

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, 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 Crown (Philippines) Resorts Corporation
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Asean Avenue cor. Roxas Boulevard, Brgy. Tambo **1701**
Parañaque City
8. Issuer's telephone number, including area code
(02) 866-9888
9. Former name, former address and former fiscal year, if changed since last report
N.A.
10. Securities registered pursuant to Sections 8 and 12 of the 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, 2017
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<u>Common</u>	<u>5,662,897,278</u>
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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 No

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

Yes No

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of March 31, 2017 and for the three months ended March 31, 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 Crown (Philippines) Resorts Corporation (the “**Company**” or “**MCP**”) 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 March 31, 2017 and for the three months ended March 31, 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, MCE Holdings (Philippines) Corporation (“**MCE Holdings**”), MCE Holdings No. 2 (Philippines) Corporation (“**MCE Holdings No. 2**”), and MCE Leisure (Philippines) Corporation (“**MCE Leisure**”) (MCE Holdings, MCE Holdings No. 2 and MCE Leisure are collectively referred to as the “**MCE 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**”) (MCE 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 MCE Leisure, is responsible for the management and operation of City of Dreams Manila and its fit-out, including furniture, fixtures and equipment (including gaming equipment), as well as working capital expenses, non-real property improvements and personal property. Belle was responsible for 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 MCP 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 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.¹

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 our stockholders at the Special Stockholders' Meeting on April 7, 2017), subject to the approval of the Securities and Exchange Commission ("**SEC**").

City of Dreams Manila had its grand opening on February 2, 2015. This new integrated casino resort at Entertainment City, Manila Bay, Manila, is solely operated and managed by MCE Leisure. The dynamic and innovative resort complex, located on an approximately 6.2 hectare site at the gateway to Entertainment City, includes entertainment, hotel, retail and dining and lifestyle experiences with aggregated gaming space, including VIP and mass market gaming facilities with up to approximately 380 gaming tables, 1,700 slot machines and 1,700 electronic table games. As of March 31, 2017, City of Dreams Manila has around 268 gaming tables, 1,625 slot machines and 158 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. It is expected to become 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 MCP

As of March 31, 2017 and December 31, 2016, MCP's wholly-owned subsidiaries comprise the MCE Holdings Group. MCE Holdings, MCE Holdings No. 2 and MCE Leisure were all incorporated in the Philippines and were registered with the SEC. The primary purposes of MCE Holdings and MCE Holdings No. 2 are investment holding and the primary purpose of MCE Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and to engage in casino gaming activities.

Activities of MCE Holdings Group

On July 5, 2012, 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 MCE Holdings Group entered into a cooperation agreement (the "**Cooperation Agreement**") and other related arrangements with the SM Group, Belle and PLAI. MCE 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

¹ As of March 31, 2017, Mr. Lawrence Ho holds 52.51% of Melco International and the indirect and ultimate beneficial ownership of the Company.

certain provisions of the Cooperation Agreement which were effective on signing). In addition, the MCE Holdings Group and the Philippine Parties entered into an operating agreement on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila (the “**Operating Agreement**”).

On December 19, 2013, MCE Leisure priced its ₱15 billion aggregate principal amount of Senior Notes at par, with a maturity date of January 24, 2019 (the “**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, 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 monitored on a per product and per client basis.
- c. Net Income: Measures the profitability of the Group.
- d. Basic Earnings Per Share: Measures how much a stockholder earns in the Net Income of the Group. Basic Earnings per share is calculated by dividing Net Income by the weighted number of common shares issued and outstanding during a particular period of time.
- e. Rolling Chip Volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.
- f. Rolling Chip Win Rate: rolling chip table games win (calculated before discounts and commissions) as a percentage of rolling chip volume.
- g. Mass Market Table Games Drop: the amount of table games drop in the mass market table games segment.
- h. Mass Market Table Games Hold Percentage: mass market table games win as a percentage of mass market table games drop.
- i. Table Games Win: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.
- j. Gaming Machine Handle: the total amount wagered in gaming machines.
- k. Gaming Machine Win Rate: gaming machine win expressed as a percentage of gaming machine handle.
- l. Average Daily Rate: calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.
- m. Occupancy Rate: the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.

- n. Revenue Per Available Room or REVPAR: calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Operating Results for the Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

