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, 2016**

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 Paranaque City — **1701**

8. Issuer's telephone number, including area code
   (02) 866-9888

9. Former name, former address and former fiscal year, if changed since last report
   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, 2016
Common	**5,643,355,478**
	Outstanding Debt: ₱15 billion Senior Note

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

    Yes [X] No [ ]

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

    Philippine Stock Exchange **Common**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and

141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2016 and the audited consolidated balance sheet as of December 31, 2015 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 had not been reflected in the unaudited condensed consolidated financial statements filed as part of this report. Please refer to Note 23 to the unaudited condensed consolidated financial statements for details.

Review of Unaudited Interim Financial Information

The Group's unaudited condensed consolidated financial statements have been reviewed and approved by the Company's Audit Committee and reviewed by the Group's external auditors in accordance with Philippine Standard on Review Engagements ("**PSRE**") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing and Assurance Standards Council of the Philippines. The Group's unaudited condensed consolidated financial statements 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 relate 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, 2016 and for the three months ended March 31, 2016.

Overview and Plan of Operation

The Company, through its subsidiaries, is engaged in the development and operation of an integrated hotel, gaming, retail and entertainment complex within the Entertainment City. The Company's subsidiaries, MCE Holdings (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 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 Crown Entertainment Limited ("**MCE**"), a leading developer of integrated gaming resorts in Macau and other parts of Asia. 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.

City of Dreams Manila opened its doors to the public in December 2014 and marked the formal entry of MCE into the fast-growing and dynamic tourism industry in the Philippines. City of Dreams Manila had its grand opening on February 2, 2015. 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, 2016, City of Dreams Manila has around 264 gaming tables, 1,535 slot machines and 114 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 Chaos and Pangaea Ultra-Lounge, two night clubs situated within the Fortune Egg, an architecturally-unique dome-like structure, which is accented with creative exterior lighting design. It is expected to become an iconic landmark of the Manila Bay area.

City of Dreams Manila also includes an approximately 260 room Crown Towers hotels, 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 offering, enhancing its growing position as one of Asia's premier leisure destinations. It has been developed to specifically meet the needs of the large, rapidly growing and increasingly diverse audience of leisure and entertainment seekers both in the Philippines and those visiting Manila from across the Asia region and around the world.

Subsidiaries of MCP

As of March 31, 2016 and December 31, 2015, MCP's wholly-owned subsidiaries include the MCE Holdings Group. MCE Holdings, MCE Holdings No. 2 and MCE Leisure were all incorporated in the Philippines and were registered with the SEC on August 13, 2012, August 22, 2012 and August 30, 2012, respectively. The primary purpose of MCE Holdings and MCE Holdings No. 2 is investment holding and the primary purpose of MCE Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and to engage in casino gaming activities.

Activities of MCE Holdings Group

On July 5, 2012, MCE, through its indirect subsidiary, 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 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 and amortization, payments to the Philippine Parties, land rent to Belle, pre-opening costs, share-based compensation expenses, corporate expenses, property charges and others, 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, 2016 Compared to the Three Months ended March 31, 2015

