SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2017**

2. Commission identification number **58648** 3. BIR Tax Identification No. **000-410-840-000**

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

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

6. Industry Classification Code: (SEC Use Only)

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7. Address of issuer's principal office — Postal Code
Asean Avenue cor. Roxas Boulevard, Brgy. Tambo Parañaque City — **1701**

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
Melco Crown (Philippines) Resorts Corporation

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding as of June 30, 2017
Common	**5,665,328,150**
	Outstanding Debt: ₱15 billion Senior Note

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

Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange — **Common**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of June 30, 2017 and for the three and six months ended June 30, 2017 and the audited consolidated balance sheet as of December 31, 2016 and the related notes to the unaudited condensed consolidated financial statements of Melco Resorts and Entertainment (Philippines) Corporation (the "**Company**" or "**MRP**") and its subsidiaries (collectively, "**the Group**" or "**we**") are filed as part of this Form 17-Q as Appendix I.

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

Review of Unaudited Interim Financial Information

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

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

The following management's discussion and analysis relates to the consolidated financial information and operating results of the Group and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes of the Group as of June 30, 2017 and for the three and six months ended June 30, 2017.

Overview and Plan of Operation

The Company, through its subsidiaries, is engaged in the development and operation of City of Dreams Manila, an integrated hotel, gaming, retail and entertainment complex within the Entertainment City. The Company's subsidiaries, MPHIL Holdings No. 1 Corporation, formerly MCE Holdings (Philippines) Corporation ("**MPHIL Holdings**"), MPHIL Holdings No. 2 Corporation, formerly MCE Holdings No. 2 (Philippines) Corporation ("**MPHIL Holdings No. 2**"), and Melco Resorts Leisure (PHP) Corporation, formerly MCE Leisure (Philippines) Corporation ("**Melco Leisure**") (MPHIL Holdings, MPHIL Holdings No. 2 and Melco Leisure are collectively referred to as the "**Melco Holdings Group**"), together with SM Investments Corporation ("**SMIC**"), Belle Corporation ("**Belle**") and PremiumLeisure and Amusement, Inc. ("**PLAI**") (SMIC, Belle and PLAI are collectively referred to as the "**Philippine Parties**") (Melco Holdings Group and the Philippine Parties are collectively referred to as the "**Licensees**"), are the holders of the regular license issued by the Philippine Amusement and Gaming Corporation ("**PAGCOR**") for the development of City of Dreams Manila (the "**Regular License**").

The Company is an indirect subsidiary of Melco Resorts & Entertainment Limited ("**Melco**"), a leading developer of integrated gaming resorts in Macau and other parts of Asia with its American Depositary Shares traded on the NASDAQ Global Select Market in the United States of America. The Group, through Melco 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 provision of the land and building structures of City of Dreams Manila, including maintenance of the land where City of Dreams Manila is located.

Prior to May 2016, the ultimate holding company of MRP was Melco. Melco, in turn, was majority held by Melco International Development Limited ("**Melco International**"), a Hong Kong-listed company, and Crown Resorts Limited ("**Crown**"), an Australian-listed corporation through their respective subsidiaries.

In May 2016, as a result of the completion of shares repurchase by Melco from Crown, followed by cancellation of such shares and with certain changes in the composition of the board of directors of Melco, Melco International became Melco's single largest shareholder and the Company's ultimate holding company.

On February 1, 2017, the Board of Directors of the Company approved the change of the Company's name to Melco Resorts and Entertainment (Philippines) Corporation. Such change was also approved by the Company's stockholders at the Special Stockholders' Meeting on April 7, 2017 and by the Philippine Securities and Exchange Commission ("**SEC**") on May 19, 2017.

On April 7, 2017, the boards of directors and stockholders of MPHIL Holdings, MPHIL Holdings No. 2 and Melco Leisure respectively approved the change of their corporate names to the present ones. On May 25, 2017, the SEC approved the change of corporate names of MPHIL Holdings and MPHIL Holdings No. 2 while the change of corporate name of Melco Leisure was approved by the SEC on May 30, 2017.

City of Dreams Manila had its grand opening on February 2, 2015. This integrated casino resort at Entertainment City, Manila Bay, Manila, is solely operated and managed by Melco 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 June 30, 2017, City of Dreams Manila has around 286 gaming tables, 1,605 slot machines and 176 electronic table games in operation. The integrated resort features three distinctive entertainment venues, namely, DreamPlay by DreamWorks, Manila's first branded family entertainment center; Centerplay, a live performance central lounge inside the casino; and nightclubs Chaos and Pangaea Ultra-Lounge (a night club that has active gaming tables), both situated within the Fortune Egg, an architecturally-unique dome-like structure, which is accented with a creative exterior lighting design and is considered as an iconic landmark of the Manila Bay area.

City of Dreams Manila also includes an approximately 260 room Crown Towers hotel, Hyatt City of Dreams Manila, a 365 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 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 offerings, 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.

Subsidiaries of MRP

As of June 30, 2017 and December 31, 2016, MRP's wholly-owned subsidiaries comprise the Melco Holdings Group. MPHIL Holdings, MPHIL Holdings No. 2 and Melco Leisure are all incorporated in the Philippines and are registered with the SEC. The primary purposes of MPHIL Holdings and MPHIL Holdings No. 2 are investment holding and the primary purpose of Melco 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 Melco Holdings Group

On July 5, 2012, Melco, through its indirect subsidiary, entered into a memorandum of agreement (the "**MOA**") with SMIC and certain of its subsidiaries (the "**SM Group**"), Belle and PLAI for the development of City of Dreams Manila. Further to the MOA, on October 25, 2012, the Melco Holdings Group entered into a cooperation agreement (the "**Cooperation Agreement**") and other related arrangements with the SM Group, Belle and PLAI. Melco Leisure also entered into a lease agreement on October 25, 2012 with Belle for the lease of the land and buildings for City of Dreams Manila (the "**Lease Agreement**").

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 Melco Holdings Group and the Philippine Parties entered into an operating agreement on March 13, 2013, pursuant to which Melco Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila (the "**Operating Agreement**").

On December 19, 2013, Melco Leisure priced its ₱15 billion aggregate principal amount of Senior Notes at par, with a maturity date of January 24, 2019 (the "**Senior Notes**"). The issuance of the Senior Notes was completed on January 24, 2014. The net proceeds from the issuance of Senior Notes were used for funding the City of Dreams Manila project, refinancing of debt and general corporate purposes.

PAGCOR issued the Regular License dated April 29, 2015 in replacement of the provisional license ("**Provisional License**") to the Licensees for the operation of City of Dreams Manila. The Regular License has the same terms and conditions as the Provisional License and is valid until July 11, 2033.

Key Performance Indicators (KPIs)

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

a. Adjusted EBITDA: earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, net gain on disposals of property and equipment to Belle, share-based compensation expenses, corporate expenses, property charges and other 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 complimentary rooms (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 complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

<u>Operating Results for the Three Months Ended June 30, 2017 Compared to the Three Months Ended June 30, 2016</u>

(in thousands of Philippine peso, except per share and % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the three months ended June 30,	For the three months ended June 30,	% to Revenues		% of Change from Prior Period	
	2017	2016	2017	2016	Inc / (Dec)	%
Net operating revenues						
Casino	8,260,558	5,108,803	94%	91%	3,151,755	62%
Rooms	256,225	245,291	3%	4%	10,934	4%
Food and beverage	165,086	171,719	2%	3%	(6,633)	-4%
Entertainment, retail and other	114,425	97,705	1%	2%	16,720	17%
Total net operating revenues	8,796,294	5,623,518	100%	100%	3,172,776	56%
Operating costs and expenses						
Gaming tax and license fees	(2,177,317)	(1,392,226)	-25%	-25%	(785,091)	56%
Inventories consumed	(221,351)	(192,173)	-3%	-3%	(29,178)	15%
Employee benefit expenses	(846,661)	(831,386)	-10%	-15%	(15,275)	2%
Depreciation and amortization	(1,056,787)	(1,115,982)	-12%	-20%	59,195	-5%
Other expenses	(2,887,730)	(1,270,510)	-33%	-23%	(1,617,220)	127%
Payments to the Philippine Parties	(691,478)	(386,338)	-8%	-7%	(305,140)	79%
Total operating costs and expenses	(7,881,324)	(5,188,615)	-90%	-92%	(2,692,709)	52%
Operating profit	914,970	434,903	10%	8%	480,067	110%
Non-operating income (expenses)						
Interest income	15,311	3,191	0%	0%	12,120	380%
Interest expenses, net of capitalized interest	(730,220)	(716,565)	-8%	-13%	(13,655)	2%
Amortization of deferred financing costs	(17,552)	(16,407)	0%	0%	(1,145)	7%
Other finance fees	(11,958)	(11,958)	0%	0%	-	0%
Foreign exchange gains, net	44,219	18,457	1%	0%	25,762	140%
Total non-operating expenses, net	(700,200)	(723,282)	-8%	-13%	23,082	-3%
Profit (loss) before income tax	214,770	(288,379)	2%	-5%	503,149	-174%
Income tax expense	(11,130)	(119)	0%	0%	(11,011)	9253%
Net profit (loss)	203,640	(288,498)	2%	-5%	492,138	-171%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive income (loss)	203,640	(288,498)	2%	-5%	492,138	-171%
Basic/diluted earnings (loss) per share	₱ 0.04	(₱ 0.05)	0%	0%	₱ 0.09	-180%

Net profit for the three months ended June 30, 2017 was ₱203.6 million, compared to a net loss of ₱288.5 million for the three months ended June 30, 2016, which is primarily related to improved operating revenues generated during the current period, lower depreciation and amortization, higher net foreign exchange gains and higher interest income for the period, partially offset by associated increases in operating costs, payments to the Philippine Parties as well as interest expenses (net of capitalized interest).

