relevant department and functional units (the “**Delegated Personnel**”). Each of the Authorized Representatives, Delegated Personnel or, if applicable, any attorney of any Authorized Representative supported by relevant supporting documents (collectively the “**Authorized Persons**”) be authorized, in the name and on behalf of the Corporation or the relevant subsidiary, to do such further acts and things and to sign such documents as any such Authorized Persons might deem necessary or appropriate, including to do and perform (or procure to be done and performed), in the name and on behalf of the Corporation or the subsidiary, all such acts and to sign, make, execute, deliver, issue or file (or procure to be signed, made, executed, issued, delivered or filed) with any person including, but not limited to, any governmental authority or agency, all such agreements, documents, instruments, certificates, consents and waivers, and all amendments to any such agreements, documents, instruments, certificates, consents or waivers and where any such documents be required to be sealed or executed as a deed by affixing the corporate/common seal of the Corporation or the relevant subsidiary, to affix thereto the seal countersigned by any such Authorized Person and to pay, or procure to be paid, all such payments, as any of them might deem necessary or advisable to carry out the intent of the foregoing resolutions, the authority for the taking of such acts and things and the signing, making, execution, delivery, issue and filing of such of the foregoing to be conclusively evidenced thereby.

RESOLVED FINALLY, that any and all actions of the Corporation or the subsidiary, or of any Authorized Person, or such other duly authorized person, taken in connection with the actions contemplated by the foregoing resolutions prior to the date of these resolutions be ratified, confirmed, approved and adopted in all respects as if such actions had been presented to for approval, and approved by, the Directors prior to such action being taken.

4. The attached document is the true, complete and correct copy of the Amended Articles of Incorporation of the Corporation

IN WITNESS WHEREOF, we have hereunto set our hands this 4th day of December 2014 at Pasay City, Philippines.



CLARENCE YUK MAN CHUNG
Director/Chairman of the Board
and of the Stockholders' Meetings
TIN – 437-312-325-000



WILLIAM TODD NISBET
Director
TIN – 437-645-460-000



J. Y. TEO KEAN YIN
Director
TIN – 403-987-767-000



MARIA MARCELINA O. CRUZANA
Director
TIN – 127-508-849-000



LIBERTY A. SAMBUA
Director
TIN – 230-473-649-000

Certified and Attested by:



MARISSA T. ACADEMIA
Corporate Secretary/
Secretary of the Stockholders' Meeting
TIN – 166-118-664-000

ACKNOWLEDGMENT

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


BEFORE ME, a Notary Public in and for Pasay City, this 4th day of December 2014, personally appeared the following, who had satisfactorily proven to me their identity through the following identifications:

Name	Government Issued I.D.	Expiration Date/Place Issued
Clarence Yuk Man Chung	Passport No. KJ0196556	Jan. 24, 2023/Hong Kong
William Todd Nisbet	Passport No. 488547414	Nov. 13, 2023/U.S.A.
J.Y. Teo Kean Yin	Passport No. E1659423E	June 9, 2015/Singapore
Maria Marcelina O. Cruzana	Passport No. EC0089398	Jan. 22, 2019/Manila
Liberty A. Sambua	Passport No. EB0358101	June 7, 2015/Manila
Marissa T. Academia	Passport No. EB9104882	Sept. 9, 2018/Manila

that they are the same persons who executed and voluntarily signed the foregoing instrument which they acknowledged before me as their free and voluntary act and deed.

WITNESS MY HAND AND SEAL at the place and date first above written.

Doc. No. 35
Page No. 8
Book No. 1
Series of 2014.


AIZA B. CONSTANTINO
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 14-29
Roll No. 58264
PTR No. 3711833/01-23-14/Pasay City
IBP No. 954619/01-09-14/RSM
MCLE Compliance No. IV-0012680



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SECURITIES AND EXCHANGE COMMISSION

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

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Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000058648
Company Name MELCO CROWN (PHILIPPINES) RESORTS CORPORATION
Industry Classification Financial Holding Company Activities
Company Type Stock Corporation

Document Information

Document ID 101092015000010
Document Type LETTER/MISC
Document Code LTR
Period Covered January 09, 2015
No. of Days Late 0
Department CED/CFD/CRMD/MRD/NTD
Remarks updated consolidated ACGR (2014)



Melco Crown Philippines

9 January 2015

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: Justina F. Callangan
Acting Director, Corporate Governance and Finance Department

Vicente Graciano P. Felizmenio, Jr.
Director, Markets and Securities Regulation Department

Re: Updated Consolidated Annual Corporate Governance Report

Gentlemen:

We submit the Updated Consolidated Annual Corporate Governance Report of Melco Crown (Philippines) Resorts Corporation for 2014.

Very truly yours,

**MELCO CROWN (PHILIPPINES)
RESORTS CORPORATION**

By:

MARISSA T. ACADEMIA
Compliance Officer and Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is filed for the period: **January 1, 2013 to December 31, 2014**¹
2. Exact name of Registrant as Specified in its Charter:
Melco Crown (Philippines) Resorts Corporation
3. Address of principal office: Postal Code:
Aseana Boulevard corner Macapagal Avenue **1701**
Brgy. Tambo, Parañaque City
4. SEC Identification Number: **58648** 5. Industry Classification Code: (SEC Use Only)
6. BIR Tax Identification No.: **000-410-840-000**
7. Issuer's telephone number, including area code:
866-9888
8. Former name, former address, and former fiscal year, if changed since last report:

¹ The Company published a full Corporate Governance Report for 2012 in accordance with SEC Memorandum Circular No. 5, Series of 2013 on June 28, 2013, covering the period from December 19, 2012 (the date *Melco Crown Entertainment Limited, through its wholly-owned indirect subsidiaries, MCE (Philippines) Investments Limited and MCE (Philippines) Investments No.2 Corporation, completed the acquisition of the Company*) until June 21, 2013. The Company also published an updated Corporate Governance Report for 2013 on May 23, 2014, covering the period from the last submission until May 19, 2014, pursuant to the requirements of SEC Memorandum Circular No. 1, Series of 2014. The present document provides the update of the Company's 2012 and 2013 Annual Corporate Governance Reports, indicating changes that occurred since the previous filings until December 31, 2014. However, material changes that occurred from December 31, 2014 until the date of filing of this report are also reflected herein. The Company's 2012 and 2013 Annual Corporate Governance Reports are available on-line as a PDF file at <http://www.melco-crown-philippines.com> under the Investor Relations section.

TABLE OF CONTENTS

A.	BOARD MATTERS	4
1)	BOARD OF DIRECTORS	4
	(a) Composition of the Board	4
	(b) Summary of the Corporate Governance Policy	9
	(c) Directorship in Other Companies	9
	(d) Shareholding in the Company	11
2)	CHAIRMAN AND PRESIDENT	12
3)	SUCCESSION OF THE TOP KEY MANAGEMENT POSITIONS.....	13
4)	OTHER EXECUTIVE, NON-EXECUTIVE, AND INDEPENDENT DIRECTORS.....	13
5)	CHANGES IN THE BOARD OF DIRECTORS	13
6)	ORIENTATION AND EDUCATION PROGRAM	14
B.	CODE OF BUSINESS CONDUCT & ETHICS	15
1)	POLICIES	15
2)	DISSEMINATION OF CODE	18
3)	COMPLIANCE WITH CODE.....	18
4)	RELATED PARTY TRANSACTIONS	18
	(a) Policies and Procedures	18
	(b) Conflict of Interest.....	19
5)	FAMILY, COMMERCIAL, AND CONTRACTUAL RELATIONS	19
6)	ALTERNATIVE DISPUTE RESOLUTION.....	19
C.	BOARD MEETINGS & ATTENDANCE	20
1)	SCHEDULE OF MEETINGS	20
2)	<i>DETAILS OF ATTENDANCE OF DIRECTORS</i>	20
3)	SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS	23
4)	MINIMUM QUORUM REQUIREMENT	23
5)	ACCESS TO INFORMATION.....	23
6)	EXTERNAL ADVICE	23
7)	CHANGES IN EXISTING POLICIES	23
D.	REMUNERATION MATTERS	25
1)	REMUNERATION PROCESS.....	25
2)	REMUNERATION POLICY AND STRUCTURE FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS	25
3)	AGGREGATE REMUNERATION	26
4)	STOCK RIGHTS, OPTIONS, AND WARRANTS	26
5)	REMUNERATION OF MANAGEMENT	27
E.	BOARD COMMITTEES.....	28
1)	NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES	28
2)	COMMITTEE MEMBERS	32
3)	CHANGES IN COMMITTEE MEMBERS.....	33
4)	WORK DONE AND ISSUES ADDRESSED.....	33
5)	COMMITTEE PROGRAM.....	34
F.	RISK MANAGEMENT SYSTEM	35
1)	STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	35
2)	RISK POLICY	35
3)	CONTROL SYSTEM	36
G.	INTERNAL AUDIT AND CONTROL.....	37
1)	STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	37
2)	INTERNAL AUDIT.....	37
	(a) Role, Scope, and Internal Audit Function.....	37
	(b) Appointment/Removal of Internal Auditor	38
	(c) Reporting Relationship with the Audit Committee.....	38
	(d) Resignation, Re-assignment, and Reasons.....	38
	(e) Progress against Plans, Issues, Findings, and Examination Trends	38

	(f) Audit Control Policies and Procedures	38
	(g) Mechanism and Safeguards.....	38
H.	ROLE OF STAKEHOLDERS.....	40
I.	DISCLOSURE AND TRANSPARENCY	42
J.	RIGHTS OF STOCKHOLDERS.....	45
	1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS	45
	2) TREATMENT OF MINORITY STOCKHOLDERS	51
K.	INVESTORS RELATIONS PROGRAM	52
L.	CORPORATE SOCIAL RESPONSIBILITY INITIATIVES	53
M.	BOARD, DIRECTOR, COMMITTEE AND PRESIDENT APPRAISAL	53
N.	INTERNAL BREACHES AND SANCTIONS	53

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	<i>Nine (9)</i>
Actual number of Directors from December 19, 2012 to June 21, 2013	<i>Nine (9)</i>
Actual number of Directors from June 21, 2013 to present	<i>Nine (9)</i>

(a) Composition of the Board

From December 19, 2012 to February 20, 2013, the following are the directors and executive officers of Melco Crown (Philippines) Resorts Corporation (the “**Company**” or “**MCP**”):

*Please refer to the Company’s Annual Corporate Governance Report filed on June 28, 2013.