(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		% of Change in Prior Period	
	2016	2015	2016	2015	Inc / (Dec)	%
Net Operating Revenues						
Casino	4,051,809	1,951,520	89%	83%	2,100,289	108%
Rooms	226,334	158,813	5%	7%	67,521	43%
Food and beverage	165,596	165,371	4%	7%	225	0%
Entertainment, retail and others	91,010	64,394	2%	3%	26,616	41%
Total net operating revenues	4,534,749	2,340,098	100%	100%	2,194,651	94%
Operating costs and expenses						
Gaming tax and license fees	(1,132,471)	(578,998)	-25%	-25%	(553,473)	96%
Inventories consumed	(191,074)	(164,368)	-4%	-7%	(26,706)	16%
Employee benefit expenses	(868,504)	(1,107,022)	-19%	-47%	238,518	-22%
Depreciation and amortization	(1,153,893)	(951,792)	-25%	-41%	(202,101)	21%
Other expenses	(1,218,579)	(1,809,473)	-27%	-77%	590,894	-33%
Payments to the Philippine Parties	(337,904)	(139,000)	-7%	-6%	(198,904)	143%
Total operating costs and expenses	(4,902,425)	(4,750,653)	-108%	-203%	(151,772)	3%
Operating loss	(367,676)	(2,410,555)	-8%	-103%	2,042,879	-85%
Non-operating income (expenses)						
Interest income	2,822	4,169	0%	0%	(1,347)	-32%
Interest expenses, net of capitalized interest	(713,215)	(621,911)	-16%	-27%	(91,304)	15%
Amortization of deferred financing costs	(16,109)	(15,057)	0%	-1%	(1,052)	7%
Other finance fees	(11,958)	(11,958)	0%	-1%	-	0%
Foreign exchange loss, net	(28,630)	(10,853)	-1%	0%	(17,777)	164%
Total non-operating expenses, net	(767,090)	(655,610)	-17%	-28%	(111,480)	17%
Loss before income tax	(1,134,766)	(3,066,165)	-25%	-131%	1,931,399	-63%
Income tax expense	(1,050)	(23,729)	0%	-1%	22,679	-96%
Net loss	(1,135,816)	(3,089,894)	-25%	-132%	1,954,078	-63%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive loss	(1,135,816)	(3,089,894)	-25%	-132%	1,954,078	-63%
Basic/diluted loss per share	(₱ 0.20)	(₱ 0.63)	0%	0%	₱ 0.43	-68%

Total comprehensive loss for the three months ended March 31, 2016 was ₱1,135.8 million, a decrease of ₱1,954.1 million, or 63%, from ₱3,089.9 million for the three months ended March 31, 2015, which is primarily related to improved operating revenues generated during the current quarter and a lower other expenses for the three months ended March 31, 2016 mainly pertaining to the higher advertising and marketing expenses incurred for the grand opening events incurred for the first quarter of 2015, partially offset by the increase in gaming tax and license fees, inventories consumed, payments to the Philippine Parties, depreciation and amortization, as well as the interest expenses (net of capitalized interest) as a result of lower interest capitalization since the project completion in the first quarter of 2015 and an increase in foreign exchange loss during the period.

Revenues

Total net operating revenues were ₱4,534.7 million for the three months ended March 31, 2016, representing an increase of ₱2,194.6 million, from ₱2,340.1 million for the three months ended March 31, 2015. The increase in total net operating revenues was primarily due to the ramp up of resort operations since the opening in December 2014.

Total net operating revenues for the three months ended March 31, 2016 comprised of ₱4,051.8 million of casino revenues, representing 89% of total net operating revenues, and ₱482.9 million of non-casino revenues. Total net operating revenues for the three months ended March 31, 2015 comprised of ₱1,951.5 million casino revenues, representing 83% total net operating revenues and ₱388.6 million of non-casino revenues.

Casino - Casino revenues for the three months ended March 31, 2016 were ₱4,051.8 million, an increase of ₱2,100.3 million, or 108%, from ₱1,951.5 million for the three months ended March 31, 2015. Rolling chip volume for the three months ended March 31, 2016 was ₱70.9 billion, as compared to ₱8.2 billion for the three months ended March 31, 2015. Rolling chip win rate (calculated before discounts and commissions) was 2.8%, and improved from a negative 0.8% for the three months ended March 31, 2015. In the mass market table games segment, mass market table games drop was ₱5.7 billion for the three months ended March 31, 2016 which represented an increase of ₱1.2 billion, or 27% from ₱4.5 billion for the three months ended March 31, 2015. The mass market table games hold percentage was 27.5% for the three months ended March 31, 2016 and demonstrated an increase from 25.2% for the three months ended March 31, 2015. Gaming machine handle for the first quarter of 2016 was ₱21.3 billion, compared with ₱17.1 billion in the first quarter of 2015. The gaming machine win rate was 6.1% for the three months ended March 31, 2016 versus 5.9% for the three months ended March 31, 2015. Average number of table games and average number of gaming machines for the three months ended March 31, 2016 were 277 and 1,656, respectively, as compared to 231 and 1,745 respectively for the three months ended March 31, 2015. Average net win per table games per day and average net win per gaming machine per day for the three months ended March 31, 2016 were ₱139,566 and ₱8,627, respectively, as compared to ₱55,123 and ₱6,448, respectively for the three months ended March 31, 2015.

