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 **March 31, 2018**

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)

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) 691-8899

9. Former name, former address and former fiscal year, if changed since last report
   N/A

10. Securities registered pursuant to Sections 8 and 12 of the 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 March 31, 2018
Common	**5,666,764,407**
	Outstanding Debt: ₱7.5 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 March 31, 2018 and for the three months ended March 31, 2018 and the audited consolidated balance sheet as of December 31, 2017 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 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 March 31, 2018 and for the three months ended March 31, 2018.

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 ("**MPHIL Holdings No. 1**"), MPHIL Holdings No. 2 Corporation ("**MPHIL Holdings No. 2**"), and Melco Resorts Leisure (PHP) Corporation ("**Melco Resorts Leisure**") (MPHIL Holdings No. 1, MPHIL Holdings No. 2 and Melco Resorts Leisure are collectively referred to as the "**MPHIL 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**") (MPHIL 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 Resorts 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 the shares repurchase by Melco from a subsidiary of Crown, followed by cancellation of such shares and with certain changes in the composition of the board of directors of Melco, Melco International became the Company's ultimate holding company and Melco became one of the Company's intermediate holding companies.

In February 2017, Melco International completed the further acquisition of shares of Melco from Crown and as a result, Melco International became the sole majority shareholder of Melco and the Company's ultimate holding company for all purposes.

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 (the "**SEC**") on May 19, 2017.

On April 7, 2017, the boards of directors and stockholders of MPHIL Holdings No. 1, MPHIL Holdings No. 2 and Melco Resorts 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 No. 1 and MPHIL Holdings No. 2 while the change of corporate name of Melco Resorts 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 Resorts 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, dining and lifestyle experiences with aggregate 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 March 31, 2018, City of Dreams Manila had around 299 gaming tables, 1,680 slot machines and 207 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 Manila, a nightclub that has active gaming tables, both encapsulated within the Fortune Egg, an domelike structure accented with creative external lighting, which is a centerpiece attraction of the property.

City of Dreams Manila also includes an approximately 260 room Nüwa Hotel ("**Nüwa**"), Hyatt City of Dreams Manila, a 365 room hotel managed by Hyatt International Corporation ("**Hyatt**"), and Asia's first Nobu Hotel with 321 rooms. Nüwa is designed to cater to the premium end of the market in Manila. Hyatt City of Dreams Manila is a modern and international full service hotel and leverages Hyatt's international experience and knowledge in 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 March 31, 2018 and December 31, 2017, MRP's wholly-owned subsidiaries comprise the MPHIL Holdings Group. MPHIL Holdings No. 1, MPHIL Holdings No. 2 and Melco Resorts Leisure are all incorporated in the Philippines and are registered with the SEC. The primary purposes of MPHIL Holdings No. 1 and MPHIL Holdings No. 2 are investment holding and the primary purpose of Melco Resorts 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 MPHIL 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 MPHIL Holdings Group entered into a cooperation agreement (the "**Cooperation Agreement**") and other related arrangements with the SM Group, Belle and PLAI. Melco Resorts 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 in the Cooperation Agreement which were effective on signing). In addition, the MPHIL Holdings Group and the Philippine Parties entered into an operating agreement on March 13, 2013 pursuant to which Melco Resorts Leisure was granted the exclusive right to manage, operate and control City of Dreams Manila (the "**Operating Agreement**").

On December 19, 2013, Melco Resorts 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 to fund the City of Dreams Manila project, refinance debt and general corporate purposes. On October 9, 2017, Melco Resorts Leisure partially redeemed ₱7.5 billion in aggregate principal amount of the ₱15 billion Senior Notes together with accrued interest.

PAGCOR issued the Regular License dated April 29, 2015 to replace 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 under the Cooperation Agreement, land rent to Belle, share-based compensation expenses, corporate expenses and other non-operating income and expenses.

b. Revenue Growth: measures the percentage change in revenue over a period of time. It is regularly moitored 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 Profit of the Group. Basic earnings per share is calculated by dividing Net Profit by the weighted average number of common shares issued and outstanding during a particular period of time.

e. Diluted Earnings Per Share: is calculated in the same manner as per Basic Earnings Per Share, adjusted for the dilutive effect of any potential common shares.

f. Rolling Chip Volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.

g. Rolling Chip Win Rate: rolling chip table games win (calculated before discounts and commissions) as a percentage of rolling chip volume.

h. Mass Market Table Games Drop: the amount of table games drop in the mass market table games segment.

i. Mass Market Table Games Hold Percentage: mass market table games win as a percentage of mass market table games drop.

j. Table Games Win: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.

k. Gaming Machine Handle: the total amount wagered in gaming machines.

l. Gaming Machine Win Rate: gaming machine win expressed as a percentage of gaming machine handle.

m. 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.

n. Occupancy Rate: the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.

o. 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.

Operating Results for the Three Months Ended March 31, 2018 Compared to the Three Months Ended March 31, 2017

(in thousands of Philippine peso, except per share and % change data)						
			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the three months ended March 31,	For the three months ended March 31,	% to Revenues		Change from Prior Period	
	2018	2017	2018	2017		
Net operating revenues						
Casino [1]	5,839,297	7,299,172	79%	93%	(1,459,875)	-20%
Rooms [1]	678,485	264,124	9%	3%	414,361	157%
Food and beverage [1]	702,747	175,232	10%	2%	527,515	301%
Entertainment, retail and other [1]	131,850	141,884	2%	2%	(10,034)	-7%
Total net operating revenues	7,352,379	7,880,412	100%	100%	(528,033)	-7%
Operating costs and expenses						
Gaming tax and license fees	(2,188,044)	(1,857,641)	-30%	-24%	(330,403)	18%
Inventories consumed	(242,462)	(216,771)	-3%	-3%	(25,691)	12%
Employee benefit expenses	(846,044)	(844,352)	-12%	-11%	(1,692)	0%
Depreciation and amortization	(1,004,940)	(1,086,682)	-14%	-14%	81,742	-8%
Other expenses [1]	(1,422,120)	(2,249,388)	-19%	-29%	827,268	-37%
Payments to the Philippine Parties	(590,054)	(773,855)	-8%	-10%	183,801	-24%
Total operating costs and expenses	(6,293,664)	(7,028,689)	-86%	-89%	735,025	-10%
Operating profit	1,058,715	851,723	14%	11%	206,992	24%
Non-operating income (expenses)						
Interest income	11,855	5,806	0%	0%	6,049	104%
Interest expenses, net of capitalized interest	(631,482)	(743,789)	-9%	-9%	112,307	-15%
Other finance fees	(5,979)	(11,958)	0%	0%	5,979	-50%
Foreign exchange gains, net	139,632	65,652	2%	1%	73,980	113%
Total non-operating expenses, net	(485,974)	(684,289)	-7%	-9%	198,315	-29%
Profit before income tax	572,741	167,434	8%	2%	405,307	242%
Income tax expense	(40,766)	(18,858)	-1%	0%	(21,908)	116%
Net profit	531,975	148,576	7%	2%	383,399	258%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive income	531,975	148,576	7%	2%	383,399	258%
Basic/diluted earnings per share	₱0.09	₱0.03			₱0.06	200%