(in thousands of Philippine peso, except per share and % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the three months ended	For the three months ended	% to Revenues		% of Change in Prior Period	
	March 31,	March 31,	2017	2016	Inc / (Dec)	%
	2017	2016				
Net operating revenues						
Casino	7,299,172	4,051,809	93%	89%	3,247,363	80%
Rooms	264,124	226,334	3%	5%	37,790	17%
Food and beverage	175,232	165,596	2%	4%	9,636	6%
Entertainment, retail and others	141,884	91,010	2%	2%	50,874	56%
Total net operating revenues	7,880,412	4,534,749	100%	100%	3,345,663	74%
Operating costs and expenses						
Gaming tax and license fees	(1,857,641)	(1,132,471)	-24%	-25%	(725,170)	64%
Inventories consumed	(216,771)	(191,074)	-3%	-4%	(25,697)	13%
Employee benefit expenses	(844,352)	(868,504)	-11%	-19%	24,152	-3%
Depreciation and amortization	(1,086,682)	(1,153,893)	-14%	-25%	67,211	-6%
Other expenses	(2,249,388)	(1,218,579)	-29%	-27%	(1,030,809)	85%
Payments to the Philippine Parties	(773,855)	(337,904)	-10%	-7%	(435,951)	129%
Total operating costs and expenses	(7,028,689)	(4,902,425)	-89%	-108%	(2,126,264)	43%
Operating profit (loss)	851,723	(367,676)	11%	-8%	1,219,399	-332%
Non-operating income (expenses)						
Interest income	5,806	2,822	0%	0%	2,984	106%
Interest expenses, net of capitalized interest	(726,554)	(713,215)	-9%	-16%	(13,339)	2%
Amortization of deferred financing costs	(17,235)	(16,109)	0%	0%	(1,126)	7%
Other finance fees	(11,958)	(11,958)	0%	0%	-	0%
Foreign exchange gains (losses), net	65,652	(28,630)	1%	-1%	94,282	-329%
Total non-operating expenses, net	(684,289)	(767,090)	-9%	-17%	82,801	-11%
Profit (Loss) before income tax	167,434	(1,134,766)	2%	-25%	1,302,200	-115%
Income tax expense	(18,858)	(1,050)	0%	0%	(17,808)	1696%
Net profit (loss)	148,576	(1,135,816)	2%	-25%	1,284,392	-113%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive income (loss)	148,576	(1,135,816)	2%	-25%	1,284,392	-113%
Basic/diluted earnings (loss) per share	₱ 0.03	(₱ 0.20)	0%	0%	₱ 0.23	-115%

Net profit for the three months ended March 31, 2017 was ₱148.6 million, compared to a net loss of ₱1,135.8 million for the three months ended March 31, 2016, which is primarily related to improved operating revenues generated during the current period, lower employee benefit expenses, lower depreciation and amortization and net foreign exchange gains 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 ₱7,880.4 million for the three months ended March 31, 2017, representing an increase of ₱3,345.7 million, from ₱4,534.7 million for the three months ended March 31, 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 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. Total net operating revenues for the three months ended March 31, 2016 was comprised of ₱4,051.8 million of casino revenues, representing 89% of the total net operating revenues, and ₱482.9 million of non-casino revenues.

Casino - Casino revenues for the three months ended March 31, 2017 were ₱7,299.2 million, an increase of ₱3,247.4 million, or 80%, from ₱4,051.8 million for the three months ended March 31, 2016. Rolling chip volume for the three months ended March 31, 2017 was ₱121.3 billion, as compared to ₱70.9 billion for the three months ended March 31, 2016. Rolling chip win rate (calculated before discounts and commissions) was 3.4%, and improved from 2.8% for the three months ended March 31, 2016. In the mass market table games segment, mass market table games drop was ₱7.7 billion for the three months ended March 31, 2017 which represented an increase of ₱2.0 billion from ₱5.7 billion for the three months ended March 31, 2016. The mass market table games hold percentage was 28.7% for the three months ended March 31, 2017 and demonstrated an increase from 27.5% for the three months ended March 31, 2016. Gaming machine handle for the three months ended March 31, 2017 was ₱36.6 billion, compared with ₱21.3 billion for the three months ended March 31, 2016. The gaming machine win rate was 6.2% for the three months ended March 31, 2017 versus 6.1% for the three months ended March 31, 2016. The average number of table games and average number of gaming machines for the three months ended March 31, 2017 were 270 and 1,773, respectively, as compared to 277 and 1,656, respectively, for the three months ended March 31, 2016. Average net win per table game per day and average net win per gaming machine per day for the three months ended March 31, 2017 were ₱260,107 and ₱14,258, respectively, as compared to ₱139,566 and ₱8,627, respectively, for the three months ended March 31, 2016.

Rooms - Room revenues come from Crown Towers hotel, Nobu Hotel and Hyatt City of Dreams Manila and amounted to ₱264.1 million for the three months ended March 31, 2017 representing an increase of ₱37.8 million, or 17%, from ₱226.3 million for the three months ended March 31, 2016, primarily due to improved occupancy as compared to the three months ended March 31, 2016. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the three months ended March 31, 2017 were ₱7,705, 97.7% and ₱7,528, respectively, as compared to ₱7,400, 85.7% and ₱6,342, respectively, for the three months ended March 31, 2016.

Food, beverage and others - 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. Other non-casino revenues for the three months ended March 31, 2016 included food and beverage revenues of ₱165.6 million and entertainment, retail and other revenues of ₱91.0 million. The increase was primarily attributable from higher food and beverage sales, more tickets sales from our DreamPlay as well as higher rental income from our malls and office premises.

Operating costs and expenses

Total operating costs and expenses were ₱7,028.7 million for the three months ended March 31, 2017, representing an increase of ₱2,126.3 million from ₱4,902.4 million for the three months ended March 31, 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 March 31, 2017 amounted to ₱1,857.6 million, representing an increase of ₱725.2 million, or 64%, from ₱1,132.5 million for the three months ended March 31, 2016. The increase is in line with the increased casino revenues.

Inventories consumed for the three months ended March 31, 2017 and 2016 amounted to ₱216.8 million and ₱191.1 million, respectively. The increase was attributable to more playing cards and dice and food and beverage items consumed during the period.

Employee benefit expenses for the three months ended March 31, 2017 amounted to ₱844.4 million, as compared to ₱868.5 million for the three months ended March 31, 2016. The decrease was mainly due to the cancellation of share-based awards during the period as well as full vesting of share options/restricted shares granted in previous years.

Depreciation and amortization for the three months ended March 31, 2017 and 2016 amounted to ₱1,086.7 million and ₱1,153.9 million, respectively. The decrease was primarily due to the disposals of property and equipment in mid-2016.