From February 20, 2013 to March 13, 2014, the following are the directors of the Company:

Director’s Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
Clarence Yuk Man Chung	ED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and five (5) months
Jose F. Buenaventura	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and three (3) months
Frances Marie T. Yuyucheng	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year, one (1) month and twenty two (22) days
Rena M. Rico-Pamfilo	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and twenty one (21) days
Cristina Collantes-Garcia ²	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Special Meeting of the Board of Directors	One (1) year and twenty one (21) days
Yvette P. Chua	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and twenty one (21) days

² Cristina Collantes-Garcia replaced Jomini Nazareno, who served as a non-executive director from February 20, 2013 to March 1, 2013.

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
William Todd Nisbet	NED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and five (5) months
James Andrew Charles MacKenzie	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. MacKenzie	December 19, 2012	June 21, 2013 (One (1) year and five (5) months)	Annual Meeting of the Stockholders	One (1) year and five (5) months
Alec Yiu Wa Tsui	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. Tsui	December 19, 2012	June 21, 2013 (One (1) year and five (5) months)	Annual Meeting of the Stockholders	One (1) year and five (5) months

From March 13, 2014 to April 11, 2014, the following are the directors of the Company:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
Clarence Yuk Man Chung	ED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and five (5) months
Jose F. Buenaventura	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and three (3) months
Frances Marie T. Yuyucheng	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year, one (1) month and twenty two (22) days
William Todd Nisbet	NED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and five (5) months

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
James Andrew Charles MacKenzie	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. MacKenzie	December 19, 2012	June 21, 2013 (One (1) year and five (5) months)	Annual Meeting of the Stockholders	One (1) year and five (5) months
Alec Yiu Wa Tsui	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. Tsui	December 19, 2012	June 21, 2013 (One (1) year and five (5) months)	Annual Meeting of the Stockholders	One (1) year and five (5) months
J.Y. Teo Kean Yin	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	March 13, 2014	Special Meeting of the Board of Directors	Two (2) months
Maria Marcelina O. Cruzana	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	March 13, 2014	Special Meeting of the Board of Directors	Two (2) months
Liberty A. Sambua	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	March 13, 2014	Special Meeting of the Board of Directors	Two (2) months

From April 11, 2014 to May 19, 2014, the following are the directors of the Company:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
Clarence Yuk Man Chung	ED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and five (5) months
Jose F. Buenaventura	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and three (3) months

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
William Todd Nisbet	NED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	June 21, 2013	Annual Meeting of the Stockholders	One (1) year and five (5) months
James Andrew Charles MacKenzie	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. MacKenzie	December 19, 2012	June 21, 2013 (One (1) year and five (5) months)	Annual Meeting of the Stockholders	One (1) year and five (5) months
Alec Yiu Wa Tsui	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. Tsui	December 19, 2012	June 21, 2013 (One (1) year and five (5) months)	Annual Meeting of the Stockholders	One (1) year and five (5) months
J.Y. Teo Kean Yin	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	March 13, 2014	Special Meeting of the Board of Directors	Two (2) months
Maria Marcelina O. Cruzana	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	March 13, 2014	Special Meeting of the Board of Directors	Two (2) months
Liberty A. Sambua	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	March 13, 2014	Special Meeting of the Board of Directors	Two (2) months
Johann M. Albano	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	April 11, 2014	April 11, 2014	Special Meeting of the Board of Directors	One (1) month

From May 19, 2014 to the present, the following are the directors of the Company:

Director's Name	Type (Executive (ED), Non-Executive (NED) or Independent Director (ID))	If nominee, identity of the principal	Nominator in the last election, (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual/Special Meeting)	No. of Months served as director since first elected
Clarence Yuk Man Chung	ED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	May 19, 2014	Annual Meeting of the Stockholders	Two (2) years and one (1) month
Jose F. Buenaventura	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	February 20, 2013	May 19, 2014	Annual Meeting of the Stockholders	One (1) year and eleven (11) months
William Todd Nisbet	NED	MCE (Philippines) Investments Limited	MCE (Philippines) Investments Limited	December 19, 2012	May 19, 2014	Annual Meeting of the Stockholders	Two (2) years and one (1) month
James Andrew Charles MacKenzie	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. MacKenzie	December 19, 2012	May 19, 2014 (Eight (8) months)	Annual Meeting of the Stockholders	Two (2) years and one (1) month
Alec Yiu Wa Tsui	ID	N/A	Clarence Chung Yuk Man There is no relationship between Mr. Chung and Mr. Tsui	December 19, 2012	May 19, 2014 (Eight (8) months)	Annual Meeting of the Stockholders	Two (2) years and one (1) month
J.Y. Teo Kean Yin	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	May 19, 2014	Annual Meeting of the Stockholders	Ten (10) months
Maria Marcelina O. Cruzana	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	May 19, 2014	Annual Meeting of the Stockholders	Ten (10) months
Liberty A. Sambua	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	March 13, 2014	May 19, 2014	Annual Meeting of the Stockholders	Ten (10) months
Johann M. Albano	NED	MCE (Philippines) Investments No.2 Corporation	MCE (Philippines) Investments No.2 Corporation	April 11, 2014	May 19, 2014	Annual Meeting of the Stockholders	Nine (9) months

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- (c) Directorship in Other Companies

- (i) Directorship in the Company's Group³

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013 for the directorship within the Group of the Company's directors from December 19, 2012 to February 20, 2013.*

From February 20, 2013 to March 13, 2014, the following of the Company's directors also hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent)
Clarence Yuk Man Chung	<i>MCE Holdings (Philippines) Corporation</i>	<i>ED</i>
	<i>MCE Holdings No.2 (Philippines) Corporation</i>	<i>ED</i>
	<i>MCE Leisure (Philippines) Corporation</i>	<i>ED</i>
	<i>MCE (Philippines) Investments No.2 Corporation</i>	<i>ED</i>
William Todd Nisbet	<i>MCE Holdings (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE Holdings No.2 (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE Leisure (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE (Philippines) Investments No.2 Corporation</i>	<i>NED</i>
Frances Marie T. Yuyucheng	<i>MCE Holdings (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE Holdings No.2 (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE Leisure (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE (Philippines) Investments No.2 Corporation</i>	<i>NED</i>
Rena M. Rico-Pamfilo	<i>MCE Holdings (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE Holdings No.2 (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE Leisure (Philippines) Corporation</i>	<i>NED</i>
	<i>MCE (Philippines) Investments No.2 Corporation</i>	<i>NED</i>

³ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company (SEC Memorandum Circular No. 5, series of 2013). Also, the companies listed are Group companies in the Philippines. Certain directors are also directors in other companies outside the Philippines but within the Group.

From March 13, 2014 to the present, the following of the Company's directors also hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent)
Clarence Yuk Man Chung	MCE Holdings (Philippines) Corporation	ED
	MCE Holdings No.2 (Philippines) Corporation	ED
	MCE Leisure (Philippines) Corporation	ED
	MCE (Philippines) Investments No.2 Corporation	ED
William Todd Nisbet	MCE Holdings (Philippines) Corporation	NED
	MCE Holdings No.2 (Philippines) Corporation	NED
	MCE Leisure (Philippines) Corporation	NED
	MCE (Philippines) Investments No.2 Corporation	NED
J.Y. Teo Kean Yin	MCE (Philippines) Investments No. 2 Corporation	NED
	MCE Holdings (Philippines) Corporation	NED
	MCE Holdings No.2 (Philippines) Corporation	NED
	MCE Leisure (Philippines) Corporation	NED
Maria Marcelina O. Cruzana	MCE (Philippines) Investments No.2 Corporation	NED
	MCE Holdings (Philippines) Corporation	NED
	MCE Holdings No.2 (Philippines) Corporation	NED
	MCE Leisure (Philippines) Corporation	NED
Liberty A. Sambua	MCE (Philippines) Investments No.2 Corporation	NED
	MCE Holdings (Philippines) Corporation	NED
	MCE Holdings No.2 (Philippines) Corporation	NED
	MCE Leisure (Philippines) Corporation	NED

(ii) Directorship in Other Listed Companies

The following of the Company's directors also hold the office of director in other Listed Companies⁴:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent)
Jose F. Buenaventura	BDO Unibank, Inc.	ID
	Cebu Air, Inc.	NED

⁴ Listed companies in the Philippines only. Certain directors are directors in other listed companies outside the Philippines.

(iii) Relationship within the Company and its Group

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

N/A

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(d) Shareholding in the Company

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013 for the shareholdings of the directors of the Company from December 19, 2012 to February 20, 2013.*

The following are the directors of the Company from February 20, 2013 to March 13, 2014 who hold shares of the Company as of the date of this Report:

Name of Director	Number of Direct shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Clarence Yuk Man Chung	100	N/A	0.00% (nominal)
Jose F. Buenaventura	28,125	N/A	0.00% (nominal)
Frances Marie T. Yuyucheng	25	N/A	0.00% (nominal)
Rena M. Rico-Pamfilo	25	N/A	0.00% (nominal)
Cristina Collantes-Garcia	25	N/A	0.00% (nominal)
Yvette P. Chua	25	N/A	0.00% (nominal)
William Todd Nisbet	100	N/A	0.00% (nominal)
James Andrew Charles MacKenzie	100	N/A	0.00% (nominal)
Alec Yiu Wa Tsui	100	N/A	0.00% (nominal)
TOTAL	28,625		

The following are the directors of the Company from March 13, 2014 to April 11, 2014 who hold shares of the Company as of the date of this Report:

Name of Director	Number of Direct shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Clarence Yuk Man Chung	100	N/A	0.00% (nominal)
Jose F. Buenaventura	28,125	N/A	0.00% (nominal)
Frances Marie T. Yuyucheng	25	N/A	0.00% (nominal)
J.Y. Teo Kean Yin	200	N/A	0.00% (nominal)
Maria Marcelina O. Cruzana	100	N/A	0.00% (nominal)
Liberty A. Sambua	100	N/A	0.00% (nominal)
William Todd Nisbet	100	N/A	0.00% (nominal)
James Andrew Charles MacKenzie	100	N/A	0.00% (nominal)
Alec Yiu Wa Tsui	100	N/A	0.00% (nominal)
TOTAL	28,950		