Note (1): The Group adopted Philippine Financial Reporting Standards ("**PFRS**") 15, Revenue from Contracts with Customers ("**New Revenue Standard**") using the modified retrospective method from January 1, 2018. Results for the period beginning after January 1, 2018 are presented under the New Revenue Standard, while prior year amounts are not adjusted and continue to be reported in accordance with the previous basis. The most significant impacts of the adoption are as follows:

- Complimentary goods and services have been recorded as a reduction of casino revenues compared to the prior period presentation where promotional allowances were recorded as a reduction of non-gaming revenue.
- All commissions paid to gaming promoters are recorded as a reduction of casino revenues as compared to the prior period presentation where the estimated incentives returned to customers were recorded as a reduction of casino revenues, with the balance of commissions expense reflected as a casino expense.

Refer to Note 3 to the unaudited condensed consolidated financial statements for details of the adoption of the New Revenue Standard.

Net profit for the three months ended March 31, 2018 was ₱532.0 million, compared to a net profit of ₱148.6 million for the three months ended March 31, 2017, which is primarily related to improved operating results during the current period as well as lower interest expense, net of capitalized interest.

Revenues

Total net operating revenues were ₱7,352.4 million for the three months ended March 31, 2018, representing a decrease of ₱528.0 million, from ₱7,880.4 million for the three months ended March 31, 2017. The decrease in total net operating revenues was primarily driven by the adoption of the New Revenue Standard which resulted in higher commissions paid to gaming promoters being deducted from casino revenues, partially offset by improved casino revenues as discussed below.

Under the previous basis, before the adoption of the New Revenue Standard, net operating revenues for the three months ended March 31, 2018 would have been ₱8,603.9 million, representing an increase of ₱723.5 million, from ₱7,880.4 million for the three months ended March 31, 2017.

Total net operating revenues for the three months ended March 31, 2018 was comprised of ₱5,839.3 million of casino revenues, representing 79% of total net operating revenues, and ₱1,513.1 million of non-casino revenues. Total net operating revenues for the three months ended March 31, 2017 was comprised of ₱7,299.2 million of casino revenues, representing 93% of total net operating revenues, and ₱581.2 million of non-casino revenues.

Casino - Casino revenues for the three months ended March 31, 2018 were ₱5,839.3 million, a decrease of ₱1,459.9 million, or 20%, from ₱7,299.2 million for the three months ended March 31, 2017. The decrease was primarily due to (i) ₱2,433.8 million higher commission paid to gaming promoters and complimentary goods and services deducted from casino revenues in the current period as a result of the adoption of the New Revenue Standard; partially offset by (ii) higher casino revenues of ₱973.9 million as a result of improved business volumes.

Rolling chip volume for the three months ended March 31, 2018 was ₱143.8 billion, as compared to ₱121.3 billion for the three months ended March 31, 2017. Rolling chip win rate (calculated before discounts and commissions) was 2.9%, and reflected a decrease from 3.4% for the three months ended March 31, 2017.

In the mass market table games segment, mass market table games drop was ₱9.8 billion for the three months ended March 31, 2018 which represented an increase of ₱2.1 billion from ₱7.7 billion for the three months ended March 31, 2017. The mass market table games hold percentage was 33.8% for the three months ended March 31, 2018 versus 28.7% for the three months ended March 31, 2017.

Gaming machine handle for the three months ended March 31, 2018 was ₱42.6 billion, compared with ₱36.6 billion for the three months ended March 31, 2017. The gaming machine win rate was 5.6% for the three months ended March 31, 2018 versus 6.2% for the three months ended March 31, 2017.

The average number of table games and average number of gaming machines for the three months ended March 31, 2018 were 294 and 1,836, respectively, as compared to 270 and 1,773, respectively, for the three months ended March 31, 2017. Average net win per table game per day and average net win per gaming machine per day for the three months ended March 31, 2018 were ₱281,111 and ₱14,542, respectively, as compared to ₱260,107 and ₱14,258, respectively, for the three months ended March 31, 2017.

Rooms - Room revenues came from Nüwa hotel, Nobu Hotel and Hyatt City of Dreams Manila and amounted to ₱678.5 million for the three months ended March 31, 2018 representing an increase of ₱414.4 million, or 157%, from ₱264.1 million for the three months ended March 31, 2017, primarily due to improved occupancy as compared to the three months ended March 31, 2017 as well as the adoption of the New Revenue Standard that resulted in the complimentary goods and services being deducted from casino revenues in the current period as compared to being deducted from room revenues in the prior period. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the three months ended March 31, 2018 were ₱8,212, 98.4% and ₱8,082, respectively, as compared to ₱7,705, 97.7% and ₱7,528, respectively, for the three months ended March 31, 2017.

Food, beverage and others - Other non-casino revenues for the three months ended March 31, 2018 included food and beverage revenues of ₱702.7 million and entertainment, retail and other revenues of ₱131.9 million. Other non-casino revenues for the three months ended March 31, 2017 included food and beverage revenues of ₱175.2 million and entertainment, retail and other revenues of ₱141.9 million. The increase was primarily attributable to higher food and beverage sales as well as the adoption of the New Revenue Standard that resulted in the complimentary goods and services being deducted from casino revenues in the current period as compared to being deducted from food, beverage and other revenues in the prior period.

Operating costs and expenses

Total operating costs and expenses were ₱6,293.7 million for the three months ended March 31, 2018, representing a decrease of ₱735.0 million from ₱7,028.7 million for the three months ended March 31, 2017. The decrease in operating costs was primarily due to a decrease in commissions paid to gaming promoters as such amount has been deducted directly from casino revenues as a result of the adoption of the New Revenue Standard.

Under the previous basis, before the adoption of the New Revenue Standard, total operating costs and expenses for the three months ended March 31, 2018 would have been ₱7,545.2 million, representing an increase of ₱516.5 million, from ₱7,028.7 million for the three months ended March 31, 2017.