Revenues

Total net operating revenues were ₱8,796.3 million for the three months ended June 30, 2017, representing an increase of ₱3,172.8 million, from ₱5,623.5 million for the three months ended June 30, 2016. The increase in total net operating revenues was primarily driven by the improved casino revenues as discussed below.

Total net operating revenues for the three months ended June 30, 2017 was comprised of ₱8,260.6 million of casino revenues, representing 94% of total net operating revenues, and ₱535.7 million of non-casino revenues. Total net operating revenues for the three months ended June 30, 2016 was comprised of ₱5,108.8 million of casino revenues, representing 91% of the total net operating revenues, and ₱514.7 million of non-casino revenues.

Casino - Casino revenues for the three months ended June 30, 2017 were ₱8,260.6 million, an increase of ₱3,151.8 million, or 62%, from ₱5,108.8 million for the three months ended June 30, 2016. Rolling chip volume for the three months ended June 30, 2017 was ₱161.8 billion, as compared to ₱79.4 billion for the three months ended June 30, 2016. Rolling chip win rate (calculated before discounts and commissions) was 3.5%, and improved from 3.4% for the three months ended June 30, 2016. In the mass market table games segment, mass market table games drop was ₱8.5 billion for the three months ended June 30, 2017 which represented an increase of ₱2.2 billion from ₱6.3 billion for the three months ended June 30, 2016. The mass market table games hold percentage was 28.5% for the three months ended June 30, 2017, as compared to 29.9% for the three months ended June 30, 2016. Gaming machine handle for the three months ended June 30, 2017 was ₱37.9 billion, compared with ₱24.1 billion for the three months ended June 30, 2016. The gaming machine win rate was 5.9% for the three months ended June 30, 2017 versus 5.8% for the three months ended June 30, 2016. The average number of table games and average number of gaming machines for the three months ended June 30, 2017 were 278 and 1,777, respectively, as compared to 268 and 1,626, respectively, for the three months ended June 30, 2016. Average net win per table game per day and average net win per gaming machine per day for the three months ended June 30, 2017 were ₱319,313 and ₱13,855, respectively, as compared to ₱187,603 and ₱9,481, respectively, for the three months ended June 30, 2016.

Rooms - Room revenues come from Crown Towers hotel, Nobu Hotel and Hyatt City of Dreams Manila and amounted to ₱256.2 million for the three months ended June 30, 2017 representing an increase of ₱10.9 million, or 4%, from ₱245.3 million for the three months ended June 30, 2016, primarily due to improved occupancy as compared to the three months ended June 30, 2016. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the three months ended June 30, 2017 were ₱7,820, 95.0% and ₱7,427, respectively, as compared to ₱7,803, 90.9% and ₱7,097, respectively, for the three months ended June 30, 2016.

Food, beverage and others - Other non-casino revenues for the three months ended June 30, 2017 included food and beverage revenues of ₱165.1 million and entertainment, retail and other revenues of ₱114.4 million. Other non-casino revenues for the three months ended June 30, 2016 included food and beverage revenues of ₱171.7 million and entertainment, retail and other revenues of ₱97.7 million. The increase was primarily attributable from more limousine hire rental income, partially offset by a lower food and beverage sales from our outlets during the period.

Operating costs and expenses

Total operating costs and expenses were ₱7,881.3 million for the three months ended June 30, 2017, representing an increase of ₱2,692.7 million from ₱5,188.6 million for the three months ended June 30, 2016. The increase in operating costs was generally in line with the increased net operating revenues in the current period.

Gaming tax and license fees for the three months ended June 30, 2017 amounted to ₱2,177.3 million, representing an increase of ₱785.1 million, or 56%, from ₱1,392.2 million for the three months ended June 30, 2016. The increase was in line with the increased casino revenues.

Inventories consumed for the three months ended June 30, 2017 and 2016 amounted to ₱221.4 million and ₱192.2 million, respectively. The increase was attributable to more playing cards and dice consumed during the period.

Employee benefit expenses for the three months ended June 30, 2017 amounted to ₱846.7 million, as compared to ₱831.4 million for the three months ended June 30, 2016. The increase was mainly due to a reversal of share-based compensation expenses for the three months ended June 30, 2016 as a result of cancellation of share-based awards.

Depreciation and amortization for the three months ended June 30, 2017 and 2016 amounted to ₱1,056.8 million and ₱1,116.0 million, respectively. The decrease was primarily due to the disposals of property and equipment in mid-2016.

Other expenses for the three months ended June 30, 2017 amounted to ₱2,887.7 million, as compared to ₱1,270.5 million for the three months ended June 30, 2016. The increase was primarily attributable to ₱685.6 million of higher other gaming operations expenses as a result of higher casino revenues, ₱166.8 million of higher management fee expenses as well as higher other general operating costs. Refer to Note 10 to the unaudited condensed consolidated financial statements for the nature and details.

Payments to the Philippine Parties represented the agreed-upon payments to PLAI calculated in accordance with the Operating Agreement and related supplementary agreements. The increase was primarily due to improved casino revenues during the period.

Non-operating expenses, net

Interest income was ₱15.3 million for the three months ended June 30, 2017 as compared to ₱3.2 million for the three months ended June 30, 2016. The increase was due to higher level deposits being placed at a bank during the three months ended June 30, 2017 compared to the same period in 2016.

Interest expenses (net of capitalized interest), represented by interest expenses on Senior Notes and obligations under a finance lease in relation to the Lease Agreement, amounted to ₱730.2 million for the three months ended June 30, 2017 as compared to ₱716.6 million for the three months ended June 30, 2016. The increase was primarily due to higher effective interest on obligations under a finance lease during the period.

Amortization of deferred financing costs remained stable at ₱17.6 million and ₱16.4 million for the three months ended June 30, 2017 and 2016, respectively, representing amortization of deferred financing costs for the Senior Notes.

Other finance fees amounted to ₱12.0 million for both three month periods ended June 30, 2017 and 2016, representing the gross receipt taxes in relation to interest payments on the Senior Notes.

The net foreign exchange gain of ₱44.2 million for the three months ended June 30, 2017 were mainly due to the translation of foreign currency denominated bank balances and payables at the period end closing rate. Because the Philippine peso further declined against the H.K. dollar and the U.S. dollar during the three months ended June 30, 2017, a net foreign exchange gain of ₱44.2 million resulted in the current period as compared to a net foreign exchange gain of ₱18.4 million for the three months ended June 30, 2016.

Income tax expense

The income tax expense for the three months ended June 30, 2017 and 2016 primarily represents the deferred tax liability arising from net unrealized foreign exchange gains.

Net profit (loss)

As a result of the foregoing, the Group had a net profit of ₱203.6 million for the three months ended June 30, 2017, as compared to a net loss of ₱288.5 million for the three months ended June 30, 2016.

Operating Results for the Six Months Ended June 30, 2017 Compared to the Six Months Ended June 30, 2016

(in thousands of Philippine peso, except per share and % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the six months ended June 30,	For the six months ended June 30,	% to Revenues		% of Change from Prior Period	
	2017	2016	2017	2016	Inc / (Dec)	%
Net Operating Revenues						
Casino	15,559,730	9,160,612	93%	90%	6,399,118	70%
Rooms	520,349	471,625	3%	5%	48,724	10%
Food and beverage	340,318	337,315	2%	3%	3,003	1%
Entertainment, retail and other	256,309	188,715	2%	2%	67,594	36%
Total net operating revenues	16,676,706	10,158,267	100%	100%	6,518,439	64%
Operating costs and expenses						
Gaming tax and license fees	(4,034,958)	(2,524,697)	-24%	-25%	(1,510,261)	60%
Inventories consumed	(438,122)	(383,247)	-3%	-4%	(54,875)	14%
Employee benefit expenses	(1,691,013)	(1,699,890)	-10%	-17%	8,877	-1%
Depreciation and amortization	(2,143,469)	(2,269,875)	-13%	-22%	126,406	-6%
Other expenses	(5,137,118)	(2,489,089)	-31%	-25%	(2,648,029)	106%
Payments to the Philippine Parties	(1,465,333)	(724,242)	-9%	-7%	(741,091)	102%
Total operating costs and expenses	(14,910,013)	(10,091,040)	-89%	-99%	(4,818,973)	48%
Operating profit	1,766,693	67,227	11%	1%	1,699,466	2528%
Non-operating income (expenses)						
Interest income	21,117	6,013	0%	0%	15,104	251%
Interest expenses, net of capitalized interest	(1,456,774)	(1,429,780)	-9%	-14%	(26,994)	2%
Amortization of deferred financing costs	(34,787)	(32,516)	0%	0%	(2,271)	7%
Other finance fees	(23,916)	(23,916)	0%	0%	-	0%
Foreign exchange gains (losses), net	109,871	(10,173)	1%	0%	120,044	-1180%
Total non-operating expenses, net	(1,384,489)	(1,490,372)	-8%	-15%	105,883	-7%
Profit (loss) before income tax	382,204	(1,423,145)	2%	-14%	1,805,349	-127%
Income tax expense	(29,988)	(1,169)	0%	0%	(28,819)	2465%
Net profit (loss)	352,216	(1,424,314)	2%	-14%	1,776,530	-125%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive income (loss)	352,216	(1,424,314)	2%	-14%	1,776,530	-125%
Basic/diluted earnings (loss) per share	₱ 0.06	(₱ 0.25)			₱0.31	-124%

Net profit for the six months ended June 30, 2017 was ₱352.2 million, an increase of ₱1,776.5 million, or 125%, from net loss of ₱1,424.3 million for the six months ended June 30, 2016, which is primarily related to improved operating revenues generated during the current period, lower depreciation and amortization, higher net foreign exchange gains and higher interest income for the period, partially offset by the associated increase in operating costs, payments to the Philippine Parties, as well as interest expenses (net of capitalized interest) as a result of lower interest capitalization during the period.