The following are the directors of the Company from April 11, 2014 to May 19, 2014 who hold shares of the Company as of the date of this Report:

Name of Director	Number of Direct shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Clarence Yuk Man Chung	100	N/A	0.00% (nominal)
Jose F. Buenaventura	28,125	N/A	0.00% (nominal)
Johann M. Albano	3,000	N/A	0.00% (nominal)
J.Y. Teo Kean Yin	200	N/A	0.00% (nominal)
Maria Marcelina O. Cruzana	100	N/A	0.00% (nominal)
Liberty A. Sambua	100	N/A	0.00% (nominal)
William Todd Nisbet	100	N/A	0.00% (nominal)
James Andrew Charles MacKenzie	100	N/A	0.00% (nominal)
Alec Yiu Wa Tsui	100	N/A	0.00% (nominal)
TOTAL	31,925		

The following are the directors of the Company from May 19, 2014 to the present who hold shares of the Company as of the date of this Report:

Name of Director	Number of Direct shares	Number of Indirect shares/ Through (name of record owner)	% of Capital Stock
Clarence Yuk Man Chung	100	N/A	0.00% (nominal)
Jose F. Buenaventura	28,125	N/A	0.00% (nominal)
Johann M. Albano	3,000	N/A	0.00% (nominal)
J.Y. Teo Kean Yin	200	N/A	0.00% (nominal)
Maria Marcelina O. Cruzana	100	N/A	0.00% (nominal)
Liberty A. Sambua	100	N/A	0.00% (nominal)
William Todd Nisbet	100	N/A	0.00% (nominal)
James Andrew Charles MacKenzie	100	N/A	0.00% (nominal)
Alec Yiu Wa Tsui	100	N/A	0.00% (nominal)
TOTAL	31,925		

2) Chairman and President

(a) Do different persons assume the role of Chairman of the Board of Directors and President?

Yes No

Describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

*Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

The Chairman and President of the Company is:

Chairman of the Board / President	Clarence Yuk Man Chung
--	------------------------

(b) Roles, Accountabilities, and Deliverables

	Chairman	President
Role	The Chairman is the Presiding Officer of all meetings of the Board	The President shall supervise and implement the general policy

	<i>and the stockholders.</i>	<i>direction of the Corporation as determined by the Board of Directors.</i>
Accountabilities	<i>As Presiding Officer, the Chairman is accountable to the Board and the stockholders.</i>	<i>The President reports to the Board.</i>
Deliverables	<i>Submit an annual report of the operations of the Company to the stockholders and the Board.</i>	<i>The President shall render reports to the Board from time to time as may be requested.</i>

- 3) Explain how the Board of Directors plan for the succession of the President and the top key management positions?

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

- (a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Rena M. Rico-Pamfilo	Director	March 13, 2014	Resignation
Yvette P. Chua	Director	March 13, 2014	Resignation
Anna Cristina Collantes-Garcia	Director	March 13, 2014	Resignation
Frances Marie T. Yuyucheng	Director	April 11, 2014	Resignation

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013. With respect to the criteria and qualifications for Independent Directors, the Company follows and adopts the requirements of SRC Rule 38.*

Voting Result of the last Annual General Meeting:

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013 for the list of directors elected during the June 21, 2013 Annual Stockholders' Meeting.*

The following are the directors elected during the May 19, 2014 Annual Stockholders' Meeting:

Name of Director	Type of Director	Number of Votes Received	Percentage of Votes Received to Total Outstanding Capital Stock	Percentage of Votes Received to Shares Presented or Represented at the Meeting
Clarence Yuk Man Chung	ED	3,789,969,696	85.62%	97.27%
William Todd Nisbet	NED	3,789,969,696	85.62%	97.27%
Jose F. Buenaventura	NED	3,796,313,214	85.77%	97.44%
Johann M. Albano	NED	3,591,036,814	81.13%	92.17%
J.Y. Teo Kean Yin	NED	3,796,313,214	85.77%	97.44%
Maria Marcelina O. Cruzana	NED	3,796,313,214	85.77%	97.44%
Liberty A. Sambua	NED	3,796,313,214	85.77%	97.44%
James Andrew Charles MacKenzie	ID	3,895,178,214	88.00%	99.97%
Alec Yiu Wa Tsui	ID	3,871,355,814	87.46%	99.36%

6) Orientation and Education Program

(a) Disclose details of the Company's orientation program for new Directors, if any.

The Company has an induction program for new directors, which was patterned after the induction program of Melco Crown Entertainment Limited ("MCE"), the Company's ultimate parent company, and adopted to include applicable Philippine regulatory requirements. The new directors who were elected on March 13, 2014, April 11, 2014 and May 19, 2014 will commence their induction training and are also scheduled to attend a seminar and orientation on various Philippine laws applicable to their business by the Company's external counsel. They are also scheduled to complete a seminar on corporate governance to be given by an accredited SEC training provider.

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

On 14 October 2014, the Directors and Officers of the Company attended a full/advanced Corporate Governance Training, conducted by the SyCip Gorres Velayo & Co., an accredited SEC Corporate Governance training provider.

B. CODE OF BUSINESS CONDUCT & ETHICS

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

The Company's Code of Business Conduct and Ethics, as approved by its Board of Directors, has the following guiding principles:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p><i>All apparent, potential, and actual conflicts of interest should be scrupulously avoided and any transactions between an employee and the Company which involves a potential conflict of interest should only be entered into after receipt of the appropriate approval.</i></p> <p><i>All situations that reasonably would be expected to give rise to a conflict of interest must be disclosed to the Company.</i></p>	Same.	Same.
(b) Conduct of Business and Fair Dealings	<p><i>The Company's success depends on building productive relationships with one another and third parties on honesty, integrity, ethical behavior and mutual trust. Every director, officer and employee should endeavor to deal fairly with each of the Company's patrons, suppliers, competitors, and other directors, officers, and employees. No director, officer, and employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices</i></p>	Same.	Same.
(c) Receipts of gifts from third parties	<p><i>The giving and receiving of gifts is a worthwhile and acceptable business practice when performed within the boundaries set forth by the Code of Business Ethics and Conduct and applicable laws and regulations. Appropriate business gifts and</i></p>	Same.	Same.

Business Conduct & Ethics	Directors	Senior Management	Employees
	<p><i>entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should not compromise, or appear to compromise, the directors'/management's/ employees' ability to make objective and fair business decisions.</i></p>		
(d) Compliance with Laws & Regulations	<p><i>All directors, officers, and employees are expected to understand and comply with all laws, rules, and regulations that apply to their job position. It is the Company's policy to abide by the national and local laws of the host nations and communities. The fact that in some countries certain standards of conduct are legally prohibited, but these prohibitions are not enforced in practice, or their violation is not subject to public criticism or censure, will not excuse any illegal action by a director/management/ employee.</i></p>	Same.	Same.
(e) Respect for Trade Secrets/Use of Non-public Information	<p><i>One of the Company's most valuable assets is information. All directors, officers, and employees should maintain the confidentiality of information (whether or not it is considered proprietary) entrusted to them not only by the Company, but also by suppliers, patrons, and others related to our business. Confidential information includes all non-public information that might be of use to our competitors or harmful to the Company, or its patrons or suppliers, if disclosed. Examples of confidential information include trade secrets, new product or marketing plans, customer lists, research and development ideas,</i></p>	Same.	Same.

Business Conduct & Ethics	Directors	Senior Management	Employees
	<i>manufacturing processes, or acquisition or divestiture prospects.</i>		
(f) Use of Company Funds, Assets and Information	<i>Proper and efficient use of Company, supplier, customer, and other third party assets, such as electronic communication systems, information (proprietary or otherwise), material, facilities and equipment, as well as intangible assets, is each director/officer/employee's responsibility. They must not use such assets for personal profit for themselves or others. The assets must be used only for legitimate business purposes. However, in limited instances, Company assets may be used for other purposes approved by management.</i>	Same.	Same.
(g) Employment & Labor Laws & Policies	<i>The Company and the directors/officer/employees shall seek to create a workplace environment that is harmonious, respectful of the rights of all employees, and conducive to attaining excellence in the quality of service provided to the Company's patrons.</i>	Same.	Same.
(h) Disciplinary action	<i>Directors/Officers/Employees in violation of the company policies may be subject to progressive warning process and where warranted, termination/removal, subject to Philippine labor law requirements and procedure.</i>	Same.	Same.
(i) Whistle Blower	<i>There will be no retaliation against someone reporting an activity that he or she believes to be a violation of any law, rule, or regulation.</i> <i>Any supervisor or other person intimidating or imposing sanctions on a director, officer, or employee for reporting a matter will be disciplined, which may</i>	Same.	Same.

Business Conduct & Ethics	Directors	Senior Management	Employees
	<i>include termination of employment.</i>		
(j) Conflict Resolution	<i>Directors may raise issues with the Chairman for resolution.</i>	<i>Senior management are expected to first raise issues with their supervisors. If the issue remains unresolved, Human Resources ("HR") will be involved to determine the best resolution process and be involved in the same.</i>	<i>Employees are expected to first raise issues with their supervisors. If the issue remains unresolved, HR will be involved to determine the best resolution process and be involved in the same.</i>

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

The Company's Code of Business Ethics and Conduct has been disseminated to the Directors, Executive Officers and key management personnel of the Company. A process is being put in place to make the receipt of such Code part of the new employees' on-boarding and orientation process.