Other expenses for the three months ended March 31, 2017 amounted to ₱2,249.4 million, as compared to ₱1,218.6 million for the three months ended March 31, 2016. The increase was primarily attributable to ₱733.1 million of higher other gaming operations expenses as a result of higher casino revenues. 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 ₱5.8 million for the three months ended March 31, 2017 as compared to ₱2.8 million for the three months ended March 31, 2016. The increase was due to higher level deposits being placed at a bank during the three months ended March 31, 2017 compared to the same period in 2016.

Interest expenses (net of capitalized interest) were mainly represented by interest expenses on Senior Notes and obligations under a finance lease in relation to the Lease Agreement, amounted to ₱726.6 million for the three months ended March 31, 2017 as compared to ₱713.2 million for the three months ended March 31, 2016. The increase was primarily due to a higher effective interest on obligations under a finance lease during the period.

Amortization of deferred financing costs remained stable at ₱17.2 million and ₱16.1 million for the three months ended March 31, 2017 and 2016, respectively, representing amortization of deferred financing costs for the Senior Notes.

Other finance fees amounted to ₱12.0 million for the three months ended March 31, 2017 and 2016, representing the gross receipt taxes in relation to interest payments on the Senior Notes issued in January 2014.

The net foreign exchange gains of ₱65.7 million for the three months ended March 31, 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 declined against the H.K. dollar and the U.S. dollar during the three months ended March 31, 2017, a net foreign exchange gains resulted in the current period as compared to a net foreign exchange losses of ₱28.6 million for the three months ended March 31, 2016.

Income tax expense

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

Net profit (loss)

As a result of the foregoing, the Group incurred a net profit of ₱148.6 million for the three months ended March 31, 2017, as compared to a net loss of ₱1,135.8 million for the three months ended March 31, 2016.

Adjusted EBITDA

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. Adjusted EBITDAs were ₱3,046.2 million and ₱1,311.4 million for the three months ended March 31, 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, 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, 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	
	March 31,	December 31,	% to Total Assets		% of Change from Prior Period	
	2017	2016	2017	2016	Inc / (Dec)	%
ASSETS						
Current assets						
Cash and cash equivalents	9,892,211	10,351,414	24%	25%	(459,203)	-4%
Bank deposits with original maturities over three months	1,003,880	-	2%	0%	1,003,880	N/A
Restricted cash	309,715	240,025	1%	1%	69,690	29%
Accounts receivable, net	1,623,566	1,391,213	4%	3%	232,353	17%
Inventories	214,129	230,411	1%	1%	(16,282)	-7%
Prepayments and other current assets	367,493	322,692	1%	1%	44,801	14%
Amount due from a shareholder	5,590	5,590	0%	0%	-	0%
Amount due from an intermediate holding company	135,538	139,264	0%	0%	(3,726)	-3%
Amount due from immediate holding company	3,000	3,000	0%	0%	-	0%
Amount due from an affiliated company	1,385	1,117	0%	0%	268	24%
Total current assets	13,556,507	12,684,726	32%	30%	871,781	7%
Non-current assets						
Property and equipment, net	25,957,024	26,866,578	62%	64%	(909,554)	-3%
Contract acquisition costs, net	850,849	863,872	2%	2%	(13,023)	-2%
Other intangible assets, net	4,077	5,436	0%	0%	(1,359)	-25%
Other non-current assets	1,360,226	1,270,048	3%	3%	90,178	7%
Total non-current assets	28,172,176	29,005,934	68%	70%	(833,758)	-3%
Total assets	41,728,683	41,690,660	100%	100%	38,023	0%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	105,680	139,270	0%	0%	(33,590)	-24%
Accrued expenses, other payables and other current liabilities	6,025,030	5,414,657	14%	13%	610,373	11%
Current portion of obligations under a finance lease	1,558,219	1,524,893	4%	4%	33,326	2%
Amounts due to affiliated companies	479,226	1,282,040	1%	3%	(802,814)	-63%
Income tax payable	-	160	0%	0%	(160)	-100%
Total current liabilities	8,168,155	8,361,020	20%	20%	(192,865)	-2%
Non-current liabilities						
Long-term debt, net	14,865,735	14,848,500	36%	36%	17,235	0%
Non-current portion of obligations under a finance lease	13,106,771	13,061,462	31%	31%	45,309	0%
Deferred rent liabilities	227,022	219,258	1%	1%	7,764	4%
Retirement liabilities	46,819	41,644	0%	0%	5,175	12%
Other non-current liabilities	37,820	43,485	0%	0%	(5,665)	-13%
Deferred tax liability, net	100,206	81,188	0%	0%	19,018	23%
Total non-current liabilities	28,384,373	28,295,537	68%	68%	88,836	0%
Equity						
Capital stock	5,662,897	5,662,897	14%	14%	-	0%
Additional paid-in capital	22,076,822	22,076,822	53%	53%	-	0%
Share-based compensation reserve	396,557	416,835	1%	1%	(20,278)	-5%
Equity reserve	(3,613,990)	(3,613,990)	-9%	-9%	-	0%
Accumulated deficit	(19,346,131)	(19,508,461)	-46%	-47%	162,330	-1%
Total equity	5,176,155	5,034,103	12%	12%	142,052	3%
Total equity and liabilities	41,728,683	41,690,660	100%	100%	38,023	0%

Current assets

Cash and cash equivalents decreased by ₱459.2 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 three months ended March 31, 2017.