Rooms - Room revenues primarily come mainly from Crown Towers Hotel, Nobu Hotel and Hyatt City of Dreams Manila and amounted to ₱226.3 million for the three months ended March 31, 2016 and represented an increase of ₱67.5 million, or 43%, from ₱158.8 million for the three months ended March 31, 2015, primarily due to improved occupancy as a result of more available rooms open for sales for the current quarter as compared to the three months ended March 31, 2015. City of Dreams Manila's average daily rate, occupancy rate and REVPAR for the three months ended March 31, 2016 were ₱7,400, 85.7% and ₱6,342, respectively, as compared to ₱10,063, 76.2% and ₱7,669, respectively, for the three months ended March 31, 2015.

Food, beverage and others - 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. Other non-casino revenues for the three months ended March 31, 2015 included food and beverage revenues of ₱165.4 million and entertainment, retail and other revenues of ₱64.4 million. The increase was primarily attributable from the ticket sales from DreamPlay by DreamWorks, which officially opened on June 12, 2015.

Operating costs and expenses

Total operating costs and expenses were ₱4,902.4 million for the three months ended March 31, 2016, representing an increase of ₱151.8 million, from ₱4,750.6 million for the three months ended March 31, 2015. The increase in operating costs was attributable to ramp up of resort operations since the opening in December 2014.

Gaming tax and license fees for the three months ended March 31, 2016 amounted to ₱1,132.5 million, representing an increase of ₱553.5 million, or 96% from ₱579.0 million for the three months ended March 31, 2015. The increase is in-line with the increased gaming volume.

Inventories consumed for the three months ended March 31, 2016 and 2015 amounted to ₱191.1 million and ₱164.4 million respectively and represented the gaming playing cards and dice consumed, retail merchandise, food and beverage items and certain operating supplies consumed during the quarter. The increase is in-line with the increased revenues for the quarter.

Employee benefit expenses for the three months ended March 31, 2016 amounted to ₱868.5 million, as compared to ₱1,107.0 million for the three months ended March 31, 2015, which primarily consisted of basic salaries, allowances and bonus, meals and other amenities expenses, annual leave and other paid leave expenses, consultancy fee in consideration for share awards, share-based compensation expenses, retirement costs – defined contribution plans and other employee benefit expenses. The decrease was mainly due to lower basic salaries, allowances and bonuses, meals and other amenities expenses and the full vesting of share options/restricted shares granted in previous years.

Depreciation and amortization for the three months ended March 31, 2016 and 2015 of ₱1,153.9 million and ₱951.8 million respectively, consisted of depreciation for property and equipment of ₱1,140.4 million, amortization of contract acquisition costs of ₱13.0 million and amortization of license fees of ₱0.4 million, as compared to depreciation for property and equipment of ₱938.6 million and amortization of contract acquisition costs of ₱13.0 million and amortization of license fees of ₱0.2 million, for the three months ended March 31, 2015. The increase was primarily due to more property and equipment being put into use upon opening in December 2014.

Other expenses for the three months ended March 31, 2016 amounted to ₱1,218.6 million, as compared to ₱1,809.5 million for the three months ended March 31, 2015 and primarily consisted of other gaming operations expenses, facilities expenses, management fee expenses, supplies expenses, rental expenses, advertising, marketing, promotional and entertainment expenses, office and administration expenses, taxes and licenses and operating expenses and others. The decrease was primarily attributable to (i) ₱855.1 million of lower advertising, marketing, promotional and entertainment expenses as the grand opening of the resort was launched in February 2015; (ii) ₱66.7 million lower management fee expenses during the three months ended March 31, 2016; (iii) ₱27.2 million lower supplies expenses; (iv) ₱16.8 million lower rental expenses; (v) ₱44.0 million lower other general operating costs; partially offset by (vi) ₱390.3 million higher other gaming operations expenses and (vii) ₱28.6 million higher facilities expenses.