Gaming tax and license fees for the three months ended March 31, 2018 amounted to ₱2,188.0 million, representing an increase of ₱330.4 million, or 18%, from ₱1,857.6 million for the three months ended March 31, 2017. The increase is in line with the increased gross gaming revenues.

Inventories consumed for the three months ended March 31, 2018 and 2017 amounted to ₱242.5 million and ₱216.8 million, respectively. The increase was attributable to more playing cards and dice as well as food and beverage items consumed during the period.

Employee benefit expenses for the three months ended March 31, 2018 amounted to ₱846.0 million, as compared to ₱844.4 million for the three months ended March 31, 2017. No material fluctuations were noted for the period.

Depreciation and amortization for the three months ended March 31, 2018 and 2017 amounted to ₱1,004.9 million and ₱1,086.7 million, respectively. The decrease was primarily due to certain assets having been fully depreciated during the period.

Other expenses for the three months ended March 31, 2018 amounted to ₱1,422.1 million, as compared to ₱2,249.4 million for the three months ended March 31, 2017. The decrease was primarily attributable to ₱1,014.6 million lower other gaming operations expenses primarily due to commissions paid to gaming promoters being deducted directly from casino revenues in the current period as a result of the adoption of the New Revenue Standard as discussed above and partially offset by ₱81.5 million higher management fee expenses. Refer to Note 12 to the unaudited condensed consolidated financial statements for 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 decrease was primarily due to a lower sharing of gaming results to the Philippine Parties based on the agreed calculation during the period.

Non-operating expenses, net

Interest income was ₱11.9 million for the three months ended March 31, 2018 as compared to ₱5.8 million for the three months ended March 31, 2017. The increase was due to higher deposits being placed with the bank during the three months ended March 31, 2018 compared to the same period in 2017.

Interest expenses (net of capitalized interest) were mainly represented by interest expenses on the Senior Notes and obligations under a finance lease in relation to the Lease Agreement, amounting to ₱631.5 million for the three months ended March 31, 2018 as compared to ₱743.8 million for the three months ended March 31, 2017. The decrease was primarily due to lower interest expenses on the Senior Notes after the partial redemption in October 2017, partially offset by higher effective interest on obligations under a finance lease during the period.

Other finance fees amounted to ₱6.0 million and ₱12.0 million for the three months ended March 31, 2018 and 2017, respectively, representing the gross receipt taxes in relation to interest payments on the Senior Notes. Lower finance fees recorded for the current period were solely due to the partial redemption of Senior Notes in October 2017.

The net foreign exchange gains of ₱139.6 million and ₱65.7 million for the three months ended March 31, 2018 and 2017, respectively, mainly arose from the translation of foreign currency denominated bank balances and payables at the period-end closing rate as a result of the Philippine peso's depreciation against the H.K. dollar and the U.S. dollar during the period ended March 31, 2018 and 2017.

Income tax expense

The income tax expense for the three months ended March 31, 2018 and 2017 primarily represents the deferred tax charge arising from net unrealized foreign exchange gains.

Net profit

As a result of the foregoing, the Group had a net profit of ₱532.0 million for the three months ended March 31, 2018, as compared to a net profit of ₱148.6 million for the three months ended March 31, 2017.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties under the Cooperation Agreement, land rent to Belle, share-based compensation expenses, corporate expenses and other non-operating income and expenses. Adjusted EBITDAs were ₱3,041.7 million and ₱3,046.2 million for the three months ended March 31, 2018 and 2017, 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 or 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 March 31, 2018 with variances against December 31, 2017 is discussed as set out below.

			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	March 31,	December 31,	% to Total Assets		Change	
ASSETS	**2018**	**2017**	**2018**	**2017**		
Current assets						
Cash and cash equivalents	7,428,991	6,332,581	21%	18%	1,096,410	17%
Restricted cash	613,615	549,765	2%	2%	63,850	12%
Accounts receivable, net	1,494,637	1,328,372	4%	4%	166,265	13%
Inventories	291,513	327,620	1%	1%	(36,107)	-11%
Prepayments and other current assets	559,092	385,331	2%	1%	173,761	45%
Amounts due from related parties	178,143	163,670	1%	0%	14,473	9%
Total current assets	10,565,991	9,087,339	30%	26%	1,478,652	16%
Non-current assets						
Property and equipment, net	22,345,180	23,130,988	64%	67%	(785,808)	-3%
Contract acquisition costs, net	798,756	811,779	2%	2%	(13,023)	-2%
Other intangible assets, net	1,903	2,446	0%	0%	(543)	-22%
Other non-current assets	1,419,053	1,395,847	4%	4%	23,206	2%
Total non-current assets	24,564,892	25,341,060	70%	74%	(776,168)	-3%
Total assets	**35,130,883**	**34,428,399**	100%	100%	702,484	2%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	95,287	136,758	0%	0%	(41,471)	-30%
Accrued expenses, other payables and other current liabilities	6,055,398	5,908,468	17%	17%	146,930	2%
Current portion of obligations under a finance lease	1,702,813	1,661,799	5%	5%	41,014	2%
Current portion of long-term debt, net	7,468,853	-	21%	0%	7,468,853	N/A
Amounts due to related parties	82,047	100,291	0%	0%	(18,244)	-18%
Income tax payable	179	179	0%	0%	-	0%
Total current liabilities	15,404,577	7,807,495	44%	23%	7,597,082	97%
Non-current liabilities						
Non-current portion of obligations under a finance lease	13,293,147	13,271,953	38%	39%	21,194	0%
Long-term debt, net	-	7,459,634	0%	22%	(7,459,634)	-100%
Retirement liabilities	75,853	69,199	0%	0%	6,654	10%
Other non-current liabilities	280,108	284,867	1%	1%	(4,759)	-2%
Deferred tax liability, net	160,199	119,433	0%	0%	40,766	34%
Total non-current liabilities	13,809,307	21,205,086	39%	62%	(7,395,779)	-35%
Equity						
Capital stock	5,666,764	5,666,764	16%	16%	-	0%
Additional paid-in capital	22,108,082	22,108,082	63%	64%	-	0%
Share-based compensation reserve	371,170	401,964	1%	1%	(30,794)	-8%
Equity reserve	(3,613,990)	(3,613,990)	-10%	-10%	-	0%
Accumulated deficit	(18,615,027)	(19,147,002)	-53%	-56%	531,975	-3%
Total equity	5,916,999	5,415,818	17%	16%	501,181	9%
Total liabilities and equity	**35,130,883**	**34,428,399**	100%	100%	702,484	2%

Current assets

Cash and cash equivalents increased by ₱1,096.4 million, which is primarily the net result of operating cash inflows, net of payments made for capital expenditures and interest payments. Refer below to "Liquidity and Capital Sources" for cash flow analysis for the three months ended March 31, 2018.