Bank deposits with original maturities over three months of ₱1,003.9 million were placed with a bank as of March 31, 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, and which increased by ₱232.4 million, primarily came 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 March 31, 2017.

Inventories of ₱214.1 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 ₱44.8 million, primarily due to increases in (i) prepaid operating expenses and receivables of ₱90.7 million mainly pertaining to prepaid annual insurance premiums and related fees during the quarter; and (ii) deposits for acquisitions of inventory of ₱15.8 million; partially offset by decreases in insurance claims received during the quarter of ₱66.3 million.

Non-current assets

Property and equipment, net, decreased by ₱909.6 million, mainly due to depreciation of ₱1,072.3 million on the operating equipment during the period.

Contract acquisition costs, net, decreased by ₱13.0 million, solely due to amortization charges for the three months ended March 31, 2017.

Other intangible assets, net, decreased by ₱1.4 million during the period as a result of amortization on the straight-line basis over the license term of 5 years.

Other non-current assets increased by ₱90.2 million primarily due to (i) further recognition of net input VAT, net of ₱43.0 million during the three months ended March 31, 2017 and (ii) increases in advance payments and deposits for acquisitions of property and equipment of ₱49.3 million.

Current liabilities

Accounts payable of ₱105.7 million represented the 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.

Accrued expenses, other payables and other current liabilities increased by ₱610.4 million, mainly related to increases in (i) outstanding gaming chips and tokens of ₱277.7 million as a result of rolling from revenue share junkets in late March 2017; (ii) accruals for gaming tax and license fees of ₱160.6 million as a result of increased casino revenues; (iii) accruals for acquisition of property and equipment of ₱159.5 million; (iv) customer deposits of ₱105.1 million as a result of a new junket starting operations in late March 2017; (v) accruals for payments to the Philippine Parties of ₱96.9 million as a result of increased casino revenues; all of which were partially offset by the decrease in (vi) interest expenses payable of ₱187.5 million as a result of semi-annual interest payments made during the quarter. 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 ₱449.3 million recognized during the period, partially offset by lease payments made of ₱416.0 million during the period.

Amounts due to affiliated companies decreased by ₱802.8 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 quarter. Refer to Note 11 to the unaudited condensed consolidated financial statements for the nature and details of related party transactions for the three months ended March 31, 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 ₱134.3 million in unamortized deferred

financing costs). The increase during the period solely represented the amortization of deferred financing costs of ₱17.2 million for the period.

The non-current portion of obligations under a finance lease increase of ₱45.3 million solely represented finance lease charges during the period.

Deferred rent liabilities, net, increased by ₱7.8 million primarily due to effective rent recognized during the period.

Retirement liabilities increased by ₱5.2 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 March 31, 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 remained unchanged as of March 31, 2017 and December 31, 2016.

The share-based compensation reserve decreased by ₱20.3 million mainly due to the reversal of share-based payments expenses of ₱6.5 million during the three months ended March 31, 2017 and the transfer of ₱13.8 million to the accumulated deficit as a result of the expiry of certain share options during the period.

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

The deficit decreased by ₱162.3 million to ₱19,346.1 million as of March 31, 2017, from ₱19,508.5 million as of December 31, 2016, which was primarily due to the net profit of ₱148.6 million recognized during the three months ended March 31, 2017 and the transfer of ₱13.8 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 three months ended March 31, 2017 and 2016.

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016	% Change
<i>In thousands of Philippine peso, except % change data</i>			
Net cash provided by operating activities	1,596,985	1,728,008	-8%
Net cash used in investing activities	(1,195,679)	(1,084,111)	10%
Cash used in financing activities	(908,645)	(493,706)	84%
Effect of foreign exchange on cash and cash equivalents	48,136	(49,740)	-197%
Net (decrease) increase in cash and cash equivalents	(459,203)	100,451	-557%
Cash and cash equivalents at beginning of period	10,351,414	7,460,229	39%
Cash and cash equivalents at end of period	9,892,211	7,560,680	31%

Cash and cash equivalents decreased by 4% as of March 31, 2017 compared to December 31, 2016 mainly due to the net effect of the following:

- For the three months ended March 31, 2017, the Group recorded cash flow from operating activities of ₱1,597.0 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 ₱1,195.7 million for the three months ended March 31, 2017, which primarily includes: (i) placement of bank deposits with original maturities over three months of ₱1,003.9 million; (ii) capital expenditure payments of ₱62.0 million; (iii) deposits for acquisitions of property and equipment of ₱63.0 million; and (iv) an increase in restricted cash of ₱69.7 million for the foundation fees payable.
- Cash used in financing activities for the three months ended March 31, 2017 solely represented interest and other finance fee payments for the Senior Notes of ₱492.7 million and repayments of obligations under a finance lease of ₱416.0 million.

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

	As of March 31, 2017	As of December 31, 2016	% Change
<i>In thousands of Philippine peso, except % change data</i>			
Long-term debt, net	14,865,735	14,848,500	0 %
Equity	5,176,155	5,034,103	3%
	20,041,890	19,882,603	1%

Total long-term debt, net, and equity increased by 1% to ₱20,041.9 million as of March 31, 2017, from ₱19,882.6 million as of December 31, 2016. The increase was mainly due to the net profit of ₱148.6 million during the three months ended March 31, 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 deposit, 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 three months ended March 31, 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 March 31, 2017, we had capital commitments contracted for, but not provided, mainly for the acquisitions of property and equipment of City of Dreams Manila totaling ₱225.0 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:

<i>In thousands of Philippine peso</i>	As of March 31, 2017
Current	1,594,714
Past due:	
1 – 30 days	10,537
31-60 days	824
61-90 days	655
Over 90 days	36,126
Total	1,642,856

PART II - OTHER INFORMATION

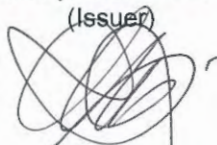
There is no other information which has not been previously reported in SEC Form 17-C that needs to be reported in this section.