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- 4) Related Party Transactions

- (a) Policies and Procedures

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

The Policy on Related Party Transactions developed by the Company has the following guiding principles:

Related Party Transactions	Policies and Procedures
(1) Parent Company	<i>All transactions shall be checked against the list of related parties. If the same is a related party transaction, it shall be forwarded to the Vice President, Finance. If the related party transaction is considered as not material and is not unusual in its terms and nature, the Vice President, Finance can authorize the approval without need of further approval. However, if it is a material or unusual related party transaction, the Audit Committee shall evaluate and determine whether to pre-approve the transaction.</i>
(2) Joint Ventures	N/A
(3) Subsidiaries	<i>Same process as in item (1) above.</i>
(4) Entities Under Common Control	N/A
(5) Substantial Stockholders	<i>Same process as in item (1) above.</i>
(6) Officers including spouse/children/siblings/parent	<i>Same process as in item (1) above.</i>
(7) Directors including spouse/children/siblings/parent	<i>Same process as in item (1) above.</i>

Related Party Transactions	Policies and Procedures
(8) Interlocking director relationship of Board of Directors	Same process as in item (1) above.

(b) Conflict of Interest

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

Identify any actual or probable conflict of interest to which Directors/Officers/5% or more Shareholders may be involved.

There is no actual or probable conflict of interest among the Company's Directors, Executive Officers, or 5% or more Shareholders.

(ii) Mechanism

Describe the mechanism laid down to detect, determine, and resolve any possible conflict of interest between the Company and/or its Group and their Directors, Officers, and significant Shareholders.

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

5) Family, Commercial, and Contractual Relations

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

6) Alternative Dispute Resolution

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013. For third parties, the Company provides for alternative dispute resolutions in contractual stipulations.*

⁵ Family relationship up to the fourth civil degree either by consanguinity or affinity.

C. BOARD MEETINGS & ATTENDANCE

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

*Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

2) Attendance of Directors

The following are the attendance of the members of the Board of Directors from January 1 to December 31, 2013:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended (A)	% of (A)	No. of Meetings where Resolutions were Pre-Approved ⁶ (B)	% of (B)	Total % (A & B)
Chairman	Clarence Yuk Man Chung	December 19, 2012	17	14	82.35%	3	17.65%	100.00%
Member	William Todd Nisbet	December 19, 2012	17	12	70.59%	5	29.41%	100.00 %
Member	Jose F. Buenaventura	February 20, 2013	16	13	81.25%	N/A	N/A	81.25%
Member	Frances Marie T. Yuyucheng	February 20, 2013	16	14	87.50%	N/A	N/A	87.50%
Member	Rena M. Rico-Pamfilo	February 20, 2013	16	14	87.50%	N/A	N/A	87.50%
Member	Cristina Collantes-Garcia	March 1, 2013	15	15	100.00%	N/A	N/A	100.00%
Member	Yvette P. Chua	February 20, 2013	16	14	87.50%	N/A	N/A	87.50%
Independent	James Andrew Charles MacKenzie	December 19, 2012	17	12	70.59%	5	29.41%	100.00 %
Independent	Alec Yiu Wa Tsui	December 19, 2012	17	13	76.47%	4	23.53%	100.00 %

The following are the attendance of the members of the Board of Directors from January 1 to March 13, 2014:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended (A)	% of (A)	No. of Meetings where Resolutions were Pre-Approved (B)	% of (B)	Total % (A & B)
Chairman	Clarence Yuk Man Chung	December 19, 2012	2	2	100.00%	N/A	N/A	100.00%
Member	William Todd Nisbet	December 19, 2012	2	2	100.00%	N/A	N/A	100.00%
Member	Jose F. Buenaventura	February 20, 2013	2	2	100.00%	N/A	N/A	100.00%
Member	Frances Marie T. Yuyucheng	February 20, 2013	2	1	50.00%	N/A	N/A	50.00%
Member	Rena M. Rico-Pamfilo	February 20, 2013	2	0	0.00%	N/A	N/A	0.00%
Member	Cristina	March 1,	2	2	100.00%	N/A	N/A	100.00%

⁶ Pre-approved resolutions were separately considered and approved by the relevant directors prior to the Board meeting.

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended (A)	% of (A)	No. of Meetings where Resolutions were Pre-Approved (B)	% of (B)	Total % (A & B)
	<i>Collantes-Garcia</i>	<i>2013</i>						
Member	<i>Yvette P. Chua</i>	<i>February 20, 2013</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>J.Y. Teo Kean Yin</i>	<i>March 13, 2014</i>	<i>1</i>	<i>1</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>Maria Marcelina O. Cruzana</i>	<i>March 13, 2014</i>	<i>1</i>	<i>1</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>Liberty A. Sambua</i>	<i>March 13, 2014</i>	<i>1</i>	<i>1</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Independent	<i>James Andrew Charles MacKenzie</i>	<i>December 19, 2012</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Independent	<i>Alec Yiu Wa Tsui</i>	<i>December 19, 2012</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>

The following are the attendance of the members of the Board of Directors from March 14, 2014 to April 11, 2014:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended (A)	% of (A)	No. of Meetings where Resolutions were Pre-Approved (B)	% of (B)	Total % (A & B)
Chairman	<i>Clarence Yuk Man Chung</i>	<i>December 19, 2012</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>William Todd Nisbet</i>	<i>December 19, 2012</i>	<i>2</i>	<i>1</i>	<i>50.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>50.00%</i>
Member	<i>Jose F. Buenaventura</i>	<i>February 20, 2013</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>Frances Marie T. Yuyucheng</i>	<i>February 20, 2013</i>	<i>2</i>	<i>1</i>	<i>50.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>50.00%</i>
Member	<i>J.Y. Teo Kean Yin</i>	<i>March 13, 2014</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>Maria Marcelina O. Cruzana</i>	<i>March 13, 2014</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>Liberty A. Sambua</i>	<i>March 13, 2014</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Member	<i>Johann M. Albano</i>	<i>April 11, 2014</i>	<i>1</i>	<i>1</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Independent	<i>James Andrew Charles MacKenzie</i>	<i>December 19, 2012</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>
Independent	<i>Alec Yiu Wa Tsui</i>	<i>December 19, 2012</i>	<i>2</i>	<i>2</i>	<i>100.00%</i>	<i>N/A</i>	<i>N/A</i>	<i>100.00%</i>

The following are the attendance of the members of the Board of Directors from April 12, 2014 to May 19, 2014:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended (A)	% of (A)	No. of Meetings where Resolutions were Pre-Approved (B)	% of (B)	Total % (A & B)
Chairman	Clarence Yuk Man Chung	December 19, 2012	2	2	100.00%	N/A	N/A	100.00%
Member	William Todd Nisbet	December 19, 2012	2	2	100.00%	N/A	N/A	100.00%
Member	Jose F. Buenaventura	February 20, 2013	2	1	50.00%	N/A	N/A	50.00%
Member	Johann M. Albano	April 11, 2014	2	2	100.00%	N/A	N/A	100.00%
Member	J.Y. Teo Kean Yin	March 13, 2014	2	2	100.00%	N/A	N/A	100.00%
Member	Maria Marcelina O. Cruzana	March 13, 2014	2	2	100.00%	N/A	N/A	100.00%
Member	Liberty A. Sambua	March 13, 2014	2	2	100.00%	N/A	N/A	100.00%
Independent	James Andrew Charles MacKenzie	December 19, 2012	2	2	100.00%	N/A	N/A	100.00%
Independent	Alec Yiu Wa Tsui	December 19, 2012	2	2	100.00%	N/A	N/A	100.00%

The following are the attendance of the members of the Board of Directors from May 20, 2014 to December 31, 2014:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended (A)	% of (A)	No. of Meetings where Resolutions were Pre-Approved (B)	% of (B)	Total % (A & B)
Chairman	Clarence Yuk Man Chung	December 19, 2012	4	4	100.00%	N/A	N/A	100.00%
Member	William Todd Nisbet	December 19, 2012	4	4	100.00%	N/A	N/A	100.00%
Member	Jose F. Buenaventura	February 20, 2013	4	3	75.00%	N/A	N/A	75.00%
Member	Johann M. Albano	April 11, 2014	4	4	100.00%	N/A	N/A	100.00%
Member	J.Y. Teo Kean Yin	March 13, 2014	4	4	100.00%	N/A	N/A	100.00%
Member	Maria Marcelina O. Cruzana	March 13, 2014	4	4	100.00%	N/A	N/A	100.00%
Member	Liberty A. Sambua	March 13, 2014	4	4	100.00%	N/A	N/A	100.00%
Independent	James Andrew Charles MacKenzie	December 19, 2012	4	4	100.00%	N/A	N/A	100.00%
Independent	Alec Yiu Wa Tsui	December 19, 2012	4	4	100.00%	N/A	N/A	100.00%

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- 5) Access to Information

- (a) How many days in advance are board papers for Board of Directors meetings provided to the Board?

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

In accordance with the Company's Manual of Corporate Governance, the newly-appointed Corporate Secretary is a lawyer authorized to practice law in the Philippines.

- (e) Committee Procedures

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- 6) External Advice

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- 7) Change/s in existing policies

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

The Company altogether issued and adopted new policies based on the existing policies of MCE, its ultimate parent company, to harmonize the policies of the Company with the policies of MCE, as amended for compliance with relevant local regulations. These policies include: (1) Disclosure Controls and Procedures, (2) Guidelines for Corporate Communications and Continuous Disclosure, (3) Document Retention Policy, (4) Information Technology Acceptable Use Policy, (5) Shareholders Communications Policy, (6) Policy on Related Party

Transactions, (7) Policy for the Prevention of Insider Trading, and (8) Procedures for Handling Complaints and Whistleblowing.

The Company conducted an annual review of its Corporate Governance Policies for 2014. As a result of such review, the Company's Policies were amended (i) based on updates and inputs from Management and (ii) to reflect the changes made to the Corporate Governance Policies of MCE. The Policies that were amended as a result of the annual review include the (1) Disclosure Controls and Procedures, (2) Guidelines for Corporate Communications and Continuous Disclosure, and (3) Policy on Related Party Transactions. Other Corporate Governance documents, namely, the Code of Business Conduct and Ethics, Ethical Business Practices Program and Guidelines and Standards for the Approval of Related Party Transactions, were also revised as a result of the annual review. The amendments and revisions made to these Corporate Governance Policies and documents are administrative in nature and do not affect the business of the Corporation.

D. REMUNERATION MATTERS

1) Remuneration Process

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

The Company studies market competitive rates and packages and offers compensation packages to its senior executives that are competitive with the competitive benchmarks in the industry, in and outside of the Philippines, but also including the Philippines.