Restricted cash represents an escrow account that is restricted for foundation fees payable in accordance with the terms of the Regular License. The increase represented the contributions to the foundation for the current period.

Accounts receivable, net, primarily attributable to casino, hotels and other receivables, increased by ₱166.3 million, primarily from increased casino receivables, in line with the increase in gross gaming revenues. Refer to Note 5 to the unaudited condensed consolidated financial statements for the details of accounts receivable as of March 31, 2018.

Inventories of ₱291.5 million mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies. The decrease was primarily due to consumption of promotional inventory held during the current period.

Prepayments and other current assets increased by ₱173.8 million, primarily due to increases in (i) prepaid office and administrative expenses and other prepaid expenses and receivables of ₱86.7 million mainly pertaining to prepaid annual insurance premiums and related fees during the quarter; and (ii) receivables from the Philippine Parties of ₱54.8 million. Refer to Note 6 to the unaudited condensed consolidated financial statements for details.

Amounts due from related parties increased by ₱14.5 million, mainly due to the payments made on behalf of affiliated companies, partially offset with management fee expenses recharged from an intermediate holding company during the period.

Non-current assets

Property and equipment, net, decreased by ₱785.8 million, mainly due to depreciation of ₱991.4 million on operating equipment during the period, partially offset by additions to property and equipment of ₱216.2 million.

Contract acquisition costs, net, decreased by ₱13.0 million, solely due to amortization charges for the three months ended March 31, 2018.

Other intangible assets, net, decreased by ₱0.5 million during the period as a result of amortization on the straight-line basis over the useful life of the license.

Other non-current assets increased by ₱23.2 million, primarily due to increases in deposits for acquisitions of property and equipment, of ₱25.0 million.

Current liabilities

Accounts payable of ₱95.3 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 quarter.

Current portion of long-term debt, net, of ₱7,468.9 million represents the Senior Notes which will mature in January 2019 and were priced at par of 100% of the principal amount of ₱7.5 billion (net of ₱31.1 million in unamortized deferred financing costs). The increase during the period represented the reclassification from the non-current portion as it falls due within one year.

Accrued expenses, other payables and other current liabilities increased by ₱146.9 million, mainly related to increases in (i) other payables and liabilities of ₱193.5 million; (ii) accruals for gaming tax and license fees of ₱159.0 million as a result of increased gross gaming revenues; (iii) accruals for property and equipment of ₱74.3 million; (iv) accruals for withholding tax payable of ₱39.1 million; partially offset by (v) decrease in employee benefit expenses of ₱316.0 million as a result of 2017 bonus payouts and lower payroll accruals. Refer to Note 9 to the unaudited condensed consolidated financial statements for details.

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 ₱483.9 million recognized during the period, partially offset by lease payments made of ₱442.9 million during the period.

Amounts due to related companies decreased by ₱18.2 million primarily as a result of settlement of balances outstanding during the period, partially offset by management fees recharged from affiliate companies during the quarter. Refer to Note 13 to the unaudited condensed consolidated financial statements for details of related party transactions for the three months ended March 31, 2018.

Non-current liabilities

The non-current portion of obligations under a finance lease increase of ₱21.2 million represented finance lease charges during the period.

Long-term debt, net, represents the Senior Notes which will mature in January 2019 and were priced at par of 100% in the principal amount of ₱7.5 billion (net of unamortized deferred financing costs). The decrease was due to the reclassification of such debt to current liabilities as it falls due within one year, offset in part by the amortization of deferred financing costs of ₱9.2 million for the period.

Retirement liabilities increased by ₱6.7 million primarily due to such service costs recognized during the period.

Other non-current liabilities represented deferred rent liabilities, retail tenant deposits and other liabilities which are due beyond one year. No material fluctuations were noted for the period.

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

Equity

Capital stock and additional paid-in capital remained unchanged as of March 31, 2018 and December 31, 2017.

The share-based compensation reserve decreased by ₱30.8 million mainly due to the reversal of share-based payment expenses during the three months ended March 31, 2018 as a result of the forfeiture of certain share options during the period.

The equity reserve consisted of the net difference between the cost of MRP to acquire MPHIL 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 March 31, 2018 as compared to December 31, 2017.

The deficit decreased by ₱532.0 million to ₱18,615.0 million as of March 31, 2018, from ₱19,147.0 million as of December 31, 2017, which was primarily due to the net profit of ₱532.0 million recognized during the three months ended March 31, 2018.

Liquidity and Capital Sources

The table below shows the Group's unaudited condensed consolidated cash flows for the three months ended March 31, 2018 and 2017.

	For the Three Months Ended March 31, 2018	For the Three Months Ended March 31, 2017	% Change
In thousands of Philippine peso, except % change data			
Net cash provided by operating activities	1,759,440	1,596,985	**10%**
Net cash used in investing activities	(233,263)	(1,195,679)	**-80%**
Cash used in financing activities	(586,561)	(908,645)	**-35%**
Effect of foreign exchange on cash and cash equivalents	156,794	48,136	**226%**
Net increase (decrease) in cash and cash equivalents	1,096,410	(459,203)	**-339%**
Cash and cash equivalents at beginning of period	6,332,581	10,351,414	**-39%**
Cash and cash equivalents at end of period	7,428,991	9,892,211	**-25%**

Cash and cash equivalents increased by 17% as of March 31, 2018 compared to December 31, 2017 mainly due to the net effect of the following:

- For the three months ended March 31, 2018, the Group recorded cash flow from operating activities of ₱1,759.4 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 ₱233.3 million for the three months ended March 31, 2018, which primarily includes: (i) capital expenditure payments of ₱112.6 million; (ii) deposits for acquisitions of property and equipment of ₱57.9 million; and (iii) an increase in restricted cash of ₱63.9 million for the foundation fees payable.

- Cash used in financing activities for the three months ended March 31, 2018 represented interest and other finance fee payments for the Senior Notes of ₱143.7 million and repayments of obligations under a finance lease of ₱442.9 million.

The table below shows the Group's capital sources as of March 31, 2018 and December 31, 2017.

	As of March 31, 2018	As of December 31, 2017	% Change
In thousands of Philippine peso, except % change data			
Long-term debt, net	7,468,853	7,459,634	**0%**
Equity	5,916,999	5,415,818	**9%**
	13,385,852	12,875,452	**4%**

Total long-term debt, net, and equity increased by 4% to ₱13,385.9 million as of March 31, 2018, from ₱12,875.5 million as of December 31, 2017. The increase was mainly due to the net profit of ₱532.0 million during the three months ended March 31, 2018.