Revenues

Total net operating revenues were ₱16,676.7 million for the six months ended June 30, 2017, representing an increase of ₱6,518.4 million, from ₱10,158.3 million for the six months ended June 30, 2016. The increase in total net operating revenues was primarily driven by the improved casino revenues as discussed below.

Total net operating revenues for the six months ended June 30, 2017 was comprised of ₱15,559.7 million of casino revenues, representing 93% of total net operating revenues, and ₱1,117.0 million of non-casino revenues. Total net operating revenues for the six months ended June 30, 2016 was comprised of ₱9,160.6 million of casino revenues, representing 90% of total net operating revenues, and ₱997.7 million of non-casino revenues.

Casino - Casino revenues for the six months ended June 30, 2017 were ₱15,559.7 million, an increase of ₱6,399.1 million, or 70%, from ₱9,160.6 million for the six months ended June 30, 2016. Rolling chip volume for the six months ended June 30, 2017 was ₱283.1 billion, as compared to ₱150.3 billion for the six months ended June 30, 2016. Rolling chip win rate (calculated before discounts and commissions) was 3.5%, and improved from 3.1% for the six months ended June 30, 2016. In the mass market table games segment, mass market table games drop was ₱16.2 billion for the six months ended June 30, 2017 which represented an increase of ₱4.2 billion, or 35% from ₱12.0 billion for the six months ended June 30, 2016. The mass market table games hold percentage was 28.6% for the six months ended June 30, 2017, as compared to 28.7% for the six months ended June 30, 2016. Gaming machine handle for the six months ended June 30, 2017 was ₱74.5 billion, compared with ₱45.4 billion for the six months ended June 30, 2016. The gaming machine win rate was 6.1% for the six months ended June 30, 2017 versus 6.0% for the six months ended June 30, 2016. Average number of table games and average number of gaming machines for the six months ended June 30, 2017 were 274 and 1,775, respectively, as compared to 273 and 1,641, respectively, for the six months ended June 30, 2016. Average net win per table games per day and average net win per gaming machine per day for the six months ended June 30, 2017 were ₱290,317 and ₱14,056, respectively, as compared to ₱163,151 and ₱9,050, respectively, for the six months ended June 30, 2016.

Rooms - Room revenues primarily come from Crown Towers Hotel, Nobu Hotel and Hyatt City of Dreams Manila and amounted to ₱520.3 million for the six months ended June 30, 2017 and represented an increase of ₱48.7 million, or 10%, from ₱471.6 million for the six months ended June 30, 2016, primarily due to improved occupancy as compared to the six months ended June 30, 2016. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the six months ended June 30, 2017 were ₱7,762, 96.3% and ₱7,478, respectively, as compared to ₱7,608, 88.3% and ₱6,719, respectively, for the six months ended June 30, 2016.

Food, beverage and others - Other non-casino revenues for the six months ended June 30, 2017 included food and beverage revenues of ₱340.3 million and entertainment, retail and other revenues of ₱256.3 million. Other non-casino revenues for the six months ended June 30, 2016 included food and beverage revenues of ₱337.3 million and entertainment, retail and other revenues of ₱188.7 million. The increase was primarily attributable from more limousine hire rental income and higher food and beverage sales from our outlets during the period.

Operating costs and expenses

Total operating costs and expenses were ₱14,910.0 million for the six months ended June 30, 2017, representing an increase of ₱4,819.0 million, from ₱10,091.0 million for the six months ended June 30, 2016. The increase in operating costs was generally in-line with increased net operating revenues in the current period.

Gaming tax and license fees for the six months ended June 30, 2017 amounted to ₱4,035.0 million, representing an increase of ₱1,510.3 million, or 60% from ₱2,524.7 million for the six months ended June 30, 2016. The increase was in-line with the increased casino revenue.

Inventories consumed for the six months ended June 30, 2017 and 2016 amounted to ₱438.1 million and ₱383.2 million, respectively. The increase was attributable to more playing cards and dice together with food and beverage items consumed during the period.

Employee benefit expenses for the six months ended June 30, 2017 amounted to ₱1,691.0 million, as compared to ₱1,699.9 million for the six months ended June 30, 2016. No material fluctuations were noted.

Depreciation and amortization for the six months ended June 30, 2017 and 2016 of ₱2,143.5 million and

₱2,269.9 million, respectively. The decrease was primarily due to the disposals of property and equipment in mid-2016.

Other expenses for the six months ended June 30, 2017 amounted to ₱5,137.1 million, as compared to ₱2,489.1 million for the six months ended June 30, 2016. The increase was primarily attributable to (i) ₱1,418.7 million higher other gaming operations expenses as a result of higher casino revenues; (ii) ₱202.2 million higher management fee expenses and higher other general operating costs. Refer to Note 10 to the unaudited condensed consolidated financial statements for the nature and details.

Payments to the Philippine Parties represented the agreed upon payments to PLAI calculated in accordance with the Operating Agreement and related supplementary agreements. The increase was in-line with the improved casino revenues during the period.

Non-operating expenses, net

Interest income of ₱21.1 million for the six months ended June 30, 2017, as compared to ₱6.0 million for the six months ended June 30, 2016. The increase was due to more deposits being placed at the bank during the six months ended June 30, 2017 compared to the same period in 2016.

Interest expenses (net of capitalized interest), represented by interest expenses on Senior Notes and obligations under finance lease in relation to the Lease Agreement, amounted to ₱1,456.8 million for the six months ended June 30, 2017 as compared to ₱1,429.8 million for the six months ended June 30, 2016. The increase was primarily due to higher effective interest on obligations under a finance lease during the period.

Amortization of deferred financing costs remained stable at ₱34.8 million and ₱32.5 million for the six months ended June 30, 2017 and 2016, respectively, representing amortization of deferred financing costs for the Senior Notes.

Other finance fees amounted to ₱23.9 million for both six month periods ended June 30, 2017 and 2016, representing the gross receipt taxes in relation to the interest payments on the Senior Notes.

The net foreign exchange gain of ₱109.9 million for the six months ended June 30, 2017 was mainly due to the translation of foreign currency denominated bank balances and payables at the period end closing rate. Because the Philippine Peso fluctuated against the H.K. Dollar and the U.S. Dollar during the six months ended June 30, 2017, a net foreign exchange gain of ₱109.9 million resulted in the current period as compared to a net foreign exchange loss of ₱10.2 million for the six months ended June 30, 2016.

Income tax expense

The income tax expense for the six months ended June 30, 2017 and 2016 primarily represents the deferred tax liability arising from unrealized foreign exchange gains.

Net profit (loss)

As a result of the foregoing, the Group had a net profit of ₱352.2 million for the six months ended June 30, 2017, as compared to a net loss of ₱1,424.3 million for the six months ended June 30, 2016.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, net gain on disposal of property and equipment to Belle, share-based compensation expenses, corporate expenses, property charges and other, and other non-operating income and expenses. Adjusted EBITDAs were ₱3,172.1 million and ₱1,694.1 million for the three months ended June 30, 2017 and 2016, respectively. Adjusted EBITDAs were ₱6,218.3 million and ₱3,005.6 million for the six months ended June 30, 2017 and 2016, respectively.

Our management uses Adjusted EBITDA to measure the operating performance of City of Dreams Manila, and to compare the operating performance of our property with those of our competitors. Adjusted EBITDA is also presented as a supplemental disclosure because management believes it is widely used to measure performance and as a basis for valuation of gaming companies. Our management also uses Adjusted EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported similar measures as a supplement to financial measures in accordance with generally accepted accounting principles. However, Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit, treated as an indicator of our PFRS operating performance, other operating operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this quarterly report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors. While our management believes these figures may provide useful additional information to investors when considered in conjunction with our financial statements and other information in this quarterly report, less reliance should be placed on Adjusted EBITDA as a measure in assessing our overall financial performance.