The Company has developed the charter of its Compensation Committee which provides the following as guiding principles:

Process	President	Management Officers	
		COO	Other management officers
(1) Fixed remuneration	<i>Approved by the Compensation Committee</i>	<i>Approved by the Compensation Committee</i>	<i>Determined by senior management</i>
(2) Variable remuneration	<i>Approved by the Compensation Committee</i>	<i>Approved by the Compensation Committee</i>	<i>Determined by senior management</i>
(3) Allowances	<i>Approved by the Compensation Committee</i>	<i>Approved by the Compensation Committee</i>	<i>Determined by senior management</i>
(4) Performance Bonus	<i>Approved by the Compensation Committee</i>	<i>Approved by the Compensation Committee</i>	<i>Determined by senior management</i>
(5) Share Incentive Plan - Stock Options and Restricted Shares	<i>Approved by the Compensation Committee</i>	<i>Approved by the Compensation Committee</i>	<i>Determined by senior management</i>
(6) Other compensation benefits	<i>Approved by the Compensation Committee</i>	<i>Approved by the Compensation Committee</i>	<i>Determined by senior management</i>

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

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

As of this date, the current Directors have not yet received any remuneration from the Company. Further, and as mentioned, the Company has developed the charter of the Compensation Committee to determine the compensation of the Officers.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<i>The levels of remuneration should be sufficient to be able to attract and retain the services of qualified and competent directors.</i> <i>The remuneration of executive directors is structured based on</i>	N/A	N/A

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
	<p><i>corporate and individual performance.</i></p> <p><i>A director is prohibited from participating with the Board in deciding his own remuneration.</i></p>		
Non-Executive Directors	<p><i>The levels of remuneration should be sufficient to be able to attract and retain the services of qualified and competent directors.</i></p> <p><i>A director is prohibited from participating with the Board in deciding his own remuneration.</i></p>	N/A	N/A

- (b) Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits in-kind, and other emoluments) of Board of Directors? Provide details for the last three (3) years.

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013. The Company did not pay any compensation to the current directors for the period from December 19, 2012 to December 31, 2012 and year ended December 31, 2013.*

3) Aggregate Remuneration

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

The Directors of the Company have not yet received any compensation for the year ended December 31, 2013 and 2014.

4) Stock Rights, Options, and Warrants

(a) Board of Directors

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

The members of the Board of Directors of the Company do not hold any outstanding options as of December 31, 2013. Although the Company adopted a Share Incentive Plan (the "SIP") on February 19, 2013, no share options granted under the SIP were vested or exercisable as of December 31, 2013. Details of the SIP are further discussed in Note 28 to the Annual Audited Consolidated Financial Statements of the Company.

The Company did not have warrants outstanding as of December 31, 2013 and 2014.

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

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

5) Remuneration of Management

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

For the year ended 31 December 2013, the total remuneration received by the Company's Directors, Officers and key management personnel was £139,271,000. For the year ended December 31, 2014, the total remuneration received by the Company's Directors, Officers and key management personnel will be reported and disclosed in the Company's 2014 Annual Report.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

The Board Committees functions, key responsibilities and power/authority delegated by the Board are now formally set out within the Charters for those Committees which have been adopted by the Board. There were no major amendments to functions, key responsibilities and powers previously reported as a result of the introduction of the Charter.

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Supervisory Committee	1	1	2	The creation of the Supervisory Committee is provided under the Company's By-Laws.	Exercise the powers of the Board in the management of the business and affairs of the Company except those powers specifically limited by law or by the Board.	The Supervisory Committee has been recently constituted and is still in the process of developing its Charter.	The Supervisory Committee has been recently constituted and is still in the process of developing its Charter.
Audit Committee	1	1	2	The Audit Committee Charter was adopted by the Board on January 22, 2014.	As set out in the Audit Committee Charter, the functions adopted are those that are required within the Revised Code of Corporate Governance issued by SEC: to perform oversight responsibilities over the financial reporting process, system of internal control and risk management, internal and independent audit process,	Section IV. of the Company's Audit Committee Charter outlines the Audit Committee's key responsibilities which include: <ul style="list-style-type: none"> Review quarterly financial statements and underlying support to ensure the quality and integrity of the Company's financial statements; Review and recommend the annual financial statements to 	As set out in the Audit Committee's Charter, the Audit Committee has delegated authority to: <ul style="list-style-type: none"> approve quarterly financial statements; pre-approve related party transactions; pre-approve non-audit services provided by independent auditor; approve any compensation payable by the Company for any approved audit or non-

					<p>and monitoring of compliance with applicable laws, rules, and regulations and any significant related party transactions.</p>	<p>the Board for inclusion within the annual report of the Company;</p> <ul style="list-style-type: none"> • Independent auditor appointment, re-appointment and retention, remuneration and terms of engagement; • Oversight of the work of the independent auditor; • Review the independence of the independent auditor; • Review the internal control and risk management systems; • Organize the internal audit department including appointment, engagement of independent internal auditors; • Review the work performed by the internal audit function; and • Coordinate, monitor and facilitate compliance with laws, rules and regulations relevant to the financial 	<p>audit services to any such independent auditor, including the fees, terms and conditions for the performance of such services;</p> <ul style="list-style-type: none"> • approve the Internal Audit Charter and annual internal audit plan; • approve any policies and procedures to identify, accept, mitigate, allocate or otherwise manage various types of risks presented from time to time by Management.
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						<i>statements.</i>	
Nominating and Corporate Governance Committee	1	1	2	<p><i>The Nominating and Corporate Governance Committee Charter was adopted by the Board on January 22, 2014.</i></p> <p><i>The Committee also performs oversight of the Company's compliance with legal and regulatory requirements, and develops and recommends to the Board corporate governance principles applicable to the Company.</i></p>	<p><i>As set out in its Charter, the function of the Committee is to review the qualifications of the nominees for directors and prepare a final list of candidates to become Board members and its committees, including the qualifications of independent directors.</i></p>	<p><i>The Committee's Charter includes the following key responsibilities:</i></p> <ul style="list-style-type: none"> <i>• Identification of candidates to become members of the Board and its committees;</i> <i>• Development of corporate governance principles; and</i> <i>• Disclosure of any material information brought to its attention by the Disclosure Committee.</i> 	<p><i>As set out in the Committee's Charter, the Committee has delegated authority to:</i></p> <ul style="list-style-type: none"> <i>• Review the composition of the Board and its committees at least annually;</i> <i>• Report to the Board any issues that may arise with respect to the Company's compliance with legal or regulatory requirements;</i> <i>• Review and reassess the adequacy of the Company's corporate governance principles;</i> <i>• Review material information or the integrity of financial statements brought to its attention;</i> <i>• Review and monitor the training and continuous professional development of directors and senior management; and</i> <i>• Develop, review and monitor the code of conduct and compliance manual applicable to</i>

							<i>employees and directors.</i>
<i>Compensation Committee</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>The Compensation Committee Charter was adopted by the Board on January 22, 2014.</i>	<i>As set out in its Charter, the function of the Committee is to ensure that the compensation of the directors and officers are consistent with the Company's culture, strategy and the business environment in which it operates.</i>	<p><i>The Committee's Charter includes the following key responsibilities:</i></p> <ul style="list-style-type: none"> <i>• Design (in consultation with management), recommend to the Board for approval, and evaluate the compensation plans, policies and programs of the Company;</i> <p><i>Recommend compensation programs that are designed to encourage high performance, promote accountability and assure that the interests of employees and management are aligned with the business strategy of the Company and the interests of the Company's shareholders.</i></p>	<p><i>As set out in the Committee's Charter, the Committee has delegated authority to:</i></p> <ul style="list-style-type: none"> <i>• Establish the Company's general compensation policy;</i> <i>• Oversee the development and implementation of compensation programs;</i> <i>• Review at least annually the Company's compensation scheme, incentive compensation plans and equity-based plans and oversee the administration of these plans;</i> <i>• Review and approve compensation arrangements for the directors, the COO, executive directors and senior management;</i> <i>• Review and approve management's remuneration proposals;</i> <i>• Review and approve compensation arrangements relating to dismissal or removal of</i>

							<i>directors for misconduct; and</i> <ul style="list-style-type: none"> • <i>Oversee the Company's regulatory compliance with respect to compensation matters.</i>
Others (specify)	N/A	N/A	N/A	N/A			

2) Committee Members

(a) Supervisory Committee

There were no changes to the members of the Supervisory Committee, and all members have full attendance at all Supervisory Committee Meetings held in 2014. The Supervisory Committee held four (4) meetings for 2014.

(b) Audit Committee

There were no changes to the members of the Audit Committee, and all members have full attendance at all Audit Committee Meetings held in 2013. The Audit Committee held eight (8) meetings for 2013.

For 2014, there were likewise no changes to the members of the Audit Committee, and all members have full attendance at all Audit Committee Meetings held in 2014. The Audit Committee held fourteen (14) meetings for 2014.

Disclose the profile or qualifications of the Audit Committee members.

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013 and May 23, 2014.*

For the profile of the other Audit Committee members, please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(c) Nominating and Corporate Governance Committee

There were no changes to the members of the Nominating and Corporate Governance Committee, and all members have full attendance at all Committee Meetings held in 2013. The Nominating and Corporate Governance Committee held two (2) meetings for 2013.

There were no changes to the members of the Nominating and Corporate Governance Committee, and all members have full attendance at all Committee Meetings held in 2014. The Nominating and Corporate Governance Committee held two (2) meetings for 2014.

(d) Compensation Committee

There were no changes to the members of the Compensation Committee for, and all members have full attendance at all Committee Meetings held in, 2013. The Compensation Committee held nine (9) meetings for 2013.

During the Organizational Meeting held on May 19, 2014, Mr. James Andrew Charles MacKenzie was appointed as an additional member of the Compensation Committee.

There were no changes to the members of the Compensation Committee for, and all members have full attendance at all Committee Meetings held in 2014. The Compensation Committee held three (3) meetings for 2014.

(e) Others (Specify)

The Company has no other Committees other than those mentioned above.