SIGNATURES

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

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION

(Issuer)

A handwritten signature in black ink, consisting of several overlapping loops and a long vertical stroke extending downwards.

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 CROWN (PHILIPPINES) RESORTS CORPORATION
(Issuer)



Donald Nori Tateishi
Treasurer

Melco Crown (Philippines) Resorts Corporation and
Subsidiaries

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

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2017 AND DECEMBER 31, 2016

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

	<u>Notes</u>	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱9,892,211	₱10,351,414
Bank deposits with original maturities over three months		1,003,880	–
Restricted cash		309,715	240,025
Accounts receivable, net	5	1,623,566	1,391,213
Inventories		214,129	230,411
Prepayments and other current assets		367,493	322,692
Amount due from a shareholder	11	5,590	5,590
Amount due from an intermediate holding company	11	135,538	139,264
Amount due from immediate holding company	11	3,000	3,000
Amount due from an affiliated company	11	1,385	1,117
Total Current Assets		13,556,507	12,684,726
Non-current Assets			
Property and equipment, net	6	25,957,024	26,866,578
Contract acquisition costs, net		850,849	863,872
Other intangible assets, net		4,077	5,436
Other non-current assets		1,360,226	1,270,048
Total Non-current Assets		28,172,176	29,005,934
		₱41,728,683	₱41,690,660
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		₱105,680	₱139,270
Accrued expenses, other payables and other current liabilities	7	6,025,030	5,414,657
Current portion of obligations under a finance lease	14	1,558,219	1,524,893
Amounts due to affiliated companies	11	479,226	1,282,040
Income tax payable		–	160
Total Current Liabilities		8,168,155	8,361,020
Non-current Liabilities			
Long-term debt, net	15	14,865,735	14,848,500
Non-current portion of obligations under a finance lease	14	13,106,771	13,061,462
Deferred rent liabilities		227,022	219,258
Retirement liabilities		46,819	41,644
Other non-current liabilities		37,820	43,485
Deferred tax liability, net		100,206	81,188
Total Non-current Liabilities		₱28,384,373	₱28,295,537

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS – continued****MARCH 31, 2017 AND DECEMBER 31, 2016****(In thousands of Philippine peso, except share and per share data)**

	<u>Notes</u>	March 31, 2017 <u>(Unaudited)</u>	December 31, 2016 <u>(Audited)</u>
Equity			
Capital stock	8	₱5,662,897	₱5,662,897
Additional paid-in capital		22,076,822	22,076,822
Share-based compensation reserve		396,557	416,835
Equity reserve		(3,613,990)	(3,613,990)
Accumulated deficit		(19,346,131)	(19,508,461)
Total Equity		5,176,155	5,034,103
		₱41,728,683	₱41,690,660

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of Philippine peso, except share and per share data)

	<u>Notes</u>	Three Months Ended March 31, <u>2017</u>	<u>2016</u>
NET OPERATING REVENUES			
Casino		₱7,299,172	₱4,051,809
Rooms		264,124	226,334
Food and beverage		175,232	165,596
Entertainment, retail and others		141,884	91,010
Total Net Operating Revenues		<u>7,880,412</u>	<u>4,534,749</u>
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		(1,857,641)	(1,132,471)
Inventories consumed		(216,771)	(191,074)
Employee benefit expenses	9	(844,352)	(868,504)
Depreciation and amortization		(1,086,682)	(1,153,893)
Other expenses	10	(2,249,388)	(1,218,579)
Payments to the Philippine Parties		(773,855)	(337,904)
Total Operating Costs and Expenses		<u>(7,028,689)</u>	<u>(4,902,425)</u>
OPERATING PROFIT (LOSS)		<u>851,723</u>	<u>(367,676)</u>
NON-OPERATING INCOME (EXPENSES)			
Interest income		5,806	2,822
Interest expenses, net of capitalized interest		(726,554)	(713,215)
Amortization of deferred financing costs		(17,235)	(16,109)
Other finance fees		(11,958)	(11,958)
Foreign exchange gains (losses), net		65,652	(28,630)
Total Non-operating Expenses, Net		<u>(684,289)</u>	<u>(767,090)</u>
PROFIT (LOSS) BEFORE INCOME TAX		167,434	(1,134,766)
INCOME TAX EXPENSE	13	<u>(18,858)</u>	<u>(1,050)</u>
NET PROFIT (LOSS)		148,576	(1,135,816)
OTHER COMPREHENSIVE INCOME			
		<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>₱148,576</u>	<u>(₱1,135,816)</u>
Basic/Diluted Earnings (Loss) Per Share	12	<u>₱0.03</u>	<u>(₱0.20)</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**