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, political stability, market competition, possibilities of any natural disasters, terrorists or other armed and arson attacks, legal and license terms compliance, tax rates, as well as certain cost items, such as operating costs, labor, fuel and power. The Group collects 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

The consolidated balance sheet of the Group as of June 30, 2017, with variances against December 31, 2016, is discussed as set out below.

(in thousands of Philippine peso, except per share and % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	June 30,	December 31,	% to Total Assets		% of Change from Prior Period	
ASSETS	**2017**	**2016**	**2017**	**2016**	**Inc / (Dec)**	**%**
Current assets						
Cash and cash equivalents	9,549,733	10,351,414	23%	25%	(801,681)	-8%
Bank deposits with original maturities over three months	2,659,908	-	6%	0%	2,659,908	N/A
Restricted cash	390,766	240,025	1%	1%	150,741	63%
Accounts receivable, net	1,635,589	1,391,213	4%	3%	244,376	18%
Inventories	222,719	230,411	1%	1%	(7,692)	-3%
Prepayments and other current assets	354,181	322,692	1%	1%	31,489	10%
Amount due from a shareholder	5,590	5,590	0%	0%	-	0%
Amount due from an intermediate holding company	141,244	139,264	0%	0%	1,980	1%
Amount due from immediate holding company	3,000	3,000	0%	0%	-	0%
Amount due from an affiliated company	73	1,117	0%	0%	(1,044)	-93%
Total current assets	14,962,803	12,684,726	36%	30%	2,278,077	18%
Non-current assets						
Property and equipment, net	24,931,333	26,866,578	59%	64%	(1,935,245)	-7%
Contract acquisition costs, net	837,826	863,872	2%	2%	(26,046)	-3%
Other intangible assets, net	3,533	5,436	0%	0%	(1,903)	-35%
Other non-current assets	1,412,719	1,270,048	3%	3%	142,671	11%
Total non-current assets	27,185,411	29,005,934	64%	70%	(1,820,523)	-6%
Total assets	**42,148,214**	**41,690,660**	100%	100%	457,554	1%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	94,201	139,270	0%	0%	(45,069)	-32%
Accrued expenses, other payables and other current liabilities	6,465,406	5,414,657	15%	13%	1,050,749	19%
Current portion of obligations under a finance lease	1,594,857	1,524,893	4%	4%	69,964	5%
Amounts due to affiliated companies	130,421	1,282,040	0%	3%	(1,151,619)	-90%
Income tax payable	-	160	0%	0%	(160)	-100%
Total current liabilities	8,284,885	8,361,020	20%	20%	(76,135)	-1%
Non-current liabilities						
Long-term debt, net	14,883,287	14,848,500	35%	36%	34,787	0%
Non-current portion of obligations under a finance lease	13,154,597	13,061,462	31%	31%	93,135	1%
Deferred rent liabilities	232,727	219,258	1%	1%	13,469	6%
Retirement liabilities	51,995	41,644	0%	0%	10,351	25%
Other non-current liabilities	33,857	43,485	0%	0%	(9,628)	-22%
Deferred tax liability, net	111,336	81,188	0%	0%	30,148	37%
Total non-current liabilities	28,467,799	28,295,537	68%	68%	172,262	1%
Equity						
Capital stock	5,665,328	5,662,897	13%	14%	2,431	0%
Additional paid-in capital	22,104,237	22,076,822	52%	53%	27,415	0%
Share-based compensation reserve	381,812	416,835	1%	1%	(35,023)	-8%
Equity reserve	(3,613,990)	(3,613,990)	-9%	-9%	-	0%
Accumulated deficit	(19,141,857)	(19,508,461)	-45%	-47%	366,604	-2%
Total equity	5,395,530	5,034,103	13%	12%	361,427	7%
Total equity and liabilities	**42,148,214**	**41,690,660**	100%	100%	457,554	1%

Current assets

Cash and cash equivalents decreased by ₱801.7 million, which is primarily the net result of operating cash inflows, placement of bank deposits with original maturities over three months and payments made for capital expenditures. Refer below to “Liquidity and Capital Sources” for cash flow analysis for the six months ended June 30, 2017.

Bank deposits with original maturities over three months of ₱2,659.9 million were placed with a bank as of June 30, 2017 to gain interest income.

Restricted cash represents an escrow account that is restricted for foundation fees payable in accordance with the terms of the Regular License. The increase during the period represented the foundation's contributed amount received for the current period.

Accounts receivable, net, primarily attributable to casino, hotel and other receivables, increased by ₱244.4 million, primarily from increased casino receivables, in line with the increased casino revenues. Refer to Note 5 to the unaudited condensed consolidated financial statements for the details of the accounts receivable as of June 30, 2017.

Inventories of ₱222.7 million mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies. No material fluctuations were noted.

Prepayments and other current assets increased by ₱31.5 million, primarily due to increases in (i) prepaid operating expenses and receivables of ₱52.2 million mainly pertaining to prepaid annual insurance premiums and related fees during the period; (ii) deposits for acquisitions of inventory of ₱14.1 million; (iii) creditable withholding tax of ₱12.7 million; and (iv) interest receivable of ₱7.7 million; partially offset by decreases in insurance claims received during the period of ₱67.7 million.

Amount due from an affiliated company decreased by ₱1.0 million due to settlement received during the period.

Non-current assets

Property and equipment, net, decreased by ₱1,935.2 million mainly due to depreciation of ₱2,115.5 million on the building, leasehold improvement and operating equipment during the period.

Contract acquisition costs, net, decreased by ₱26.0 million solely due to amortization charges for the six months ended June 30, 2017.

Other intangible assets, net, decreased by ₱1.9 million during the period as a result of amortization on the straight-line basis over the license term.

Other non-current assets increased by ₱142.7 million primarily due to (i) further recognition of net input VAT of ₱57.2 million during the six months ended June 30, 2017 and (ii) increases in advance payments and deposits for acquisitions of property and equipment of ₱103.2 million.

Current liabilities

Accounts payable of ₱94.2 million represented payables to suppliers for products and services such as playing cards and marketing. The decrease in the balance was due to settlements made to suppliers during the period.

Accrued expenses, other payables and other current liabilities increased by ₱1,050.7 million, mainly related to increases in (i) outstanding gaming chips and tokens of ₱608.1 million as a result of rolling from revenue share junkets in late June 2017; (ii) accruals for gaming tax and license fees of ₱256.4 million as a result of increased casino revenues; (iii) customer deposits of ₱66.1 million as a result of a new junket starting operations during the period; (iv) accruals for acquisition of property and equipment of ₱41.0 million; all of which were partially offset by a decrease in (v) accruals for employee benefit expenses of ₱111.7 million. Refer to Note 7 to the unaudited condensed consolidated financial statements for the nature and details of these items.

Current portion of obligations under a finance lease represented building lease payments due within one year. The increase during the period was due to finance lease charges of ₱897.3 million recognized during the period, partially offset by lease payments made of ₱827.3 million during the period.

Amounts due to affiliated companies decreased by ₱1,151.6 million primarily as a result of settlement of balances outstanding as of December 31, 2016, partially offset by management fees and trademark license fees recharged from affiliate companies during the period. Refer to Note 11 to the unaudited condensed consolidated financial statements for the nature and details of related party transactions for the six months ended June 30, 2017.

Non-current liabilities

Long-term debt, net, of ₱14.9 billion represents the Senior Notes which will mature in 2019 and were priced at par of 100% of the principal amount of ₱15.0 billion (net of ₱116.7 million in unamortized deferred financing costs). The increase during the period solely represented the amortization of deferred financing costs of ₱34.8 million for the period.

The non-current portion of obligations under a finance lease increase of ₱93.1 million solely represented finance lease charges during the period.

Deferred rent liabilities, net, increased by ₱13.5 million primarily due to effective rent recognized during the period.

Retirement liabilities increased by ₱10.4 million primarily due to such service costs recognized during the period.

Other non-current liabilities represented retail tenant deposits and other payables which are due beyond one year. The decrease was primarily due to a portion of retail tenant deposits being reclassified as current as of June 30, 2017.

Deferred tax liability, net, mainly represented the deferred tax charges on net unrealized foreign exchange gains.

Equity

Capital stock and additional paid-in capital increased by ₱2.4 million and ₱27.4 million, respectively, as of June 30, 2017 as compared to December 31, 2016, which was mainly due to 2,430,872 restricted shares/share options having been vested/exercised during the six months ended June 30, 2017.

The share-based compensation reserve decreased by ₱35.0 million mainly due to transfer of ₱21.2 million to capital stock/additional paid-in capital as a result of the 2,430,872 restricted shared/share options vested/exercised as mentioned above and the transfer of ₱14.4 million to the accumulated deficit as a result of the expiry of certain share options during the period, partially offset by the recognition of share-based payments of ₱0.6 million during the six months ended June 30, 2017.

The equity reserve consisted of the net difference between the cost of MRP to acquire Melco Holdings Group and the legal capital of the latter at the date of reverse acquisition, plus the retained earnings of MRP as of December 19, 2012, the date when MRP was acquired by Melco. The amount remained unchanged as of June 30, 2017 as compared to December 31, 2016.