3) Changes in Committee Members

*Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

4) Work Done and Issues Addressed

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

Name of Committee	Work Done (during the year 2013 and 2014)	Issues Addressed
Supervisory	<ul style="list-style-type: none"> • Met to consider and approve certain matters delegated by the Board. 	Handled routine matters in the ordinary course.
Audit	<ul style="list-style-type: none"> • Reviewed and recommended to Board the 2013 Audited Financial Statements of the Corporation for inclusion within annual report filing; • Reviewed and approved the Quarterly Unaudited Financial Statements for the quarters ended December 31, 2012, March 31, 2013, June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014, June 30, 2014 and September 30, 2014; • Reviewed and approved the engagement letters of independent auditor for audit and non-audit services, the nature and scope these services, their reporting obligations, work plan and independence; • Reviewed the auditor's performance and recommendation to the Board for re-appointment of the auditor; • Reviewed the internal control and risk management systems of the Group, after discussion with management, internal audit department and independent auditors and review of the reports associated with the ultimate parent program for compliance with section 404 of the Sarbanes-Oxley Act of 2002 and internal audit plan; • Reviewed internal audit updates; • Reviewed and approved internal audit work plan for the following year; 	Routine matters handled in the ordinary course.

Name of Committee	Work Done (during the year 2013 and 2014)	Issues Addressed
	<ul style="list-style-type: none"> • Reviewed and approval of certain related party transactions carried out during the year; and • Reviewed the staffing and resources of the Company's Group's internal audit and finance departments. 	
Nominating and Corporate Governance	<ul style="list-style-type: none"> • Reviewed the qualifications of the nominees to the Board of Directors (including the independent directors) and prepared a final list of candidates for election as members of the Board; and • Reviewed the Corporate Governance Policies of the Company. 	Handled routine matters in the ordinary course.
Compensation	<ul style="list-style-type: none"> • Met to consider and approve certain equity based incentive awards and the COO's compensation; and • Reviewed the Share Incentive Plan of the Company. 	Handled routine matters in the ordinary course.

5) Committee Program

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- (a) Overall risk management philosophy of the Company;

The Company has implemented risk management and compliance processes and procedures. Further review is underway to address the merits of a separate formal policy document on overall risk management

A risk analysis and mitigation plan has been developed by Management and presented to the Audit Committee, addressing external and internal strategic risks, operational risks associated with processes, compliance and people, finance risks, and information risks.

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

See response to Section F.1(a) above.

- (c) Period covered by the review;

See response to Section F.1(a) above.

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

See response to Section F.1(a) above.

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

See response to Section F.1(a) above.

2) Risk Policy

- (a) Company

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

Refer to Section F.1 for further understanding of the status of development of the Company's risk management policy and system and risks and objectives to be addressed by this system. Refer also to the Company's 2013 Annual Report filed on Form 17A on April 15, 2014 on pages 12 – 19 for a discussion on significant risks impacting the Company.

- (b) Group

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

Refer to Section F.1 for further understanding of the status of development of the Company's risk management policy and system and risks and objectives to be addressed by this system. Refer also to the Company's 2013 Annual Report filed on Form 17A on April 15, 2014 on pages 12 – 19 for a discussion on significant risks impacting the Company.

- (c) Minority Shareholders

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

3) Control System Set Up

(a) Company

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

Please refer to Section G.1 below.

(b) Group

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

Please refer to Section G.1 below.

(c) Committee

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

The Audit Committee has the responsibility to monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including the financial reporting and information technology security. Further, Internal Audit and Financial Compliance team will conduct periodic checks on these control mechanisms.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

The review conducted did not reveal any material weakness or significant control deficiency for the year ended December 31, 2013.

- (c) Period covered by the review;

January 1 to December 31, 2013.

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

2) Internal Audit

- (a) Role, Scope, and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
As defined within the Internal Audit Charter approved by the Audit Committee: Internal Audit assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's internal controls,	Assurance and consulting activities: 1. In assessing adequacy and effectiveness of internal controls, risk management and governance processes 2. In assessing the reliability and integrity of financial and operating information 3. In evaluating the means of safeguarding and verification of existence of assets 4. Specific review request from the Audit Committee	In-house	Catherine Samaras	Internal Audit shall functionally report directly to the Audit Committee, however, for so long as the Company is and remains a subsidiary of a foreign corporation, Internal Audit is required to be independent of the Philippine operations and is

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
risk management, compliance and governance processes				required to also report to the regional or corporate headquarters of its parent.

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- (c) Discuss the internal auditor's reporting relationship with the Audit Committee. Does the internal auditor have direct and unfettered access to the Board of Directors and the Audit Committee and to all records, properties, and personnel?

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- (d) Resignation, Re-assignment, and Reasons

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

The previous Internal Auditor resigned as of March 2014. A new Internal Auditor was immediately appointed thereafter.

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

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

Progress Against Plans	On-going
Issues*	Ongoing. No critical issues noted
Findings**	Ongoing. No critical issues noted
Examination Trends	Within established process cycle time

* "Issues" are compliance matters that arise from adopting different interpretations.

** "Findings" are those with concrete basis under the Company's policies and rules.

- (f) Audit Control Policies and Procedures

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- (g) Mechanism and Safeguards

State the mechanism established by the Company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the Company's shares and imposition of internal approval procedures for these

transactions, limitation on the non-audit services that an external auditor may provide to the Company):

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	<i>The Company is still in the process of creating its own policies and activities regarding this matter.</i>	
Supplier/contractor selection practice	<i>Due diligence and accreditation process to check, among others, non-commission of any forms of corruption and possible related party connection.</i>	
Environmentally friendly value-chain	<i>The Company is still in the process of creating its own policies and activities regarding this matter.</i>	
Community interaction	<i>The Company is still in the process of creating its own policies and activities regarding this matter.</i>	
Anti-corruption programmes and procedures	<i>Zero tolerance for bribery and corruption. The Company and its shareholders, directors, officers, employees, as well as the Company's agents, distributors, contractors, business collaborators, service providers, vendors, suppliers, consultants, advisors and so on are prohibited from offering, promising, making or authorizing a payment to an Official, if the payment is made "corruptly" and for the purpose of obtaining or retaining business or to secure an improper advantage.</i>	
Safeguarding creditors' rights	<i>The Company is still in the process of creating its own policies and activities regarding this matter.</i>	

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

The Company is still in the process of creating its own policy and program on corporate responsibility. The Company currently follows MCE's philosophy. It intends to undertake corporate social responsibility initiatives in communities that the Company operates in. Some potential matters that may be addressed may include issues faced by or related to women and/or youth in the specific communities, education and responsible gaming, depending on the circumstances of the relevant community.

3) Performance-enhancing mechanisms for employee participation.

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

The Company is still in the process of creating its own policies on employee safety, health and welfare. The Company currently follows MCE's philosophy to create a safe and healthy working environment that complies with applicable laws. The Company shall follow regulatory guidelines or codes of occupational safety and health. Occupational safety and health is directly correlated with efficiency, consistency, and quality of work given to employees. The Company shall strive to become the benchmark for occupational safety and health in the casino resort and hospitality industry.

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

Refer to response in Section H.3(a) above.

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

The Company is still in the process of developing its training and development programs for its employees based on MCE's philosophy and the requirements of local laws and regulations. Currently, the training programs of the Company consist of the basic know-how and introduction to the industry in which the Company belongs such as general company orientation and orientation on responsible gaming, as well as more specific trainings such as supervisory and management training programs.

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

It is the policy of the Company to benchmark its compensation system at par with the casino resort and hospitality industry in order to attract and retain the best talents. The Company shall compensate and reward its employees in accordance with law, internal equity, best practices, and in consideration of employee's work performance and the Company's business performance.

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

Under the Company's Policy and Procedures for Handling Complaints and Whistleblowing, below is the procedure for handling complaints:

- a. *Written complaints may be submitted to the Human Resources Officer, in hard copy or via email. Complaints may also be submitted through a telephone hotline that will be received by a third-party contractor specifically engaged to provide the hotline services or by an internal person specifically designated to receive hotline calls. The complainant need not leave his/her name or other personal information.*
- b. *The complaint will be reviewed by designated Complaint Reviewers who will thereafter direct the complaints to the Head of Legal and Head of Internal Audit for investigation. The results of investigation shall be reported to the Audit Committee and Corporate Governance Committee of the Company.*

Complaints are promptly and thoroughly investigated to verify its accuracy and to ensure that no malicious or unfounded complaints or reports will be entertained. The Company takes seriously those filing complaints or reports knowing them to be untrue or unfounded.

In no event will there be any retaliation against anyone for reporting an activity that he or she in good faith believes to be a violation of any law, rule or regulation. Any supervisor or other employee intimidating or imposing sanctions on an employee for reporting a Complaint will be disciplined, which may include termination of employment. Employees who believe that they have been retaliated against by the Company, its employees, contractors, subcontractors or agents, for providing information to or assisting in an investigation or proceeding conducted by a governmental authority or a person with supervisory authority over the employee (or another employee who has the authority to investigate or terminate misconduct) in connection with conduct that the employee reasonably believes constitutes a violation of rule or law, may seek redress through governmental agencies.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

The current shareholders owning 5% or more of the capital stock as of December 31, 2014 are:

Shareholder	Number of Shares	Percent	Beneficial Owner
MCE (Philippines) Investments Limited	3,206,677,096	65.29%	MCE (Philippines) Investments Limited
PCD Nominee Corporation (Non-Filipino)	1,304,892,901	26.57%	Various Stockholders
MCE (Philippines) Investments No.2 Corporation	173,834,368	3.54%	MCE (Philippines) Investments Limited

The current shareholders owning 5% or more of the capital stock as of December 31, 2013 are:

Shareholder	Number of Shares	Percent	Beneficial Owner
MCE (Philippines) Investments Limited	3,206,677,096	72.45%	MCE (Philippines) Investments Limited
PCD Nominee Corporation (Non-Filipino)	752,395,007	17.00%	Various Stockholders
PCD Nominee Corporation (Filipino)	288,561,967	6.52%	Various Stockholders
MCE (Philippines) Investments No.2 Corporation	173,834,268	3.93%	MCE (Philippines) Investments Limited

The following are the senior management of the Company as of December 31, 2013:

Name of Senior Management	Number of Direct Shares	Number of Indirect Shares / Through (name of record owner)	% of Capital Stock
Clarence Yuk Man Chung President/Chairman	100	N/A	0.00% (nominal)
Frances Marie T. Yuyucheng Corporate Secretary, Corporate Information Officer, Compliance Officer	25	N/A	0.00% (nominal)
Geoffrey Stuart Davis Treasurer	0	N/A	N/A
Kevin Sim Chief Operating Officer	0	N/A	N/A
TOTAL	125		

The following are the current senior management of the Company:

Name of Senior Management	Number of Direct Shares	Number of Indirect Shares / Through (name of record owner)	% of Capital Stock
Clarence Yuk Man Chung President/Chairman	100	N/A	0.00% (nominal)

Marissa Tomacruz-Academia Corporate Secretary, Corporate Information Officer, Compliance Officer, Vice President, Legal Affairs	0	N/A	N/A
Adrian Hsen Bin Au Vice President, Finance and Treasurer	0	N/A	N/A
Kevin Sim Chief Operating Officer	0	N/A	N/A
TOTAL	100		

2) Does the 2013 Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No. The Company's whistle-blowing policy was only recently approved by the Board of Directors.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners)	Yes
Training and/or continuing education programme attended by each director/commissioner	No. Pursuant to SEC Memorandum Circular No. 5, Series of 2013, the Corporate Governance Section in the Annual Report (SEC Form 17-A) shall be deleted.
Number of board of directors/commissioners meetings held during the year	No. However, this information is included in Sections A and C of this report.
Attendance details of each director/commissioner in respect of meetings held	No. However, this information is included in Sections A and C of this report.
Details of remuneration of the President and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the nondisclosure.

3) External Auditor's fee

For the year ended December 31, 2013 and for the period from August 13, 2012 to December 31, 2012, the fees for audit work performed by SGV & Co. for the Company and its subsidiaries were as follows:

	2013	2012
<i>In thousands of Philippine peso</i>		
<i>External audit fees and services</i>	<i>₱2,795</i>	<i>₱1,772</i>
<i>Audit service fee for placing and subscription transaction</i>	<i>4,659</i>	<i>-</i>
<i>Other non-audit service fees</i>	<i>920</i>	<i>-</i>
<i>Tax fees</i>	<i>3,801</i>	<i>233</i>

For the year ended December 31, 2014, the fees for audit work performed by SGV & Co. for the Company and its subsidiaries will be reported and disclosed in the Company's 2014 Annual Report.

4) Medium of Communication

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

5) Date of release of audited financial report

The Company's consolidated audited financial statements for the year ended December 31, 2013 was filed with the SEC on April 14, 2014, along with the Company's 2013 Annual Report (SEC Form 17-A).

6) Company Website

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

Yes. www.melco-crown-philippines.com

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

7) Disclosure of RPT

Please refer to the Company's 2013 Annual Report (SEC Form 17-A) filed with the SEC on April 14, 2014 for details of the related party transactions of the Company.

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

Material Related Party Transactions (RPT) require the approval of the Audit Committee in accordance with the RPT Policy and RPT Guidelines. In addition, for RPTs that are also related or connected party transactions for MCE, the necessary approval from MCE's management, Audit Committee, Board of Directors or independent shareholders must be obtained.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(c) Stockholders' Rights

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

Dividends

The Company has not declared any dividends for 2013.

(d) Stockholders' Participation

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- (ii) State the Company policy of asking shareholders to actively participate in corporate decisions regarding:

- c. Amendments to the Company's constitution

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- d. Authorization of additional shares

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- e. Transfer of all or substantially all assets, which in effect results in the sale of the Company

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(iii) Does the Company observe a minimum of twenty-one (21) business days for giving out of notices to the Annual Stockholders' Meeting where items to be resolved by shareholders are taken up?

a. Date of sending out notices:

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

Under the By-Laws of the Company, the Annual Stockholders' Meeting is scheduled on the third Friday of June. For 2013, the Annual Stockholders' Meeting was held on June 21, 2013. Special Stockholders' Meetings were held on February 19, 2013 and again on October 8, 2013. The Company also held its Annual Stockholders' Meeting for 2014 on May 19, 2014.

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

No questions were posed by the stockholders during the special stockholders' meetings held on February 19, 2013 and October 8, 2013, and during the annual stockholders' meetings held on June 21, 2013 and May 19, 2014.

(v) Result of Annual/Special Stockholders' Meeting's Resolutions

For the special stockholders' meeting held on February 19, 2013 and the annual stockholders' meeting held on June 21, 2013, please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

During the Special Stockholders' Meeting held on October 8, 2013, the following resolutions were adopted:

Resolution	Percentage to total Outstanding Capital Stock				Percentage to Shares Present or Represented at the Meeting		
	Approving	Dissenting	Abstaining	Absent	Approving	Dissenting	Abstaining
<p><i>Approval of the Amendments of the By-Laws of the of the Corporation for the following matters:</i></p> <p><i>A. Article II, Section 7</i></p> <p><i>RESOLVED, that Article II, Section 7 of the By-Laws of the Corporation be amended to read as follows:</i></p> <p><i>Section 7. Compensation – Directors, as such, shall receive compensation for their services. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, and will be ratified by the stockholders representing at least a majority of the outstanding capital stock.</i></p>	79.97%	0.00%	0.00%	20.03%	100.00%	0.00%	0.00%

Resolution	Percentage to total Outstanding Capital Stock				Percentage to Shares Present or Represented at the Meeting		
	Approving	Dissenting	Abstaining	Absent	Approving	Dissenting	Abstaining
<p><i>B. Article III, Section 5</i></p> <p><i>RESOLVED, that Article III, Section 5 of the By-Laws of the Corporation, be amended to read as follows:</i></p> <p><i>Section 5. President – The President shall supervise and implement the general policy direction of the Corporation as determined by the Board of Directors, and shall preside over meetings of the Board in the absence of the Chairman.</i></p>	79.97%	0.00%	0.00%	20.03%	100.00%	0.00%	0.00%
<p><i>C. Article III, Section 6</i></p> <p><i>RESOLVED that Article III, Section 6 of the By-Laws of the Corporation, be amended to read as follows:</i></p> <p><i>Section 6. Chief Operating Officer – The Chief Operating Officer (“COO”) shall exercise executive functions and supervision of the day to day administration, management and operations of the Corporation. The COO shall have the following powers and duties:</i></p> <p><i>a. To have direct and active management of the business and operations of the Corporation, conducting the same according to the orders of the Board of Directors and according to his own sound discretion whenever the same is not expressly limited by such orders, resolutions and instructions;</i></p> <p><i>b. To exercise general supervision and control over all the officers and employees of the Corporation, and suspend or remove employees and other subordinate</i></p>	79.97%	0.00%	0.00%	20.03%	100.00%	0.00%	0.00%

Resolution	Percentage to total Outstanding Capital Stock				Percentage to Shares Present or Represented at the Meeting		
	Approving	Dissenting	Abstaining	Absent	Approving	Dissenting	Abstaining
<p>personnel of the Corporation, prescribe their duties, fix their salaries and wages, and, when necessary, require guarantees or bonds in such amounts as he may determine to secure the faithful discharge by said employees of their official duties, subject to the provisions on the Delegation of Authority policy of the Corporation;</p> <p>c. To assign and execute on behalf of the Corporation all contracts and agreements which it may enter into, including deeds of purchase and sale, instruments of mortgage and pledge, overdraft agreements, letters of credit, trust receipts, promissory notes, guarantee undertakings and all other banking and commercial papers for the extension of loans or credit facilities by or to the Corporation, subject to the provisions on the Delegation of Authority policy of the Corporation;</p> <p>d. To represent the Corporation at all Judicial and administrative proceedings affecting its business;</p> <p>e. To exercise such other powers and perform such other duties as the Board of Directors may from time to time fix or delegate.</p>							

During the Annual Stockholders' Meeting held on May 19, 2014, the following resolutions were adopted:

Resolution	Percentage to total Outstanding Capital Stock				Percentage to Shares Present or Represented at the Meeting		
	Approving	Dissenting	Abstaining	Absent	Approving	Dissenting	Abstaining
<p>Approval of the Further Amendment to the Articles of Incorporation on the following matters:</p> <p>A. RESOLVED that, the stockholders of the Corporation authorized and approved the further amendment of the Corporation's Amended Articles of Incorporation to include in its corporate name "Melco Crown Philippines" as a business name of the Corporation.</p>	87.35%	0.67%	0.00%	0.00%	99.24%	0.76%	0.00%
<p>B. Article I</p> <p>RESOLVED FURTHER that, the First Article of the Amended Articles of Incorporation be amended to state:</p> <p>FIRST. – That the name of said Corporation shall be:</p> <p>MELCO CROWN (PHILIPPINES) RESORTS CORPORATION (Formerly MANCHESTER INTERNATIONAL HOLDINGS UNLIMITED CORPORATION) <u>doing business under the name and style of Melco Crown Philippines</u></p>	87.35%	0.67%	0.00%	0.00%	99.24%	0.76%	0.00%

(vi) Date of publishing of the result of the votes taken during the most recent Annual/Special Stockholders' Meeting and for all resolutions:

June 21, 2013, October 8, 2013 and May 19, 2014.

(e) Modifications

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

*Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

(f) Stockholders' Attendance

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

For details of the attendance during the special stockholders' meeting held on February 19, 2013 and the annual stockholders' meeting held on June 21, 2013, please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

The following are the attendance of the Directors and Officers during the special stockholders' meeting on October 8, 2013:

Type of Meeting	Names of Board members / Officers present (in person or proxy)	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Special	Clarence Chung Yuk Man William Todd Nisbet Jose F. Buenaventura (proxy) Frances T. Yuyucheng Rena Rico-Pamfilo Cristina Collantes-Garcia Yvette P. Chua James Andrew Charles MacKenzie Alec Yiu Wa Tsui Geoffrey Stuart Davis Maria Tara A. Mercado	October 8, 2013	Show of hands	0.00%	79.97%	79.97%

The following are the attendance of the Directors and Officers during the annual stockholders' meeting on May 19, 2014:

Type of Meeting	Names of Board members / Officers present (in person or proxy)	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Clarence Chung Yuk Man William Todd Nisbet Jose F. Buenaventura J.Y. Teo Kean Yin Maria Marcelina O. Cruzana Liberty A. Sambua Johann M. Albano James Andrew Charles MacKenzie Alec Yiu Wa Tsui Kevin Sim Marissa T. Academia Adrian Hsen Bin Au	May 19, 2014	Show of hands	0.00%	88.02%	88.02%

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

Yes, the Company's stock transfer agent validates the votes at the ASM/SSMs.