Payments to the Philippine Parties represented the agreed upon payments to PLAI calculated in accordance with the Operating Agreement dated March 13, 2013 and related supplementary agreements.

Non-operating expenses, net

Interest income of ₱2.8 million for the three months ended March 31, 2016, as compared to ₱4.2 million for the three months ended March 31, 2015, represented the bank interest income mainly generated from net proceeds from the short-term fixed deposits. The decrease was due to less deposits being placed at the bank during the three months ended March 31, 2016 compared to the same period in 2015.

Interest expenses (net of capitalized interest), mainly represented the interest expenses on Senior Notes and obligations under finance lease in relation to the Lease Agreement with Belle, amounted to ₱713.2 million for the three months ended March 31, 2016 as compared to ₱621.9 million for the three months ended March 31, 2015. The increase was primarily due to lower interest capitalization of ₱2.0 million (₱69.6 million for the three months ended March 31, 2015) as the project moved to completion since the first quarter of 2015.

Amortization of deferred financing costs remained stable at ₱16.1 million and ₱15.1 million for the three months ended March 31, 2016 and 2015, respectively, representing amortization of deferred financing costs capitalized for the Senior Notes which is effective from January 2014.

Other finance fees amounted to ₱12.0 million for the both three months ended March 31, 2016 and 2015, representing the gross receipt tax in relation to the interest payment of Senior Notes issued in January 2014.

Foreign exchange loss, net of ₱28.6 million for the three months ended March 31, 2016 was mainly due to the translation of foreign currency denominated bank balances and payables at the period end closing rate. Because the Philippine Peso fluctuated against the H.K. Dollar and the U.S. Dollar during the three months ended March 31, 2016, foreign exchange loss increased by ₱17.8 million from ₱10.8 million for the three months ended March 31, 2015 as a result of the foreign exchange revaluation on foreign currencies payables/USD denominated bank accounts during the period.

Income tax expense

The provision for current income tax for the three months ended March 31, 2016 and 2015 represents tax provided by the Group on its taxable income for the period. Please refer to Note 14 to the unaudited condensed consolidated financial statements for the nature and details of the provision for income tax for the three months ended March 31, 2016.

Net loss

As a result of the foregoing, the Group incurred net loss of ₱1,135.8 million for the three months ended March 31, 2016, as compared to ₱3,089.9 million for the three months ended March 31, 2015.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, pre-opening costs, share-based compensation expenses, corporate expenses and other non-operating income and expenses. Adjusted EBITDA were ₱1,311.4 million and ₱125.0 million for the three months ended March 31, 2016 and 2015, 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 supplemental disclosures because management believes they are widely used to measure performance and as a basis for valuation of gaming companies. Our management also uses Adjusted EBITDA because they are 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 announcement 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, possibility of any natural disasters, legal and license terms compliance, tax rates, as well as certain cost items, such as operating cost, labor, fuel and power. The Group will collect revenues and pay expenses in various currencies and the appreciation and depreciation of other major currencies against the Philippine peso may have a negative impact on the Group's reported levels of revenues and profits.