The deficit decreased by ₱366.6 million to ₱19,141.9 million as of June 30, 2017, from ₱19,508.5 million as of December 31, 2016, which was primarily due to the net profit of ₱352.2 million recognized during the six months ended June 30, 2017 and the transfer of ₱14.4 million from the share-based compensation reserve as mentioned above.

Liquidity and Capital Sources

The table below shows the Group's unaudited condensed consolidated cash flows for the six months ended June 30, 2017 and 2016.

	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016	% Change
In thousands of Philippine peso, except % change data			
Net cash provided by operating activities	3,610,579	2,467,047	**46%**
Net cash used in investing activities	(3,174,350)	(1,203,172)	**164%**
Net cash used in financing activities	(1,310,772)	(1,379,382)	**-5%**
Effect of foreign exchange on cash and cash equivalents	72,862	(20,190)	**-461%**
Net decrease in cash and cash equivalents	(801,681)	(135,697)	**491%**
Cash and cash equivalents at beginning of period	10,351,414	7,460,229	**39%**
Cash and cash equivalents at end of period	9,549,733	7,324,532	**30%**

Cash and cash equivalents decreased by 8% as of June 30, 2017 compared to December 31, 2016 mainly due to the net effect of the following:

- For the six months ended June 30, 2017, the Group recorded cash flow from operating activities of ₱3,610.6 million primarily attributable to the operating performance at City of Dreams Manila as discussed in the aforesaid sections.

- Net cash used in investing activities amounted to ₱3,174.4 million for the six months ended June 30, 2017, which primarily includes: (i) placement of bank deposits with original maturities over three months of ₱2,659.9 million; (ii) capital expenditure payments of ₱246.1 million; (iii) deposits for acquisitions of property and equipment of ₱123.1 million; and (iv) an increase in restricted cash of ₱150.7 million for the foundation fees payable.

- Net cash used in financing activities for the six months ended June 30, 2017 primarily represented interest and other finance fee payments for the Senior Notes of ₱492.7 million and repayments of obligations under a finance lease of ₱826.7 million.

The table below shows the Group's capital sources as of June 30, 2017 and December 31, 2016.

	As of June 30, 2017	As of December 31, 2016	% Change
In thousands of Philippine peso, except % change data			
Long-term debt, net	14,883,287	14,848,500	**0%**
Equity	5,395,530	5,034,103	**7%**
	20,278,817	19,882,603	**2%**

Total long-term debt, net, and equity increased by 2% to ₱20,278.8 million as of June 30, 2017, from ₱19,882.6 million as of December 31, 2016. The increase was mainly due to the net profit of ₱352.2 million during the six months ended June 30, 2017.

Risks Related to Financial Instruments

The Group has financial assets and financial liabilities such as cash and cash equivalents, bank deposits with original maturities over three months, restricted cash, accounts receivable, deposits and receivables, security deposits, amount due from a shareholder, amount due from an intermediate holding company, amount due from immediate holding company, amounts due from/to affiliated companies, accounts payable and accrued expenses, other payables and other current liabilities, current and non-current portion of obligations under a finance lease and long-term debt, which arise directly from its operations.

The main risks arising from the Group's financial instruments as of and for the six months ended June 30, 2017 are interest rate risk, credit risk, liquidity risk and foreign exchange risk. Management reviews and approves policies for managing each of these risks.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debts, or rely on our operating cash flows to fund the operation of City of Dreams Manila. We are a growing company with significant financial needs. We expect to have additional 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 flows 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, 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, issuance of stock, sale and lease-back transactions or other similar activities.

Any other future developments may be subject to further financing and a number of other factors many of which are beyond our control.

As of June 30, 2017, we had capital commitments contracted for, but not provided, mainly for the acquisitions of property and equipment of City of Dreams Manila totaling ₱217.0 million.

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

Other Financial Information

Aging of Accounts Receivable

The aging analysis of accounts receivable of the Group, presented based on payment due date is as follows:

In thousands of Philippine peso	**As of June 30, 2017**
Current	1,562,259
Past due:	
1 – 30 days	28,676
31-60 days	36,344
61-90 days	45,366
Over 90 days	9,321
Total	1,681,966

PART II - OTHER INFORMATION

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

SIGNATURES

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

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION
(Issuer)

Clarence Yuk Man Chung
President

SIGNATURES

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

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION
(Issuer)

Donald Nori Tateishi
Treasurer

Melco Resorts and Entertainment (Philippines) Corporation and Subsidiaries
(Formerly known as Melco Crown (Philippines) Resorts Corporation)

Condensed Consolidated Financial Statements
As at June 30, 2017 (Unaudited) and December 31, 2016
and for the Three and Six Months Ended June 30, 2017 and 2016 (Unaudited)

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND DECEMBER 31, 2016
(In thousands of Philippine peso, except share and per share data)

	Notes	**June 30, 2017 (Unaudited)**	December 31, 2016 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱9,549,733**	₱10,351,414
Bank deposits with original maturities over three months		**2,659,908**	–
Restricted cash		**390,766**	240,025
Accounts receivable, net	5	**1,635,589**	1,391,213
Inventories		**222,719**	230,411
Prepayments and other current assets		**354,181**	322,692
Amount due from a shareholder	11	**5,590**	5,590
Amount due from an intermediate holding company	11	**141,244**	139,264
Amount due from immediate holding company	11	**3,000**	3,000
Amount due from an affiliated company	11	**73**	1,117
Total Current Assets		**14,962,803**	12,684,726
Non-current Assets			
Property and equipment, net	6	**24,931,333**	26,866,578
Contract acquisition costs, net		**837,826**	863,872
Other intangible assets, net		**3,533**	5,436
Other non-current assets		**1,412,719**	1,270,048
Total Non-current Assets		**27,185,411**	29,005,934
		₱42,148,214	₱41,690,660
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		**₱94,201**	₱139,270
Accrued expenses, other payables and other current liabilities	7	**6,465,406**	5,414,657
Current portion of obligations under a finance lease	14	**1,594,857**	1,524,893
Amounts due to affiliated companies	11	**130,421**	1,282,040
Income tax payable		**–**	160
Total Current Liabilities		**8,284,885**	8,361,020
Non-current Liabilities			
Long-term debt, net	15	**14,883,287**	14,848,500
Non-current portion of obligations under a finance lease	14	**13,154,597**	13,061,462
Deferred rent liabilities		**232,727**	219,258
Retirement liabilities		**51,995**	41,644
Other non-current liabilities		**33,857**	43,485
Deferred tax liability, net		**111,336**	81,188
Total Non-current Liabilities		**₱28,467,799**	₱28,295,537

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

CONDENSED CONSOLIDATED BALANCE SHEETS – continued
JUNE 30, 2017 AND DECEMBER 31, 2016
(In thousands of Philippine peso, except share and per share data)

	Notes	**June 30, 2017 (Unaudited)**	December 31, 2016 (Audited)
Equity			
Capital stock	8	**₱5,665,328**	₱5,662,897
Additional paid-in capital		**22,104,237**	22,076,822
Share-based compensation reserve		**381,812**	416,835
Equity reserve		**(3,613,990)**	(3,613,990)
Accumulated deficit		**(19,141,857)**	(19,508,461)
Total Equity		**5,395,530**	5,034,103
		₱42,148,214	₱41,690,660

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(In thousands of Philippine peso, except share and per share data)

	Notes	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
NET OPERATING REVENUES					
Casino		**₱8,260,558**	₱5,108,803	**₱15,559,730**	₱9,160,612
Rooms		**256,225**	245,291	**520,349**	471,625
Food and beverage		**165,086**	171,719	**340,318**	337,315
Entertainment, retail and other		**114,425**	97,705	**256,309**	188,715
Total Net Operating Revenues		**8,796,294**	5,623,518	**16,676,706**	10,158,267
OPERATING COSTS AND EXPENSES					
Gaming tax and license fees		**(2,177,317)**	(1,392,226)	**(4,034,958)**	(2,524,697)
Inventories consumed		**(221,351)**	(192,173)	**(438,122)**	(383,247)
Employee benefit expenses	9	**(846,661)**	(831,386)	**(1,691,013)**	(1,699,890)
Depreciation and amortization		**(1,056,787)**	(1,115,982)	**(2,143,469)**	(2,269,875)
Other expenses	10	**(2,887,730)**	(1,270,510)	**(5,137,118)**	(2,489,089)
Payments to the Philippine Parties		**(691,478)**	(386,338)	**(1,465,333)**	(724,242)
Total Operating Costs and Expenses		**(7,881,324)**	(5,188,615)	**(14,910,013)**	(10,091,040)
OPERATING PROFIT		**914,970**	434,903	**1,766,693**	67,227
NON-OPERATING INCOME (EXPENSES)					
Interest income		**15,311**	3,191	**21,117**	6,013
Interest expenses, net of capitalized interest		**(730,220)**	(716,565)	**(1,456,774)**	(1,429,780)
Amortization of deferred financing costs		**(17,552)**	(16,407)	**(34,787)**	(32,516)
Other finance fees		**(11,958)**	(11,958)	**(23,916)**	(23,916)
Foreign exchange gains (losses), net		**44,219**	18,457	**109,871**	(10,173)
Total Non-operating Expenses, Net		**(700,200)**	(723,282)	**(1,384,489)**	(1,490,372)
PROFIT (LOSS) BEFORE INCOME TAX		**214,770**	(288,379)	**382,204**	(1,423,145)
INCOME TAX EXPENSE	13	**(11,130)**	(119)	**(29,988)**	(1,169)
NET PROFIT (LOSS)		**203,640**	(288,498)	**352,216**	(1,424,314)
OTHER COMPREHENSIVE INCOME		**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱203,640**	(₱288,498)	**₱352,216**	(₱1,424,314)
Basic/Diluted Earnings (Loss) Per Share	12	**₱0.04**	(₱0.05)	**₱0.06**	(₱0.25)