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

	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	—	—	—	—	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
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	—	—	—	—	(1,135,816)	(1,135,816)
Total comprehensive loss	—	—	—	—	(1,135,816)	(1,135,816)
Share-based compensation	—	—	34,241	—	—	34,241
Transfer of share-based compensation reserve upon expiry of share options	—	—	(3,150)	—	3,150	—
Balance as of March 31, 2016	₱5,643,355	₱21,932,963	₱637,370	(₱3,613,990)	(₱19,093,203)	₱5,506,495

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands of Philippine peso, except share and per share data)

	Three Months Ended March 31,	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	<u>₱1,596,985</u>	<u>₱1,728,008</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of bank deposits with original maturities over three months	(1,003,880)	–
Increase in restricted cash	(69,690)	(43,807)
Deposits for acquisitions of property and equipment	(63,040)	(36,397)
Payments for acquisitions of property and equipment	(62,014)	(1,003,907)
Proceeds from disposals of property and equipment	<u>2,945</u>	<u>–</u>
Net cash used in investing activities	<u>(1,195,679)</u>	<u>(1,084,111)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of obligations under a finance lease	(415,979)	–
Interest paid	(468,750)	(468,750)
Other finance fees paid	(23,916)	(23,916)
Payments for issuance of capital stock	<u>–</u>	<u>(1,040)</u>
Cash used in financing activities	<u>(908,645)</u>	<u>(493,706)</u>
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	<u>48,136</u>	<u>(49,740)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(459,203)	100,451
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>10,351,414</u>	<u>7,460,229</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>₱9,892,211</u></u>	<u><u>₱7,560,680</u></u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
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 Crown (Philippines) Resorts Corporation (herein referred to as “MCP” or the “Parent Company”) is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (the “SEC”). The shares of stock of the Parent Company are publicly traded on The Philippine Stock Exchange, Inc. (the “PSE”). On February 1, 2017 and April 7, 2017, the Board of Directors and stockholders of MCP, respectively, approved the change of the Parent Company’s name to Melco Resorts and Entertainment (Philippines) Corporation, subject to the SEC’s approval.

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, 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 March 31, 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 March 31, 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 preparing the Group’s unaudited condensed consolidated financial statements as of March 31, 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.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

– continued

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

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:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand	₱1,196,860	₱1,517,325
Cash in banks	8,695,351	8,834,089
	₱9,892,211	₱10,351,414

5. Accounts Receivable, Net

Components of accounts receivable, net are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Casino	₱1,593,495	₱1,442,270
Hotel	48,368	48,687
Others	993	3,079
Sub-total	1,642,856	1,494,036
Less: Allowance for doubtful debts	(19,290)	(102,823)
	₱1,623,566	₱1,391,213

For the three months ended March 31, 2017 and 2016, the Group written back allowance for doubtful debts, net of ₱2,026 and provided allowance for doubtful debts, net of ₱19,035, and reclassified allowance for doubtful debts of ₱79,649 and nil to long-term receivables, respectively, and no accounts receivable were directly written off in each of those periods.

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

– continued

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

6. Property and Equipment, Net

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Carrying amount as of January 1	₱26,866,578	₱32,939,887
Additions	171,246	448,264
Adjustments to project costs	–	(255,704)
Disposals	(8,500)	(1,930,817)
Depreciation and amortization	(1,072,300)	(4,335,052)
Carrying amount as of March 31/December 31	₱25,957,024	₱26,866,578
Building under a finance lease	₱10,362,762	₱10,521,782
Other property and equipment	15,594,262	16,344,796
	₱25,957,024	₱26,866,578

7. Accrued Expenses, Other Payables and Other Current Liabilities

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Outstanding gaming chips and tokens	₱2,025,892	₱1,748,215
Accruals for:		
Gaming tax and license fees	1,013,518	852,907
Employee benefit expenses	550,573	536,204
Payments to the Philippine Parties	332,815	235,868
Property and equipment	220,996	61,477
Taxes and licenses	92,654	80,123
Operating expenses and others	786,811	808,884
Customer deposits	594,501	489,369
Withholding tax payable	203,863	191,125
Interest expenses payable	139,583	327,083
Other payables and liabilities	63,824	83,402
	₱6,025,030	₱5,414,657

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

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

– continued

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

8. Equity

	<u>Number of Shares</u>	<u>Capital Stock</u>
Ordinary shares of ₱1 per share		
Authorized:		
As of January 1, 2017 (Audited) and March 31, 2017 (Unaudited)	<u>5,900,000,000</u>	<u>₱5,900,000</u>
Issued and fully paid:		
As of January 1, 2017 (Audited) and March 31, 2017 (Unaudited)	<u>5,662,897,278</u>	<u>₱5,662,897</u>

As of March 31, 2017 and December 31, 2016, the Parent Company had 425 and 428 stockholders, respectively.

9. Employee Benefit Expenses

	Three Months Ended March 31,	
	2017	2016
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Basic salaries, allowances, bonuses and other amenities expenses	₱741,463	₱737,539
Annual leave and other paid leave expenses	34,345	25,937
Retirement costs – defined contribution plans	17,590	18,354
Retirement costs – defined benefit obligations	5,175	3,704
Share-based compensation expenses	4,826	21,765
Consultancy fees in consideration for share awards	(11,350)	12,476
Other employee benefit expenses	52,303	48,729
	<u>₱844,352</u>	<u>₱868,504</u>

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
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(In thousands of Philippine peso, except share and per share data)