Risks Related to Financial Instruments

The Group has financial assets and financial liabilities such as cash and cash equivalents, restricted cash, accounts receivable, security deposits, other deposits and receivables, amounts due from/to related parties, accounts payable, accrued expenses, other payables and other current liabilities, obligations under a finance lease, long-term debt and other non-current liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments as of and for the three months ended March 31, 2018 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 debt, or rely on our operating cash flows to fund the operations 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/or equity financing activities will be dependent on our funding needs, the availability of funds on terms acceptable 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 March 31, 2018, we had capital commitments contracted for, but not provided, mainly for the acquisitions of property and equipment for City of Dreams Manila totaling ₱773.7 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 dates, is as follows:

In thousands of Philippine peso	**As of March 31, 2018**
Current	1,375,328
Past due:	
1-30 days	13,238
31-60 days	1,805
61-90 days	4,270
Over 90 days	99,996
Total	1,494,637

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

Condensed Consolidated Financial Statements
As at March 31, 2018 (Unaudited) and December 31, 2017
and for the Three Months Ended March 31, 2018 and 2017 (Unaudited)

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2018 AND DECEMBER 31, 2017
(In thousands of Philippine peso, except share and per share data)

	Notes	**March 31, 2018 (Unaudited)**	December 31, 2017 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱7,428,991**	₱6,332,581
Restricted cash		**613,615**	549,765
Accounts receivable, net	5	**1,494,637**	1,328,372
Inventories		**291,513**	327,620
Prepayments and other current assets	6	**559,092**	385,331
Amounts due from related parties	13	**178,143**	163,670
Total Current Assets		**10,565,991**	9,087,339
Non-current Assets			
Property and equipment, net	7	**22,345,180**	23,130,988
Contract acquisition costs, net		**798,756**	811,779
Other intangible assets, net		**1,903**	2,446
Other non-current assets	8	**1,419,053**	1,395,847
Total Non-current Assets		**24,564,892**	25,341,060
		₱35,130,883	₱34,428,399
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		**₱95,287**	₱136,758
Accrued expenses, other payables and other current liabilities	9	**6,055,398**	5,908,468
Current portion of obligations under a finance lease	16	**1,702,813**	1,661,799
Current portion of long-term debt, net	17	**7,468,853**	–
Amounts due to related parties	13	**82,047**	100,291
Income tax payable		**179**	179
Total Current Liabilities		**15,404,577**	7,807,495
Non-current Liabilities			
Non-current portion of obligations under a finance lease	16	**13,293,147**	13,271,953
Long-term debt, net	17	**–**	7,459,634
Retirement liabilities		**75,853**	69,199
Other non-current liabilities		**280,108**	284,867
Deferred tax liability, net		**160,199**	119,433
Total Non-current Liabilities		**₱13,809,307**	₱21,205,086

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS – continued
MARCH 31, 2018 AND DECEMBER 31, 2017
(In thousands of Philippine peso, except share and per share data)

	Notes	**March 31, 2018 (Unaudited)**	December 31, 2017 (Audited)
Equity			
Capital stock	10	**₱5,666,764**	₱5,666,764
Additional paid-in capital		**22,108,082**	22,108,082
Share-based compensation reserve		**371,170**	401,964
Equity reserve		**(3,613,990)**	(3,613,990)
Accumulated deficit		**(18,615,027)**	(19,147,002)
Total Equity		**5,916,999**	5,415,818
		₱35,130,883	₱34,428,399

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of Philippine peso, except share and per share data)

	Notes	Three Months Ended March 31, 2018	2017
NET OPERATING REVENUES			
Casino		**₱5,839,297**	₱7,299,172
Rooms		**678,485**	264,124
Food and beverage		**702,747**	175,232
Entertainment, retail and other		**131,850**	141,884
Total Net Operating Revenues		**7,352,379**	7,880,412
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		**(2,188,044)**	(1,857,641)
Inventories consumed		**(242,462)**	(216,771)
Employee benefit expenses	11	**(846,044)**	(844,352)
Depreciation and amortization		**(1,004,940)**	(1,086,682)
Other expenses	12	**(1,422,120)**	(2,249,388)
Payments to the Philippine Parties		**(590,054)**	(773,855)
Total Operating Costs and Expenses		**(6,293,664)**	(7,028,689)
OPERATING PROFIT		**1,058,715**	851,723
NON-OPERATING INCOME (EXPENSES)			
Interest income		**11,855**	5,806
Interest expenses, net of capitalized interest		**(631,482)**	(743,789)
Other finance fees		**(5,979)**	(11,958)
Foreign exchange gains, net		**139,632**	65,652
Total Non-operating Expenses, Net		**(485,974)**	(684,289)
PROFIT BEFORE INCOME TAX		**572,741**	167,434
INCOME TAX EXPENSE	15	**(40,766)**	(18,858)
NET PROFIT		**531,975**	148,576
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME		**₱531,975**	₱148,576
Basic Earnings Per Share	14	**₱0.09**	₱0.03
Diluted Earnings Per Share	14	**₱0.09**	₱0.03

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In thousands of Philippine peso, except share and per share data)

	Capital Stock (Note 10)	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve	Accumulated Deficit	Total
Balance as of January 1, 2018	**₱5,666,764**	**₱22,108,082**	**₱401,964**	**(₱3,613,990)**	**(₱19,147,002)**	**₱5,415,818**
Net profit	**–**	**–**	**–**	**–**	**531,975**	**531,975**
Total comprehensive income	**–**	**–**	**–**	**–**	**531,975**	**531,975**
Share-based compensation	**–**	**–**	**(30,794)**	**–**	**–**	**(30,794)**
Balance as of March 31, 2018	**₱5,666,764**	**₱22,108,082**	**₱371,170**	**(₱3,613,990)**	**(₱18,615,027)**	**₱5,916,999**
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	–	–	–	–	148,576	148,576
Total comprehensive income	–	–	–	–	148,576	148,576
Share-based compensation	–	–	(6,524)	–	–	(6,524)
Transfer of share-based compensation reserve upon expiry of share options	–	–	(13,754)	–	13,754	–
Balance as of March 31, 2017	₱5,662,897	₱22,076,822	₱396,557	(₱3,613,990)	(₱19,346,131)	₱5,176,155

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

	Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	**₱1,759,440**	₱1,596,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisitions of property and equipment	**(112,648)**	(62,014)
Increase in restricted cash	**(63,850)**	(69,690)
Deposits for acquisitions of property and equipment	**(57,860)**	(63,040)
Proceeds from disposals of property and equipment	**1,095**	2,945
Placement of bank deposits with original maturities over three months	**–**	(1,003,880)
Net cash used in investing activities	**(233,263)**	(1,195,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of obligations under a finance lease	**(442,867)**	(415,979)
Interest paid	**(136,719)**	(468,750)
Other finance fees paid	**(6,975)**	(23,916)
Cash used in financing activities	**(586,561)**	(908,645)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**156,794**	48,136
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,096,410**	(459,203)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,332,581**	10,351,414
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱7,428,991**	₱9,892,211

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

1. **Organization and Business**

Corporate Information

Melco Resorts and Entertainment (Philippines) 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 shares of stock of the Parent Company are publicly traded on The Philippine Stock Exchange, Inc. (the “PSE”).