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(In thousands of Philippine peso, except share and per share data)

	Notes	Capital Stock (Note 8)	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve	Accumulated Deficit	Total
Balance as of January 1, 2017		**₱5,662,897**	**₱22,076,822**	**₱416,835**	**(₱3,613,990)**	**(₱19,508,461)**	**₱5,034,103**
Net profit		**–**	**–**	**–**	**–**	**352,216**	**352,216**
Total comprehensive income		**–**	**–**	**–**	**–**	**352,216**	**352,216**
Issuance of shares for restricted shares vested	8 and 21	**1,390**	**15,994**	**(17,384)**	**–**	**–**	**–**
Exercise of share options	8 and 21	**1,041**	**11,421**	**(3,826)**	**–**	**–**	**8,636**
Share-based compensation		**–**	**–**	**575**	**–**	**–**	**575**
Transfer of share-based compensation reserve upon expiry of share options		**–**	**–**	**(14,388)**	**–**	**14,388**	**–**
Balance as of June 30, 2017		**₱5,665,328**	**₱22,104,237**	**₱381,812**	**(₱3,613,990)**	**(₱19,141,857)**	**₱5,395,530**
Balance as of January 1, 2016		₱5,643,355	₱21,932,963	₱606,279	(₱3,613,990)	(₱17,960,537)	₱6,608,070
Net loss		–	–	–	–	(1,424,314)	(1,424,314)
Total comprehensive loss		–	–	–	–	(1,424,314)	(1,424,314)
Issuance of shares for restricted shares vested		18,106	140,015	(158,121)	–	–	–
Share-based compensation		–	–	16,713	–	–	16,713
Transfer of share-based compensation reserve upon expiry of share options		–	–	(7,004)	–	7,004	–
Balance as of June 30, 2016		₱5,661,461	₱22,072,978	₱457,867	(₱3,613,990)	(₱19,377,847)	₱5,200,469

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(In thousands of Philippine peso, except share and per share data)

	Six Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	**₱3,610,579**	₱2,467,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of bank deposits with original maturities over three months	**(2,659,908)**	–
Payments for acquisitions of property and equipment	**(246,089)**	(1,969,869)
Increase in restricted cash	**(150,741)**	(99,496)
Deposits for acquisitions of property and equipment	**(123,087)**	(50,272)
Proceeds from disposals of property and equipment	**5,475**	916,465
Net cash used in investing activities	**(3,174,350)**	(1,203,172)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of obligations under a finance lease	**(826,742)**	(873,953)
Interest paid	**(468,750)**	(468,750)
Other finance fees paid	**(23,916)**	(23,916)
Proceeds from exercise of share options	**8,636**	–
Payments for transaction costs of issuance of capital stock	**–**	(12,763)
Net cash used in financing activities	**(1,310,772)**	(1,379,382)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**72,862**	(20,190)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(801,681)**	(135,697)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**10,351,414**	7,460,229
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱9,549,733**	₱7,324,532

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

1. **Organization and Business**

Corporate Information

Melco Resorts and Entertainment (Philippines) Corporation (formerly known as Melco Crown (Philippines) Resorts Corporation) (herein referred to as "MRP" 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 on The Philippine Stock Exchange, Inc. (the "PSE"). On February 1, 2017 and April 7, 2017, the Board of Directors and stockholders of MRP, respectively, approved the change of the Parent Company's name to Melco Resorts and Entertainment (Philippines) Corporation, which was subsequently approved by the SEC on May 19, 2017.

The Parent Company together with its subsidiaries (collectively referred to as the "Group") is a developer, owner and operator of casino gaming and entertainment resort facilities in the Philippines. The Group currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila.

The Parent Company's principal place of business is the Philippines and its registered office address is Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701.

As of June 30, 2017 and December 31, 2016, the Parent Company's ultimate holding company is Melco International Development Limited ("Melco International"), a Hong Kong-listed company.

As of June 30, 2017 and December 31, 2016, the immediate holding company of the Parent Company is MCE (Philippines) Investments Limited ("MCE Investments"), an indirect subsidiary of Melco International.

2. **Summary of Significant Accounting Policies**

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

Statement of Compliance
The Group's unaudited condensed consolidated financial statements have been prepared in conformity with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

The Group's unaudited condensed consolidated financial statements as of June 30, 2017 do not include all the information and disclosures required in the annual consolidated financial statements and the results of operations are not necessarily indicative of the results for full year, and should be read in conjunction with the Group's audited consolidated financial statements as of December 31, 2016.

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

2. **Summary of Significant Accounting Policies** – continued

Statement of Compliance – continued
In preparing the Group's unaudited condensed consolidated financial statements as of June 30, 2017, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's audited consolidated financial statements as of December 31, 2016.

3. **Accounting Policies Effective for the Period and Future Changes in Accounting Policies**

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the previous financial year/period except for adoption of the following new and amended PAS and Philippine Financial Reporting Standards ("PFRS") as of January 1, 2017. The adoption of these new and amended PAS and PFRS had no significant impact on the unaudited condensed consolidated financial statements:

- Amendments to PAS 7, *Statement of Cash Flows: Disclosure Initiative*
- Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*
- Annual Improvements to PFRSs (2014-2016 Cycle):
  – Amendments to PFRS 12, *Clarification of the Scope of the Standard*

4. **Cash and Cash Equivalents**

This account consists of:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand	**₱1,479,826**	₱1,517,325
Cash in banks	**8,069,907**	8,834,089
	₱9,549,733	₱10,351,414

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

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

5. **Accounts Receivable, Net**

Components of accounts receivable, net are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Casino	**₱1,629,403**	₱1,442,270
Hotel	**51,908**	48,687
Others	**655**	3,079
Sub-total	**1,681,966**	1,494,036
Less: Allowance for doubtful debts	**(46,377)**	(102,823)
	₱1,635,589	₱1,391,213

For the six months ended June 30, 2017 and 2016, the Group provided allowance for doubtful debts of ₱25,629 and ₱59,483, respectively, and reclassified allowance for doubtful debts of ₱80,443 and nil to long-term receivables, respectively, and no accounts receivable were directly written off in each of those periods.

6. **Property and Equipment, Net**

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Carrying amount as of January 1	**₱26,866,578**	₱32,939,887
Additions	**240,262**	448,264
Adjustments to project costs	**(1,919)**	(255,704)
Disposals	**(58,068)**	(1,930,817)
Depreciation and amortization	**(2,115,520)**	(4,335,052)
Carrying amount as of June 30/December 31	**₱24,931,333**	₱26,866,578
Building under a finance lease	**₱10,203,743**	₱10,521,782
Other property and equipment	**14,727,590**	16,344,796
	₱24,931,333	₱26,866,578

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
(FORMERLY KNOWN AS MELCO CROWN (PHILIPPINES) RESORTS CORPORATION)

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

7. Accrued Expenses, Other Payables and Other Current Liabilities

This account consists of:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Outstanding gaming chips and tokens	**₱2,356,341**	₱1,748,215
Accruals for:		
Gaming tax and license fees	**1,109,353**	852,907
Employee benefit expenses	**424,471**	536,204
Payments to the Philippine Parties	**230,287**	235,868
Property and equipment	**102,506**	61,477
Taxes and licenses	**97,768**	80,123
Operating expenses and others	**891,408**	808,884
Customer deposits	**555,487**	489,369
Withholding tax payable	**293,130**	191,125
Interest expenses payable	**327,083**	327,083
Other payables and liabilities	**77,572**	83,402
	₱6,465,406	₱5,414,657

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

8. Equity

	Note	**Number of Shares**	**Capital Stock**
Ordinary shares of ₱1 per share			
Authorized:			
As of January 1, 2017 (Audited) and June 30, 2017 (Unaudited)		**5,900,000,000**	**₱5,900,000**
Issued and fully paid:			
As of January 1, 2017 (Audited)		5,662,897,278	₱5,662,897
Issuance of shares for restricted shares vested	21	**1,390,387**	**1,390**
Exercise of share options	21	**1,040,485**	**1,041**
As of June 30, 2017 (Unaudited)		**5,665,328,150**	**₱5,665,328**

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

8. **Equity** – continued

On June 26, 2017, the Board of Directors and stockholders of MRP approved the increase in authorized capital stock to ₱11,900,000 divided into 11.9 billion shares with par value of ₱1 per share from authorized capital stock of ₱5,900,000 divided into 5.9 billion shares with par value of ₱1 per share, subject to the SEC's approval.