10. Other Expenses

	Three Months Ended March 31,	
	2017	2016
	(Unaudited)	(Unaudited)
Other gaming operations expenses	₱1,234,509	₱501,448
Facilities and supplies expenses	349,871	310,590
Management fee expenses	157,315	121,903
Advertising, marketing, promotional and entertainment expenses	93,694	59,128
Rental expenses	66,166	62,569
Office and administrative expenses	41,750	48,937
Taxes and licenses	20,504	13,227
Net loss on disposals of property and equipment	5,555	–
Operating expenses and others	280,024	100,777
	₱2,249,388	₱1,218,579

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 March 31, 2017 (Unaudited)	Outstanding Balance March 31, 2017 (Unaudited)	Terms	Conditions
<i>Amount due from a shareholder</i>				
MCE (Philippines) Investments No.2 Corporation (“MCE Investments No.2”)				
Amount due from MCE Investments No.2	₱–	₱5,590	Repayable on demand; non-interest bearing	Unsecured, no impairment
	=====	=====		
<i>Amount due from an intermediate holding company</i>				
Melco Resorts & Entertainment Limited (“Melco”)				
Management fee income ⁽¹⁾	₱1,485	₱–		
Management fee expenses	4,271	–		
Amount due from Melco	–	135,538	Repayable on demand; non-interest bearing	Unsecured, no impairment
	=====	=====		

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11. Related Party Transactions – continued

	Amount of Transactions for the Three Months Ended March 31, 2017 (Unaudited)	Outstanding Balance March 31, 2017 (Unaudited)	Terms	Conditions
<i>Amount due from immediate holding company</i>				
MCE Investments				
Amount due from MCE Investments	₱–	₱3,000	Repayable on demand; non-interest bearing	Unsecured, no impairment
<i>Amount due from an affiliated company</i>				
A subsidiary of Melco International (other than MCE Investments No.2, Melco and MCE Investments)				
Food and beverage and entertainment, retail and other revenues	₱268	₱–		
Amount due from a subsidiary of Melco International	–	1,385	Repayable on demand; non-interest bearing	Unsecured, no impairment
<i>Amounts due to affiliated companies</i>				
Melco International's subsidiaries				
Management fee, trademark license fees and other expenses ⁽²⁾	₱309,364	₱–		
Amounts due to Melco International's subsidiaries	–	479,226	Repayable on demand; non-interest bearing	Unsecured

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11. Related Party Transactions – continued

	Amount of Transactions for the Three Months Ended March 31, 2017 (Unaudited)	Outstanding Balance March 31, 2017 (Unaudited)	<u>Terms</u>	<u>Conditions</u>
A subsidiary and an associated company of Crown Resorts Limited (“Crown”) ⁽³⁾				
Management fee, consultancy fee and facilities expenses	P5,126	P-		
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 MCP for the three months ended March 31, 2017 to a subsidiary of Melco International.
- (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 not regarded as related parties of Melco and the Group.

Directors’ Remuneration

For the three months ended March 31, 2017, the remuneration of directors of the Group was borne by a subsidiary of Melco International.

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12. Basic/Diluted Earnings (Loss) Per Share

	Three Months Ended March 31, 2017 (Unaudited)	2016 (Unaudited)
Net profit (loss) (a)	₱148,576	(₱1,135,816)
Weighted average number of common shares outstanding used in the calculation of basic earnings (loss) per share (b)	5,662,897,278	5,643,355,478
Basic earnings (loss) per share (a)/(b)*1,000	₱0.03	(₱0.20)
Net profit (loss) (a)	₱148,576	(₱1,135,816)
Weighted average number of common shares outstanding used in the calculation of diluted earnings (loss) per share (b)	5,704,239,047	5,643,355,478
Diluted earnings (loss) per share (a)/(b)*1,000	₱0.03	(₱0.20)

For the three months ended March 31, 2017 and 2016, 3,872,203 and 123,068,384 outstanding share options and 1,674,485 and 28,149,394 outstanding restricted shares as of March 31, 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 months ended March 31, 2017 and 2016 consisted of:

	Three Months Ended March 31, 2017 (Unaudited)	2016 (Unaudited)
Provision for current income tax	₱–	₱169
Over-provision of income tax in prior year	(160)	–
Deferred tax charge	19,018	881
	₱18,858	₱1,050

For the three months ended March 31, 2017, other than the Supreme Court's decision to deny the Motion for Reconsideration filed by the Bureau of Internal Revenue 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.

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14. Obligations Under a Finance Lease

As of March 31, 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:

	March 31, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Minimum Lease <u>Payments</u>	Present Value of Minimum Lease <u>Payments</u>	Minimum Lease <u>Payments</u>	Present Value of Minimum Lease <u>Payments</u>
Amounts payable under a finance lease:				
Within one year	₱1,677,317	₱1,558,219	₱1,638,716	₱1,524,893
In more than one year and not more than five years	8,476,575	5,602,909	8,316,154	5,499,231
In more than five years	28,979,437	7,503,862	29,594,438	7,562,231
	39,133,329	14,664,990	39,549,308	14,586,355
Less: Finance charges	(24,468,339)	–	(24,962,953)	–
Present value of lease obligations	₱14,664,990	14,664,990	₱14,586,355	14,586,355
Less: Current portion of obligations under a finance lease		(1,558,219)		(1,524,893)
Non-current portion of obligations under a finance lease		₱13,106,771		₱13,061,462

15. Long-term Debt, Net

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Senior Notes	₱15,000,000	₱15,000,000
Less: Deferred financing costs, net	(134,265)	(151,500)
	14,865,735	14,848,500
Current portion of long-term debt	–	–
	₱14,865,735	₱14,848,500

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

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16. Cooperation Agreement, Operating Agreement and Lease Agreement

For the three months ended March 31, 2017, there is no significant change 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 March 31, 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 ₱225,035.