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 March 31, 2018 and December 31, 2017, the Parent Company’s ultimate holding company is Melco International Development Limited (“Melco International”), a Hong Kong-listed company.

As of March 31, 2018 and December 31, 2017, the immediate holding company of the Parent Company is MCO (Philippines) Investments Limited (“MCO Investments”), an indirect subsidiary of Melco International.

2. **Summary of Significant Accounting Policies**

<u>Basis of Preparation</u>
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.

Although the Group had net current liabilities of ₱4,838,586 as of March 31, 2018 (December 31, 2017: Net current assets of ₱1,279,844), the Group had the Shareholder Loan Facility in an aggregate amount of up to US$340,000,000 with MCO Investments as lender as of March 31, 2018.

In the opinion of the directors, in light of the above, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements on a going concern basis.

<u>Statement of Compliance</u>
The Group’s unaudited condensed consolidated financial statements have been prepared in conformity with Philippine Accounting Standards (“PAS”) 34, *Interim Financial Reporting*.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

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

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

Statement of Compliance – continued
The Group's unaudited condensed consolidated financial statements as of March 31, 2018 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, 2017.

In preparing the Group's unaudited condensed consolidated financial statements as of March 31, 2018, 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, 2017.

Reclassifications
The unaudited condensed consolidated financial statements for prior year/period reflect certain reclassifications, which have no effect on previously reported net profit, to conform to the current period presentation.

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 Philippine Financial Reporting Standards ("PFRS") as of January 1, 2018.

- **PFRS 15,** ***Revenue from Contracts with Customers***

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers ("New Revenue Standard"). Under PFRS 15, revenues are recognized at amounts that reflect the consideration which an entity expects to be entitled in exchange for transferring goods or services to customers. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The Group has adopted the New Revenue Standard using the modified retrospective method on January 1, 2018. Results for the period beginning after January 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The Group is still finalizing the impact of adopting the New Revenue Standard on the consolidated financial statements. The most significant impacts of the adoption of the New Revenue Standard are as follows:

  - Under the New Revenue Standard, promotional allowances are netted against casino revenues in primarily all cases rather than the revenues related to the respective goods or services. The promotional allowances are measured based on stand-alone selling prices. These changes primarily result in a decrease in casino revenues and an increase in the revenues related to the respective goods or services.

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

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

- **PFRS 15,** ***Revenue from Contracts with Customers*** – continued

  - A portion of commissions paid to gaming promoters, representing the estimated incentives that were returned to customers, were previously reported as a reduction in revenue, with the balance of commissions expense reflected as a casino expense. As a result of the adoption of the New Revenue Standard, all commissions paid to gaming promoters are reflected as a reduction in casino revenue. This change primarily result in a decrease in casino expense and a corresponding decrease in casino revenue.

The adoption of the following new and amended PASs, PFRSs and the Philippine Interpretation had no significant impact on the unaudited condensed consolidated financial statements:

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*
- Amendments to PFRS 4, *Insurance Contracts,* applying PFRS 9, *Financial Instruments,* with PFRS 4
- Annual Improvements to PFRSs (2014 - 2016 Cycle)
  – Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The Group continues to assess the impact of the above new and amended PASs, PFRSs and the Philippine Interpretation on its consolidated financial statements in the period of initial application. Additional disclosures required by these new and amended PASs, PFRSs and the Philippine Interpretation will be included in the Group's consolidated financial statements.

4. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Cash on hand	**₱1,607,172**	₱1,750,376
Cash in banks	**5,821,819**	4,582,205
	₱7,428,991	₱6,332,581

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

5. **Accounts Receivable, Net**

Components of accounts receivable, net are as follows:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Casino	**₱1,630,105**	₱1,374,486
Hotel	**37,024**	60,170
Others	**1,918**	3,716
	1,669,047	1,438,372
Less: Allowances for doubtful debts	**(174,410)**	(110,000)
	₱1,494,637	₱1,328,372

For the three months ended March 31, 2018 and 2017, the Group provided provisions for doubtful debts of ₱74,076 and wrote back provisions for doubtful debts of ₱2,026, respectively, and reclassified allowances for doubtful debts of ₱17,287 and ₱79,649 to long-term receivables, respectively, and no accounts receivable were directly written-off in each of those periods.

6. **Prepayments and Other Current Assets**

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Receivables from the Philippine Parties	**₱139,799**	₱84,989
Creditable withholding tax	**97,032**	89,057
Prepaid office and administrative expenses	**73,504**	780
Prepaid facilities and supplies expenses	**64,000**	64,995
Deposits for acquisitions of inventories	**46,454**	52,284
Refundable deposits	**26,064**	35,254
Prepaid taxes and licenses	**24,798**	797
Prepaid employee benefit expenses	**24,543**	3,440
Rental and other receivables, net	**21,668**	26,506
Other prepaid expenses and receivables	**41,230**	27,229
	₱559,092	₱385,331

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

7. Property and Equipment, Net

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Carrying amount as of January 1	**₱23,130,988**	₱26,866,578
Additions	**216,207**	709,700
Adjustments to project costs	**–**	(23,138)
Disposals	**(10,641)**	(191,585)
Depreciation and amortization	**(991,374)**	(4,230,567)
Carrying amount as of March 31/December 31	**₱22,345,180**	₱23,130,988
Building under a finance lease	**₱9,726,685**	₱9,885,704
Other property and equipment	**12,618,495**	13,245,284
	₱22,345,180	₱23,130,988

8. Other Non-current Assets

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Input value-added tax (“VAT”), net	**₱1,051,197**	₱1,048,663
Security and rental deposits	**115,526**	114,153
Non-current portion of prepaid rents	**104,114**	105,935
Other non-current assets and deposits	**148,216**	127,096
	₱1,419,053	₱1,395,847

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

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

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Outstanding gaming chips and tokens	**₱2,157,042**	₱2,100,157
Accruals for:		
Gaming tax and license fees	**1,336,170**	1,177,194
Employee benefit expenses	**340,787**	656,783
Property and equipment	**256,221**	181,894
Taxes and licenses	**15,874**	41,039
Operating expenses and others	**875,037**	898,136
Customer deposits	**586,884**	582,889
Withholding tax payable	**179,905**	140,768
Interest expenses payable	**69,792**	85,417
Other payables and liabilities	**237,686**	44,191
	₱6,055,398	₱5,908,468

Accrued expenses, other payables and other current liabilities are due for payment within one year.