As of June 30, 2017 and December 31, 2016, the Parent Company had 428 stockholders in each of those periods.

9. **Employee Benefit Expenses**

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
Basic salaries, allowances, bonuses and other amenities expenses	**₱729,690**	₱729,916	**₱1,471,153**	₱1,467,455
Annual leave and other paid leave expenses	**34,659**	44,198	**69,004**	70,135
Retirement costs – defined contribution plans	**17,666**	15,989	**35,256**	34,343
Retirement costs – defined benefit obligations	**5,176**	3,704	**10,351**	7,408
Share-based compensation expenses	**3,505**	(18,551)	**8,331**	3,214
Consultancy fees in consideration for share awards	**3,594**	1,023	**(7,756)**	13,499
Other employee benefit expenses	**52,371**	55,107	**104,674**	103,836
	₱846,661	₱831,386	**₱1,691,013**	₱1,699,890

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

10. **Other Expenses**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
Other gaming operations expenses	**₱1,619,938**	₱934,345	**₱2,854,447**	₱1,435,793
Facilities and supplies expenses	**373,107**	302,161	**722,978**	612,751
Management fee expenses	**265,648**	98,873	**422,963**	220,776
Advertising, marketing, promotional and entertainment expenses	**120,894**	75,857	**214,588**	134,985
Rental expenses	**54,659**	70,067	**120,825**	132,636
Office and administrative expenses	**39,239**	29,785	**80,989**	78,722
Net loss (gain) on disposals of property and equipment	**47,038**	(379,222)	**52,593**	(379,222)
Taxes and licenses	**18,237**	25,937	**38,741**	39,164
Operating expenses and others	**348,970**	112,707	**628,994**	213,484
	₱2,887,730	₱1,270,510	**₱5,137,118**	₱2,489,089

11. **Related Party Transactions**

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following significant transactions with related parties for the period:

	Amount of Transactions for the Three Months Ended June 30, 2017 (Unaudited)	**Amount of Transactions for the Six Months Ended June 30, 2017 (Unaudited)**	**Outstanding Balance June 30, 2017 (Unaudited)**	**Terms**	**Conditions**
Amount due from a shareholder					
MPHIL Corporation (formerly known as MCE (Philippines) Investments No.2 Corporation) ("MPHIL")					
Amount due from MPHIL	**₱–**	**₱–**	**₱5,590**	Repayable on demand; non-interest bearing	Unsecured, no impairment

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

11. **Related Party Transactions** – continued

	Amount of Transactions for the Three Months Ended June 30, 2017 (Unaudited)	Amount of Transactions for the Six Months Ended June 30, 2017 (Unaudited)	Outstanding Balance June 30, 2017 (Unaudited)	Terms	Conditions
Amount due from an intermediate holding company					
Melco Resorts & Entertainment Limited (“Melco”)					
Management fee income[1]	**₱888**	**₱2,373**	**₱–**		
Management fee expenses	**49,614**	**53,885**	**–**		
Amount due from Melco	**–**	**–**	**141,244**	Repayable on demand; non-interest bearing	Unsecured, no impairment
Amount due from immediate holding company					
MCE Investments					
Amount due from MCE Investments	**₱–**	**₱–**	**₱3,000**	Repayable on demand; non-interest bearing	Unsecured, no impairment
Amount due from an affiliated company					
A subsidiary of Melco International (other than MPHIL, Melco and MCE Investments)					
Food and beverage and entertainment, retail and other revenues	**₱74**	**₱342**	**₱–**		
Amount due from a subsidiary of Melco International	**–**	**–**	**73**	Repayable on demand; non-interest bearing	Unsecured, no impairment
Amounts due to affiliated companies					
Melco International’s subsidiaries					
Management fees, trademark license fees and other expenses[2]	**₱425,465**	**₱734,829**	**₱–**		
Amounts due to Melco International’s subsidiaries	**–**	**–**	**130,421**	Repayable on demand; non-interest bearing	Unsecured

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

11. **Related Party Transactions –** continued

	Amount of Transactions for the Three Months Ended June 30, 2017 (Unaudited)	Amount of Transactions for the Six Months Ended June 30, 2017 (Unaudited)	Outstanding Balance June 30, 2017 (Unaudited)	Terms	Conditions
Amounts due to affiliated companies – continued					
A subsidiary and an associated company of Crown Resorts Limited ("Crown")[3]					
Management fees, consultancy fee and facilities expenses	**₱–**	**₱5,126**	**₱–**		
Amounts due to a subsidiary and an associated company of Crown	–	–	–	Repayable on demand; non-interest bearing	Unsecured

Notes:

(1) The amount represents the recharge of share-based compensation expenses for certain directors of MRP for the three and six months ended June 30, 2017.
(2) Management services are provided by Melco International group companies. These services include, but are not limited to, corporate expenses and gaming operations support.
(3) In February 2017, Melco International completed the purchase of certain ordinary shares of Melco from a subsidiary of Crown. Upon completion of the transaction, Crown's beneficial interests in Melco decreased to below 10%, and Crown and its subsidiary and associated company are no longer regarded as related parties of Melco and the Group.

Directors' Remuneration

For the three and six months ended June 30, 2017, the remuneration of directors of the Group was borne by a subsidiary of Melco International.

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

12. **Basic/Diluted Earnings (Loss) Per Share**

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
Net profit (loss) (a)	**₱203,640**	(₱288,498)	**₱352,216**	(₱1,424,314)
Weighted average number of common shares outstanding used in the calculation of basic earnings (loss) per share (b)	**5,663,630,128**	5,655,533,779	**5,663,265,728**	5,649,444,628
Basic earnings (loss) per share (a)/(b)*1,000	**₱0.04**	(₱0.05)	**₱0.06**	(₱0.25)
Net profit (loss) (a)	**₱203,640**	(₱288,498)	**₱352,216**	(₱1,424,314)
Weighted average number of common shares outstanding used in the calculation of diluted earnings (loss) per share (b)	**5,711,500,197**	5,655,533,779	**5,707,871,647**	5,649,444,628
Diluted earnings (loss) per share (a)/(b)*1,000	**₱0.04**	(₱0.05)	**₱0.06**	(₱0.25)

For the three and six months ended June 30, 2017 and 2016, nil (2016: 118,069,949) outstanding share options and nil (2016: 8,259,582) outstanding restricted shares as of June 30, 2017 and 2016, respectively, were excluded from the computation of diluted earnings (loss) per share as their effect would have been anti-dilutive.

13. **Income Tax**

The provision for income tax for the three and six months ended June 30, 2017 and 2016 consisted of:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
Provision for current income tax	**₱–**	₱89	**₱–**	₱258
Over-provision of income tax in prior year	**–**	–	**(160)**	–
Deferred tax charge	**11,130**	30	**30,148**	911
	₱11,130	₱119	**₱29,988**	₱1,169

In June 2017, the Group received a Final Assessment Notice ("FAN") from the Bureau of Internal Revenue ("BIR") relating to an alleged deficiency of value-added tax ("VAT"). The Group believes the legal basis for the FAN is without merit. The Group has filed a protest letter with the BIR requesting cancellation of the FAN in July 2017.

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

13. **Income Tax** – continued

For the six months ended June 30, 2017, other than the alleged deficiency of VAT as mentioned above and the Supreme Court's decision to deny the Motion for Reconsideration filed by the BIR in a resolution dated November 28, 2016, there is no significant change to the tax exposures as disclosed in the Group's audited consolidated financial statements as of December 31, 2016.

14. **Obligations Under a Finance Lease**

As of June 30, 2017 and December 31, 2016, the minimum lease payments and present value of minimum lease payments on the Group's obligations under a finance lease were as follows:

	June 30, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Minimum Lease Payments	Present Value of Minimum Lease Payments	Minimum Lease Payments	Present Value of Minimum Lease Payments
Amounts payable under a finance lease:				
Within one year	**₱1,716,576**	**₱1,594,857**	₱1,638,716	₱1,524,893
In more than one year and not more than five years	**8,615,610**	**5,704,295**	8,316,154	5,499,231
In more than five years	**28,319,593**	**7,450,302**	29,594,438	7,562,231
	38,651,779	**14,749,454**	39,549,308	14,586,355
Less: Finance charges	**(23,902,325)**	**–**	(24,962,953)	–
Present value of lease obligations	**₱14,749,454**	**14,749,454**	₱14,586,355	14,586,355
Less: Current portion of obligations under a finance lease		**(1,594,857)**		(1,524,893)
Non-current portion of obligations under a finance lease		**₱13,154,597**		₱13,061,462

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

15. **Long-term Debt, Net**

This account consists of:

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Senior Notes	**₱15,000,000**	₱15,000,000
Less: Deferred financing costs, net	**(116,713)**	(151,500)
	14,883,287	14,848,500
Current portion of long-term debt	**–**	–
	₱14,883,287	₱14,848,500

For the three and six months ended June 30, 2017, there were no significant changes to the long-term debt as disclosed in the Group's audited consolidated financial statements as of December 31, 2016. As of June 30, 2017, the Shareholder Loan Facility and the Credit Facility have not yet been drawn.

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

For the three and six months ended June 30, 2017, there were no significant changes to the terms and conditions of the Cooperation Agreement, the Operating Agreement and the Lease Agreement as disclosed in the Group's audited consolidated financial statements as of December 31, 2016.