Financial Condition and Balance Sheet

The consolidated balance sheet of the Group as of March 31, 2016 with variance against December 31, 2015 is discussed, as follows:

(in thousands of Philippine peso, except per share and % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
					% of Change in Prior Period	
	March 31,	December 31,	% to Total Assets			
ASSETS	2016	2015	2016	2015	Inc / (Dec)	%
Current assets						
Cash and cash equivalents	7,560,680	7,460,229	17%	17%	100,451	1%
Restricted cash	86,332	42,525	0%	0%	43,807	103%
Accounts receivable, net	1,254,312	1,283,575	3%	3%	(29,263)	-2%
Inventories	262,336	268,819	1%	1%	(6,483)	-2%
Prepayments and other current assets	210,806	194,423	0%	0%	16,383	8%
Amount due from a shareholder	5,588	5,588	0%	0%	-	0%
Amount due from ultimate holding company	172,322	175,557	0%	0%	(3,235)	-2%
Amount due from immediate holding company	3,000	-	0%	0%	3,000	N/A
Amount due from an affiliated company	549	455	0%	0%	94	21%
Total current assets	9,555,925	9,431,171	22%	21%	124,754	1%
Noncurrent assets						
Property and equipment, net	31,770,391	32,939,887	72%	74%	(1,169,496)	-4%
Contract acquisition costs, net	902,942	915,965	2%	2%	(13,023)	-1%
Other intangible assets, net	6,741	7,176	0%	0%	(435)	-6%
Other noncurrent assets	1,620,297	1,462,673	4%	3%	157,624	11%
Deferred tax asset	-	881	0%	0%	(881)	-100%
Total noncurrent assets	34,300,371	35,326,582	78%	79%	(1,026,211)	-3%
Total assets	**43,856,296**	**44,757,753**	100%	100%	(901,457)	-2%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	74,328	150,806	0%	0%	(76,478)	-51%
Accrued expenses, other payables and other current liabilities	8,200,815	8,203,747	19%	18%	(2,932)	0%
Current portion of obligations under finance lease	1,430,562	1,401,702	3%	3%	28,860	2%
Amount due to immediate holding company	-	7,357	0%	0%	(7,357)	-100%
Amounts due to affiliated companies	772,322	609,951	2%	1%	162,371	27%
Income tax payable	339	170	0%	0%	169	99%
Total current liabilities	10,478,366	10,373,733	24%	23%	104,633	1%
Noncurrent liabilities						
Long-term debt, net	14,798,461	14,782,352	34%	33%	16,109	0%
Noncurrent portion of obligations under finance lease	12,814,342	12,744,835	29%	28%	69,507	1%
Deferred rent liability	187,885	176,508	0%	0%	11,377	6%
Retirement liability	27,321	23,617	0%	0%	3,704	16%
Other noncurrent liabilities	43,426	48,638	0%	0%	(5,212)	-11%
Total noncurrent liabilities	27,871,435	27,775,950	64%	62%	95,485	0%
Equity						
Capital stock	5,643,355	5,643,355	13%	13%	-	0%
Additional paid-in capital	21,932,963	21,932,963	50%	49%	-	0%
Share-based compensation reserve	637,370	606,279	1%	1%	31,091	5%
Equity reserve	(3,613,990)	(3,613,990)	-8%	-8%	-	0%
Accumulated deficits	(19,093,203)	(17,960,537)	-44%	-40%	(1,132,666)	6%
Total equity	5,506,495	6,608,070	13%	15%	(1,101,575)	-17%
Total equity and liabilities	**43,856,296**	**44,757,753**	100%	100%	(901,457)	-2%

Current assets

Cash and cash equivalents increased by ₱100.5 million, which is the net result of operating cash inflows and the payments made for the capital expenditures. Please see below “Liquidity and Capital Resources” for cash flow analysis for the three months ended March 31, 2016.

Restricted cash represents an escrow account that is restricted for foundation fee payable in accordance with the terms of the Regular/Provisional License.

Accounts receivable, net, primarily attributable to casino, hotel and F&B receivables, decreased by ₱29.3 million, which was mainly due to the allowance for doubtful debts made for the current quarter. Please refer to Note 5 to the unaudited condensed consolidated financial statements for the details and aging of the accounts receivable, net as of March 31, 2016.

Inventories of ₱262.3 million mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies. No material fluctuation noted.

Prepayments and other current assets increased by ₱16.3 million, which was primarily due to increase in (i) prepaid employee benefit expenses of ₱13.3 million; (ii) other prepaid expenses and receivables of ₱20.3 million; (iii) creditable withholding tax of ₱4.8 million; partially offset by the decrease in (iv) refundable deposits of ₱10.7 million; (v) prepaid facilities expenses of ₱5.7 million and (iv) others, net of ₱5.7 million.