(b) Lease Commitments

Operating Leases – As a Lessee

As of March 31, 2017, minimum lease payments under all non-cancelable leases were as follows:

	March 31, <u>2017</u>
Within one year	₱158,421
In more than one year and not more than five years	667,600
In more than five years	2,045,389
	<u>₱2,871,410</u>

(c) Other Commitments and Guarantees

As of March 31, 2017, there is no significant change 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 March 31, 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 would have no material impact on the Group's unaudited condensed consolidated financial statements as a whole.

18. Financial Risk Management Objectives and Policies

As of March 31, 2017 and for the three months ended March 31, 2017, there is no significant change 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.

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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 March 31, 2017 and December 31, 2016, the carrying values approximate their fair values at reporting date 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 March 31, 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 March 31, 2017 and December 31, 2016, the Group does not have financial instruments that are carried and measured at fair value. For the three months ended March 31, 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 three months ended March 31, 2017, fit-out construction costs and cost of property and equipment in total of ₱153,380 and nil were funded through accrued expenses, other payables and other current liabilities and amounts due to affiliated companies, respectively (For the three months ended March 31, 2016: ₱94,830 and ₱43,124, respectively).
- (b) For the three months ended March 31, 2016, accruals for property and equipment of ₱206,223 were reversed for project costs adjustments.
- (c) For the three months ended March 31, 2016, amount due to immediate holding company of ₱10,357 was offset with amount due from ultimate holding company.

21. Share Incentive Plan

Share Options

During the three months ended March 31, 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.

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21. 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 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 value of share option granted under the Share Incentive Plan was estimated on the date of grant using the following weighted average assumptions:

	Three Months Ended <u>March 31, 2017</u>
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

A summary of share options activity under the Share Incentive Plan as of March 31, 2017, and changes for the three months ended March 31, 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
Expired.....	(3,237,087)	8.61
Outstanding as of March 31, 2017	10,668,735	₱4.84
Exercisable as of March 31, 2017	4,040,224	₱6.26

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21. Share Incentive Plan – continued

Share Options – continued

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

	<u>March 31, 2017</u>	
	Number of Share Options <u>Outstanding</u>	Weighted Average Remaining Contractual <u>Term</u>
Exercise price per share:		
₱3.46	6,796,532	8.64
₱5.66	1,531,112	9.96
₱8.30	2,341,091	6.25
	<u>10,668,735</u>	<u>8.30</u>

No share options were vested and exercised for the three months ended March 31, 2017.

Restricted Shares

During the three months ended March 31, 2017, 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. These restricted shares generally have vesting periods of 2 years.

A summary of restricted shares activity under the Share Incentive Plan as of March 31, 2017, and changes for the three months ended March 31, 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
Forfeited.....	(193,317)	4.88
Unvested as of March 31, 2017	<u>50,736,876</u>	<u>₱4.61</u>

No restricted shares were vested for the three months ended March 31, 2017.

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22. Segment Information

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

CAPITAL EXPENDITURES

	Three Months Ended March 31, 2017 (Unaudited)	2016 (Unaudited)
Total capital expenditures ⁽¹⁾ – All in the Philippines at City of Dreams Manila	<u>₱171,246</u>	<u>₱177,162</u>

Note:

(1) Capital expenditures of ₱177,162 for the three months ended March 31, 2016 did not include the adjustments to project costs of ₱206,223.

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22. Segment Information – continued

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

	Three Months Ended March 31,	2016
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
NET OPERATING REVENUES		
The Philippines:		
City of Dreams Manila	<u>₱7,880,412</u>	<u>₱4,534,749</u>
Total Net Operating Revenues	<u>₱7,880,412</u>	<u>₱4,534,749</u>
ADJUSTED EBITDA⁽¹⁾		
The Philippines:		
City of Dreams Manila	<u>₱3,046,205</u>	<u>₱1,311,429</u>
OPERATING COSTS AND EXPENSES		
Payments to the Philippine Parties	(773,855)	(337,904)
Land rent to Belle Corporation (“Belle”)	(39,617)	(39,616)
Depreciation and amortization	(1,086,682)	(1,153,893)
Share-based compensation expenses	(4,826)	(21,765)
Consultancy fees in consideration for share awards	11,350	(12,476)
Corporate expenses	<u>(300,852)</u>	<u>(113,451)</u>
Total Operating Costs and Expenses	<u>(2,194,482)</u>	<u>(1,679,105)</u>
OPERATING PROFIT (LOSS)	<u>851,723</u>	<u>(367,676)</u>
NON-OPERATING INCOME (EXPENSES)		
Interest income	5,806	2,822
Interest expenses, net of capitalized interest	(726,554)	(713,215)
Amortization of deferred financing costs	(17,235)	(16,109)
Other finance fees	(11,958)	(11,958)
Foreign exchange gains (losses), net	<u>65,652</u>	<u>(28,630)</u>
Total Non-operating Expenses, Net	<u>(684,289)</u>	<u>(767,090)</u>
PROFIT (LOSS) BEFORE INCOME TAX	167,434	(1,134,766)
INCOME TAX EXPENSE	<u>(18,858)</u>	<u>(1,050)</u>
NET PROFIT (LOSS)	<u>₱148,576</u>	<u>₱(1,135,816)</u>

Note:

- (1) “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.