10. **Equity**

	Number of Shares	**Capital Stock**
Ordinary shares of ₱1 per share		
Authorized:		
As of January 1, 2018 (Audited) and March 31, 2018 (Unaudited)	**5,900,000,000**	**₱5,900,000**
Issued and fully paid:		
As of January 1, 2018 (Audited) and March 31, 2018 (Unaudited)	**5,666,764,407**	**₱5,666,764**

As of March 31, 2018 and December 31, 2017, the Parent Company had 422 and 423 stockholders, respectively.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
– continued
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11. **Employee Benefit Expenses**

	Three Months Ended March 31,	
	2018 (Unaudited)	2017 (Unaudited)
Basic salaries, allowances, bonuses and other amenities expenses	**₱753,732**	₱741,463
Annual leave and other paid leave expenses	**43,533**	34,345
Retirement costs – defined contribution plans	**19,790**	17,590
Retirement costs – defined benefit obligations	**6,654**	5,175
Share-based compensation expenses	**(30,794)**	(6,524)
Other employee benefit expenses	**53,129**	52,303
	₱846,044	₱844,352

12. **Other Expenses**

	Three Months Ended March 31,	
	2018 (Unaudited)	2017 (Unaudited)
Facilities and supplies expenses	**₱353,321**	₱349,871
Management fee expenses	**238,719**	157,315
Other gaming operations expenses	**219,876**	1,234,509
Advertising, marketing, promotional and entertainment expenses	**138,238**	93,694
Provisions for input VAT	**56,529**	18,453
Office and administrative expenses	**49,916**	41,750
Rental expenses	**48,853**	66,166
Net loss on disposals of property and equipment	**9,546**	5,555
Taxes and licenses	**5,487**	20,504
Operating expenses and others	**301,635**	261,571
	₱1,422,120	₱2,249,388

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued
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13. **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 March 31, 2018 (Unaudited)	Outstanding Balance March 31, 2018 (Unaudited)	Terms	Conditions
Amounts due from related parties				
Amount due from a shareholder				
Amount due from MPHIL Corporation ("MPHIL")	**₱–**	**₱5,725**	Repayable on demand; non-interest bearing	Unsecured, no impairment
Amount due from an intermediate holding company				
Melco Resorts & Entertainment Limited ("Melco")				
Adjustments to management fee income[(1)]	**(₱23,738)**	**₱–**		
Management fee expenses	**46,778**	**–**		
Amount due from Melco	**–**	**126,454**	Repayable on demand; non-interest bearing	Unsecured, no impairment
Amount due from immediate holding company				
Amount due from MCO Investments	**₱–**	**₱995**	Repayable on demand; non-interest bearing	Unsecured, no impairment

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued
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13. **Related Party Transactions** – continued

	Amount of Transactions for the Three Months Ended March 31, 2018 (Unaudited)	Outstanding Balance March 31, 2018 (Unaudited)	Terms	Conditions
Amounts due from related parties – continued				
Amount due from an affiliated company				
A subsidiary of Melco International (other than MPHIL, Melco and MCO Investments)				
Management fee expenses	**₱1,411**	**₱–**		
Amount due from a subsidiary of Melco International	**–**	**44,969**	Repayable on demand; non-interest bearing	Unsecured, no impairment
Amounts due to related parties				
Amounts due to affiliated companies				
Melco International's subsidiaries				
Management fees and other expenses[(2)]	**₱205,015**	**₱–**		
Amounts due to Melco International's subsidiaries	**–**	**82,047**	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 months ended March 31, 2018. The net reversal amount is due to the forfeiture of certain share options for the three months ended March 31, 2018.
(2) Management services are provided by Melco International group companies. These services include, but are not limited to, corporate expenses and gaming operations support for the Group.

Directors' Remuneration

For the three months ended March 31, 2018, the remuneration of certain directors of the Group was borne by a subsidiary of Melco International.

14. **Basic/Diluted Earnings Per Share**

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated in the same manner, adjusted for the dilutive effect of any potential common shares.

MELCO RESORTS AND ENTERTAINMENT (PHILIPPINES) CORPORATION AND SUBSIDIARIES

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

14. **Basic/Diluted Earnings Per Share** – continued

The calculation of basic and diluted earnings per share is based on the following:

	Three Months Ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Net profit	**₱531,975**	₱148,576
Weighted average number of common shares outstanding used in the calculation of basic earnings per share	**5,666,764,407**	5,662,897,278
Adjustments for share options and restricted shares	**43,505,110**	41,341,769
Weighted average number of common shares outstanding used in the calculation of diluted earnings per share	**5,710,269,517**	5,704,239,047
Basic earnings per share	**₱0.09**	₱0.03
Diluted earnings per share	**₱0.09**	₱0.03
Anti-dilutive share options and restricted shares excluded from the calculation of diluted earnings per share	**12,673,063**	5,546,688

15. **Income Tax**

The provision for income tax for the three months ended March 31, 2018 and 2017 consisted of:

	Three Months Ended March 31, 2018 (Unaudited)	2017 (Unaudited)
Over-provision of income tax in prior year	**₱–**	(₱160)
Deferred tax charge	**40,766**	19,018
	₱40,766	₱18,858

For the three months ended March 31, 2018, there is no significant change to the tax exposures as disclosed in the Group's audited consolidated financial statements as of December 31, 2017.

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

16. **Obligations Under a Finance Lease**

As of March 31, 2018 and December 31, 2017, the minimum lease payments and present value of minimum lease payments on the Group's obligations under a finance lease were as follows:

	March 31, 2018 (Unaudited)		December 31, 2017 (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	**₱1,832,184**	**₱1,702,813**	₱1,786,101	₱1,661,799
In more than one year and not more than five years	**9,077,787**	**6,032,061**	8,942,975	5,939,560
In more than five years	**26,475,929**	**7,261,086**	27,101,474	7,332,393
	37,385,900	**14,995,960**	37,830,550	14,933,752
Less: Finance charges	**(22,389,940)**	**–**	(22,896,798)	–
Present value of lease obligations	**₱14,995,960**	**14,995,960**	₱14,933,752	14,933,752
Less: Current portion of obligations under a finance lease		**(1,702,813)**		(1,661,799)
Non-current portion of obligations under a finance lease		**₱13,293,147**		₱13,271,953

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

This account consists of:

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Senior Notes	**₱7,500,000**	₱7,500,000
Less: Unamortized deferred financing costs	**(31,147)**	(40,366)
	7,468,853	7,459,634
Current portion of long-term debt	**(7,468,853)**	–
	₱–	₱7,459,634

For the three months ended March 31, 2018, there were no significant changes to the long-term debt as disclosed in the Group's audited consolidated financial statements as of December 31, 2017. As of March 31, 2018, the Shareholder Loan Facility and the Credit Facility have not yet been drawn.