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

Yes.

(g) Proxy Voting Policies

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(h) Sending of Notices

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

(i) Definitive Information Statements and Management Report

For details of the Definitive Information Statement and Management Report for 2013, please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.

The details of the Definitive Information Statement and Management Report for the current year are as follows:

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	440 stockholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	April 24, 2014
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes, requesting stockholders were provided hard copies.

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

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

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

2) Treatment of Minority Stockholders

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

K. INVESTORS RELATIONS PROGRAM

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

The Company has developed the following policies to govern its external and internal communications: (i) Disclosure Controls and Procedures Policy, (ii) Guidelines for Corporate Communications and Continuous Disclosure Policy, and (iii) Shareholders Communications Policy.

Under these policies, major announcements and regulatory filings will require input and review from the Disclosure Committee composed of the President of the Company, Chief Operating Officer, Chief Financial Officer/Treasurer, Head of the Legal Department, Head of Internal Audit, Head of Human Resources, a Senior Manager from Financial Compliance Department, Investor Relations Officer, and representatives each from the MCE's Legal Department, Financial Compliance Department, and Investor Relations Department, with input from external legal counsels where relevant.

Non-regulatory disclosures, including Public Relations and other Corporate Communications announcements and internal communication, will also generally include review of Legal, Investor Relations and Finance departments to ensure consistency with regulatory filings and general communication with the investment community.

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

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

- 3) What are the Company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

**Please refer to the Company's Annual Corporate Governance Report filed on June 28, 2013.*

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

Considering that no relevant transaction is in progress, the appointment of such independent party is not necessary.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The Company, through its wholly-owned indirect subsidiary, has established a Foundation through which the social responsibility initiatives of the Company and its subsidiaries will be undertaken. One of these initiatives is the commitment made by the Company and its subsidiaries, through the Foundation, to help the victims of the typhoon Yolanda.

In November 2014, the Company has lined up a series of Corporate Social Responsibility initiatives, including an outreach program for orphans in Parañaque City's Bahay Aruga, a blood donation drive in coordination with the Philippine Red Cross, an art and educational activity for public elementary gradeschool students and a tree planting activity.

M. BOARD, DIRECTOR, COMMITTEE AND PRESIDENT APPRAISAL

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

The Company has implemented the conduct of annual assessments on the performance of the Board of Directors and Committees. For this purpose, annual assessment questionnaires, review process and criteria for appraisal of the performance of the Board, its Committees, Directors and the President were developed based on the existing assessment questionnaires, criteria and review procedures of MCE, as well as the requirements of local laws and regulations.

N. INTERNAL BREACHES AND SANCTIONS

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

The Company's Code of Discipline for employees is currently being developed. The Company is also studying the development of internal policies in case of any violation or breach of the Manual of Corporate Governance. It is expected that a progressive warning process will be followed. Serious breach may result in termination of employment.

SIGNATURES

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Paranaque on 19 May 2014.

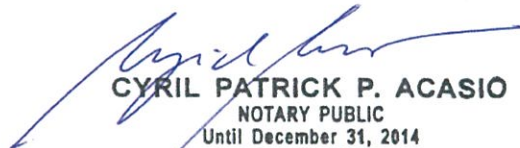


Clarence Yuk Man Chung
Chairman of the Board / President

SUBSCRIBED AND SWORN to before me this 19th day of May 2014 affiant exhibiting to me his Government Issued ID, as follows:

NAME	PASSPORT NO.	EXPIRATION DATE	PLACE OF ISSUE
Clarence Yuk Man Chung	KJ0196556	24 January 2023	People's Republic of China

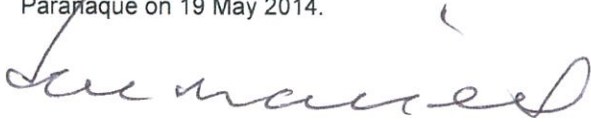
Doc. No. 53 ;
Page No. 12 ;
Book No. I ;
Series of 2014.



CYRIL PATRICK P. ACASIO
NOTARY PUBLIC
Until December 31, 2014
Roll No. 54527
PTR No. 10110215 / 01-24-14 / Paranaque City
IBP No. 952801 / 01-07-14 / Makati City
MCLE Compliance No. IV-0010778

SIGNATURES

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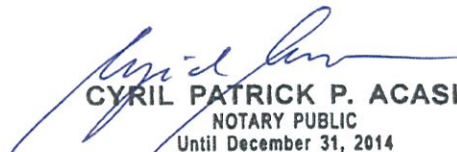


James Andrew Charles MacKenzie
Independent Director

SUBSCRIBED AND SWORN to before me this 19th day of May 2014 affiant exhibiting to me his Government Issued ID, as follows:

NAME	PASSPORT NO.	EXPIRATION DATE	PLACE OF ISSUE
James Andrew Charles MacKenzie	E3003501	8 December 2015	Australia

Doc. No. 55 ;
Page No. 12 ;
Book No. I ;
Series of 2014.



CYRIL PATRICK P. ACASIO
NOTARY PUBLIC
Until December 31, 2014
Roll No. 54527
PTR No. 10110215 / 01-24-14 / Parañaque City
IBP No. 952801 / 01-07-14 / Makati City
MCLE Compliance No. IV-0010778

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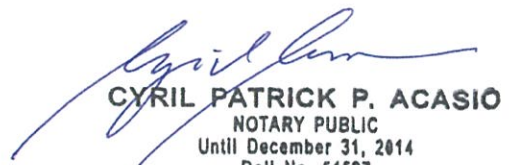


Alec Yiu Wa Tsui
Independent Director

SUBSCRIBED AND SWORN to before me this 19th day of May 2014 affiant exhibiting to me his Government Issued ID, as follows:

NAME	PASSPORT NO.	EXPIRATION DATE	PLACE OF ISSUE
Alec Yiu Wa Tsui	761291113	2 November 2020	United Kingdom

Doc. No. 54;
Page No. 12;
Book No. I;
Series of 2014.



CYRIL PATRICK P. ACASIO
NOTARY PUBLIC
Until December 31, 2014
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IBP No. 952801 / 01-07-14 / Makati City
MCLE Compliance No. IV-0010778

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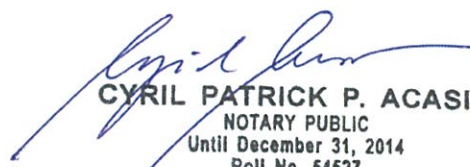


Marissa T. Academia
Compliance Officer

SUBSCRIBED AND SWORN to before me this 19th day of May 2014 affiant exhibiting to me his Government Issued ID, as follows:

NAME	PASSPORT NO.	EXPIRATION DATE	PLACE OF ISSUE
Marissa T. Academia	EB9104882	09 September 2018	DFA Manila

Doc. No. 56 ;
Page No. 13 ;
Book No. I ;
Series of 2014.



CYRIL PATRICK P. ACASIO
NOTARY PUBLIC
Until December 31, 2014
Roll No. 54527
PTR No. 10110215 / 01-24-14 / Parañaque City
IBP No. 952801 / 01-07-14 / Makati City
MCLE Compliance No. IV-0010778

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

SECRETARY'S CERTIFICATE

I, **MARISSA T. ACADEMIA**, of legal age, Filipino, with business address at G/F Two E-Com Center, Harbor Drive cor. Palm Coast Avenue, Mall of Asia Complex, Pasay City, after having been duly sworn in accordance with law, state that:

1. I am the Corporate Secretary of Melco Crown (Philippines) Resorts Corporation (the "**Corporation**"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal place of business at Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701.

2. At the duly constituted Special Meeting of the Board of Directors held on 2 December 2014, at which meeting a quorum was present and acting throughout, at least a majority of the members of the Corporation's Board of Directors confirmed the authority of the President and Corporate Secretary to file the Consolidated Changes in the ACGR for 2014 with the Securities and Exchange Commission and the Philippine Stock Exchange.

3. I hereby certify that the following is an excerpt of the minutes of the above-mentioned Special Meeting:

"3. Consolidated Changes in the Annual Corporate Governance Report ("ACGR") for 2014 for Filing with the SEC and Philippine Stock Exchange ("PSE")

"The Board noted that the Consolidated Changes in the ACGR For 2014 was previously submitted to, and approved by, the Corporation's President and Corporate Secretary, pursuant to MCP Resolution No. 2014-016 which delegated upon them the approval of future updates to the ACGR of the Corporation. The Board likewise noted that the Consolidated Changes in the ACGR for 2014 was previously submitted to the Disclosure Committee and the Nominating and Corporate Governance Committee ("NCGC") for notation.

"Upon discussion, the Board noted the submission of, and confirmed the authority of the President and Corporate Secretary to file, the Consolidated Changes in the ACGR for 2014 with the SEC and PSE."

4. This Secretary's Certificate is submitted in lieu of the notarized signature page of the Consolidated Changes in the ACGR for 2014 of the Corporation and pursuant to SEC Memorandum Circular Nos. 1 and 12, Series of 2014.

5. This Certification was executed to attest to the truth of the foregoing.


IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of January 2015 at Pasay City.



MARISSA T. ACADEMIA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 7th day of January 2015 by MARISSA T. ACADEMIA, who has satisfactorily proven to me her identity through her Passport No. EB9104882 issued at DFA, Manila valid until 9 September 2018, that she is the same person who personally signed before me the foregoing Secretary's Certificate and acknowledged that she executed the same.

Doc. No. 42 ;
Page No. 10 ;
Book No. J ;
Series of 2015.



AIZA B. CONSTANTINO
NOTARY PUBLIC
Until 31 December 2015
Notarial Commission No. 14-29
Roll No. 58264
PTR No. 3711833/01-23-14/Pasay City
IBP No. 954619/01-09-14/RSM
MCLE Compliance No. IV-0012680