17. **Commitments and Contingencies**

(a) Capital Commitments

As of June 30, 2017, the Group had capital commitments contracted for but not provided mainly for the acquisitions of property and equipment for City of Dreams Manila totaling ₱216,984.

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

17. **Commitments and Contingencies** – continued

(b) Lease Commitments

Operating Leases – As a Lessee

As of June 30, 2017, minimum lease payments under all non-cancelable leases were as follows:

	June 30, 2017
Within one year	**₱157,736**
In more than one year and not more than five years	**665,739**
In more than five years	**2,000,270**
	₱2,823,745

(c) Other Commitments and Guarantees

As of June 30, 2017, there were no significant changes to other commitments and guarantees for the Regular License and the Cooperation Agreement as disclosed in the Group's audited consolidated financial statements as of December 31, 2016.

(d) Litigation

As of June 30, 2017, the Group is a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcome of such proceedings have no material impacts on the Group's unaudited condensed consolidated financial statements as a whole.

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

As of June 30, 2017 and for the three and six months ended June 30, 2017, there were no significant changes to the Group's financial risk management objectives and policies as disclosed in the Group's audited consolidated financial statements as of December 31, 2016.

19. **Financial Instruments**

Fair Value of Financial Instruments

Cash and cash equivalents, Bank deposits with original maturities over three months, Restricted cash, Accounts receivable, Deposits and receivables, Amount due from a shareholder, Amount due from an intermediate holding company, Amount due from immediate holding company, Amounts due from/to affiliated companies, Accounts payable and Accrued expenses, other payables and other current liabilities. As of June 30, 2017 and December 31, 2016, the carrying values approximate their fair values at the reporting dates due to the relatively short-term maturities of the transactions.

Security deposit, Current and Non-current portion of obligations under a finance lease and Long-term debt. As of June 30, 2017 and December 31, 2016, 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.

As of June 30, 2017 and December 31, 2016, the Group does not have financial instruments that are carried and measured at fair value. For the three and six months ended June 30, 2017 and 2016, 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.

20. **Note to Unaudited Condensed Consolidated Statements of Cash Flows**

(a) For the six months ended June 30, 2017, fit-out construction costs and cost of property and equipment totaling ₱36,989 and nil were funded through accrued expenses, other payables and other current liabilities and amounts due to affiliated companies, respectively (For the six months ended June 30, 2016: ₱34,445 and ₱23,097, respectively).

(b) For the six months ended June 30, 2017, accruals for property and equipment of ₱1,919 were reversed for project costs adjustments (For the six months ended June 30, 2016: ₱205,995).

(c) For the six months ended June 30, 2016, amount due to immediate holding company of ₱10,357 was offset with amount due from ultimate holding company.

(d) For the six months ended June 30, 2016, part of the Reimbursable Amount for consideration of disposals of property and equipment to Belle of ₱ 1,152,700 were offset by escrow funds refundable to the Philippine Parties.

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

21. **Share Incentive Plan**

Share Options

During the six months ended June 30, 2017, the exercise price for share options granted under the Share Incentive Plan was determined with reference to the market closing price of the Parent Company's common shares on the date of grant. These share options generally became exercisable over vesting periods of 2 years. The share options granted expire 10 years from 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 the Parent Company's common shares trading on the PSE and 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 is based on the Philippine Government bond yield at the time of grant for the period equal to the expected term.

The fair values of share options granted under the Share Incentive Plan were estimated on the date of grant using the following weighted average assumptions:

	Six Months Ended June 30, 2017
Expected dividend yield	**–**
Expected stock price volatility	**45%**
Risk-free interest rate	**4.28%**
Expected average term (years)	**5.2**
Weighted average share price per share	**₱5.66**
Weighted average exercise price per share	**₱5.66**

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

21. **Share Incentive Plan** – continued

Share Options – continued

A summary of share options activity under the Share Incentive Plan as of June 30, 2017, and changes for the six months ended June 30, 2017 are presented below:

	Number of Share Options	Weighted Average Exercise Price per Share
Outstanding as of January 1, 2017	12,374,710	₱5.72
Granted	**1,531,112**	**5.66**
Exercised	**(1,040,485)**	**8.30**
Expired	**(3,410,501)**	**8.59**
Outstanding as of June 30, 2017	**9,454,836**	**₱4.39**
Exercisable as of June 30, 2017	**2,826,325**	**₱5.39**

The range of exercise prices and the weighted average remaining contractual terms of the above share options outstanding as at the dates indicated are as follows:

	June 30, 2017	
	Number of Share Options Outstanding	Weighted Average Remaining Contractual Term
Exercise price per share:		
₱3.46	**6,796,532**	**8.39**
₱5.66	**1,531,112**	**9.71**
₱8.30	**1,127,192**	**6.00**
	9,454,836	**8.32**

Share options exercised during the six months ended June 30, 2017 resulted in 1,040,485 common shares of the Parent Company being issued at a weighted average price of ₱8.30. The related weighted average share price at the time of exercise was ₱8.60 during the period.

No share options were vested for the six months ended June 30, 2017.

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

21. **Share Incentive Plan** – continued

Restricted Shares

During the six months ended June 30, 2017, the grant date fair values for restricted shares granted under the Share Incentive Plan were determined with reference to the market closing prices of the Parent Company's common shares on the dates of grant. These restricted shares generally have vesting periods of 2 years.

A summary of restricted shares activity under the Share Incentive Plan as of June 30, 2017, and changes for the six months ended June 30, 2017 are presented below:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2017	49,255,708	₱4.57
Granted	**1,674,485**	**5.66**
Vested	**(1,390,387)**	**12.50**
Forfeited	**(1,281,583)**	**4.55**
Unvested as of June 30, 2017	**48,258,223**	**₱4.36**

22. Segment Information

The Group's segment information for capital expenditures is as follows:

CAPITAL EXPENDITURES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
Total capital expenditures – All in the Philippines at City of Dreams Manila (Note)	**₱69,016**	₱154,616	**₱240,262**	₱331,778

Note – For the three and six months ended June 30, 2017 and 2016, the amount of total capital expenditures did not include the adjustments to project costs of reversal of ₱1,919 (2016: ₱228) and reversal of ₱1,919 (2016: reversal of ₱205,995), respectively.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES
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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued
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22. **Segment Information –** continued

The Group's segment information on its results of operations is as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
NET OPERATING REVENUES				
The Philippines – City of Dreams Manila	**₱8,796,294**	₱5,623,518	**₱16,676,706**	₱10,158,267
Total Net Operating Revenues	**₱8,796,294**	₱5,623,518	**₱16,676,706**	₱10,158,267
ADJUSTED EBITDA(Note)				
The Philippines – City of Dreams Manila	**₱3,172,096**	₱1,694,140	**₱6,218,301**	₱3,005,569
OPERATING COSTS AND EXPENSES				
Payments to the Philippine Parties	**(691,478)**	(386,338)	**(1,465,333)**	(724,242)
Land rent to Belle	**(39,617)**	(39,617)	**(79,234)**	(79,233)
Net gain on disposals of property and equipment to Belle	**–**	380,454	**–**	380,454
Depreciation and amortization	**(1,056,787)**	(1,115,982)	**(2,143,469)**	(2,269,875)
Share-based compensation expenses	**(3,505)**	18,551	**(8,331)**	(3,214)
Consultancy fees in consideration for share awards	**(3,594)**	(1,023)	**7,756**	(13,499)
Corporate expenses	**(462,145)**	(90,269)	**(762,997)**	(203,720)
Property charges and other	**–**	(25,013)	**–**	(25,013)
Total Operating Costs and Expenses	**(2,257,126)**	(1,259,237)	**(4,451,608)**	(2,938,342)
OPERATING PROFIT	**914,970**	434,903	**1,766,693**	67,227
NON-OPERATING INCOME (EXPENSES)				
Interest income	**15,311**	3,191	**21,117**	6,013
Interest expenses, net of capitalized interest	**(730,220)**	(716,565)	**(1,456,774)**	(1,429,780)
Amortization of deferred financing costs	**(17,552)**	(16,407)	**(34,787)**	(32,516)
Other finance fees	**(11,958)**	(11,958)	**(23,916)**	(23,916)
Foreign exchange gains (losses), net	**44,219**	18,457	**109,871**	(10,173)
Total Non-operating Expenses, Net	**(700,200)**	(723,282)	**(1,384,489)**	(1,490,372)
PROFIT (LOSS) BEFORE INCOME TAX	**214,770**	(288,379)	**382,204**	(1,423,145)
INCOME TAX EXPENSE	**(11,130)**	(119)	**(29,988)**	(1,169)
NET PROFIT (LOSS)	**₱203,640**	(₱288,498)	**₱352,216**	(₱1,424,314)

22. **Segment Information –** continued

Note – "Adjusted EBITDA" is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, net gain on disposals of property and equipment to Belle, share-based compensation expenses, corporate expenses, property charges and other and other non-operating income and expenses. The chief operating decision maker uses Adjusted EBITDA to measure the operating performance of City of Dreams Manila and to compare the operating performance of its property with those of its competitors.