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

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

For the three months ended March 31, 2018, 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, 2017.

19. **Commitments and Contingencies**

(a) Capital Commitments

As of March 31, 2018, the Group had capital commitments contracted for but not provided mainly for the acquisitions of property and equipment for City of Dreams Manila totaling ₱773,711.

(b) Lease Commitments

Operating Leases – As a Lessee

As of March 31, 2018, future minimum lease payments under non-cancellable operating leases were as follows:

	March 31, 2018
Within one year	**₱155,507**
In more than one year and not more than five years	**682,003**
In more than five years	**1,864,914**
	₱2,702,424

(c) Other Commitments and Guarantees

As of March 31, 2018, 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, 2017.

(d) Litigation

As of March 31, 2018, 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 will have no material impacts on the Group's consolidated financial statements as a whole.

20. Financial Risk Management Objectives and Policies

As of March 31, 2018 and for the three months ended March 31, 2018, 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, 2017.

21. Financial Instruments

Fair Value of Financial Instruments

Cash and cash equivalents, Restricted cash, Accounts receivable, Deposits and receivables, Amounts due from/to related parties, Accounts payable and Accrued expenses, other payables and other current liabilities. As of March 31, 2018 and December 31, 2017, the carrying values approximate their fair values at the reporting dates due to the relatively short-term maturities of the transactions.

Security deposits, Obligations under a finance lease and Long-term debt. As of March 31, 2018 and December 31, 2017, 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 March 31, 2018 and December 31, 2017, the Group does not have financial instruments that are carried and measured at fair value. For the three months ended March 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

22. Note to Unaudited Condensed Consolidated Statements of Cash Flows

For the three months ended March 31, 2018, fit-out construction costs and costs of property and equipment totaling ₱89,691 were funded through accrued expenses, other payables and other current liabilities (For the three months ended March 31, 2017: ₱153,380).

23. Share Incentive Plan

Share Options

During the three months ended March 31, 2018, 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 as defined in the Share Incentive Plan. These share options generally became exercisable over vesting periods of three years. The share options granted expire ten years from the date of grant.

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

23. **Share Incentive Plan** – continued

Share Options – continued

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 expected term of Melco. 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 as follows:

	Three Months Ended March 31, 2018
Expected dividend yield	**–**
Expected stock price volatility	**45%**
Risk-free interest rate	**5.69%**
Expected average term (years)	**5.6**
Weighted average share price per share	**₱7.80**
Weighted average exercise price per share	**₱7.80**

A summary of share options activity under the Share Incentive Plan as of March 31, 2018, and changes for the three months ended March 31, 2018 are presented as follows:

	Number of Share Options	Weighted Average Exercise Price per Share
Outstanding as of January 1, 2018	15,067,193	₱6.10
Granted	**2,158,552**	**7.80**
Forfeited	**(190,240)**	**8.98**
Outstanding as of March 31, 2018	**17,035,505**	**₱6.28**
Exercisable as of March 31, 2018	**4,525,458**	**₱4.67**

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

23. **Share Incentive Plan** – continued

Share Options – continued

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

	March 31, 2018	
	Number of Share Options Outstanding	Weighted Average Remaining Contractual Term
Exercise price per share:		
₱3.46	**6,796,532**	**7.64**
₱5.66	**1,531,112**	**8.96**
₱7.80	**2,158,552**	**10.00**
₱8.30	**1,127,192**	**5.25**
₱8.98	**5,422,117**	**9.34**
	17,035,505	**8.44**

No share options were vested or exercised for the three months ended March 31, 2018.

Restricted Shares

During the three months ended March 31, 2018, the grant date fair value for restricted shares 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 as defined in the Share Incentive Plan. These restricted shares generally have vesting periods of three years.

A summary of restricted shares activity under the Share Incentive Plan as of March 31, 2018, and changes for the three months ended March 31, 2018 are presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2018	48,646,363	₱4.91
Granted	**5,092,394**	**7.80**
Forfeited	**(1,958,545)**	**4.60**
Unvested as of March 31, 2018	**51,780,212**	**₱5.21**

No restricted shares were vested for the three months ended March 31, 2018.

24. **Segment Information**

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

CAPITAL EXPENDITURES

	Three Months Ended March 31,	
	2018	2017
	(Unaudited)	(Unaudited)
Total capital expenditures – All in the Philippines at City of Dreams Manila	**₱216,207**	₱171,246

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24. **Segment Information** – continued

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

	Three Months Ended March 31, 2018 (Unaudited)	2017 (Unaudited)
NET OPERATING REVENUES		
The Philippines – City of Dreams Manila	**₱7,352,379**	₱7,880,412
ADJUSTED EBITDA (Note)		
The Philippines – City of Dreams Manila	**₱3,041,677**	₱3,046,205
OPERATING COSTS AND EXPENSES		
Payments to the Philippine Parties	**(590,054)**	(773,855)
Land rent to Belle Corporation ("Belle")	**(39,617)**	(39,617)
Depreciation and amortization	**(1,004,940)**	(1,086,682)
Share-based compensation expenses	**30,794**	6,524
Corporate expenses	**(379,145)**	(300,852)
Total Operating Costs and Expenses	**(1,982,962)**	(2,194,482)
OPERATING PROFIT	**1,058,715**	851,723
NON-OPERATING INCOME (EXPENSES)		
Interest income	**11,855**	5,806
Interest expenses, net of capitalized interest	**(631,482)**	(743,789)
Other finance fees	**(5,979)**	(11,958)
Foreign exchange gains, net	**139,632**	65,652
Total Non-operating Expenses, Net	**(485,974)**	(684,289)
PROFIT BEFORE INCOME TAX	**572,741**	167,434
INCOME TAX EXPENSE	**(40,766)**	(18,858)
NET PROFIT	**₱531,975**	₱148,576

Note – "Adjusted EBITDA" is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, share-based compensation expenses, corporate expenses 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.