Noncurrent assets

Property and equipment decreased by ₱1,169.5 million, mainly due to the depreciation of ₱1,140.4 million for the operating equipment during the period.

Contract acquisition costs decreased by ₱13.0 million, mainly due to the amortization for the three months ended March 31, 2016.

Other intangible assets represent the license fees incurred for the right to the use of certain third party trademarks for City of Dreams Manila. The balance decreased by ₱0.4 million during the period as a result of amortization on a straight line basis over the license term of 5 years from February 14, 2015, the opening date of the attraction.

Other noncurrent assets increased by ₱157.6 million primarily due to (i) further recognition of net input VAT, net of ₱134.4 million during the three months ended March 31, 2016 and (ii) increase in advance payments and deposits for acquisition of property and equipment ₱35.2 million; partially offset by a net decrease in others of ₱12.0 million.

Current liabilities

Accounts payable of ₱74.3 million represented the payables to suppliers with products and services such as playing cards and marketing. The decrease in balance was due to more settlements made to suppliers during the quarter.

Accrued expenses, other payables and other current liabilities decreased by ₱2.9 million, which is mainly related to decrease in (i) accruals for acquisition of property and equipment by ₱1,100.2 million; (ii) outstanding gaming chips and tokens of ₱96.2 million; (iii) interest expenses payable of ₱187.5 million; (iv) net decrease in others of ₱0.7 million; partially offset by the increase in (v) gaming tax and license fees of ₱567.7 million as a result of increased casino revenues; (vi) customer deposits of ₱66.8 million; (vii) payments to the Philippine Parties of ₱337.9 million; (viii) unpaid portion of obligation under finance lease of ₱409.3 million.

Current portion of obligations under finance lease comprised of the building lease portion. It represented the lease payments that are due within one year. The increase during the period was mainly due to (i) the finance lease charges of ₱411.3 million recognized during the period, partially offset by (ii) the reclassification of January to March 2016 scheduled installments of ₱382.4 million to unpaid portion of finance lease obligation under accrued expenses.

Amounts due to affiliated companies and immediate holding company increased by ₱155.0 million, which primarily resulted from management fee/payroll/expenses recharged from affiliates/holding companies during the quarter. Please refer to Note 12 to the unaudited condensed consolidated financial statements for the nature and details of the related party transactions for the three months ended March 31, 2016.

Noncurrent liabilities

Long-term debt of ₱14.8 billion represent the Senior Notes which will mature in 2019 and priced at par of 100% of the principal amount of ₱15.0 billion, net of ₱201.5 million unamortized deferred financing costs, and offered to certain primary institutional lenders as noteholders through a private placement in the

Philippines, issued on January 24, 2014. The increase during the period solely represented the amortization of deferred financing costs of ₱16.1 million for the period.

Non-current portion of obligations under finance lease increased by ₱69.5 million. It represented the lease payments that are due more than one year.

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

Retirement liability of ₱27.3 million represented the retirement costs recognized as of March 31, 2016 based on the provisions of Republic Act No. 7641, otherwise known as the “Retirement Pay Law”.

Other noncurrent liability represented the retail tenants’ deposits and other payables which are due more than one year.

Equity

Capital stock and additional paid-in capital remained unchanged as of March 31, 2016 and December 31, 2015.

Share-based compensation reserve increased by ₱31.1 million mainly due to the recognition of share-based payments of ₱34.2 million during the three months ended March 31, 2016; partially offset by the transfer of ₱3.1 million to accumulated deficits as a result of expiry of shared options during the period.

Equity reserve consisted of the net difference between the cost of MCP to acquire MCE Holdings Group and the legal capital of the latter at the date of reverse acquisition, plus the retained earnings of MCP as of December 19, 2012, the date when MCP was acquired by MCE. The amount remained unchanged as of March 31, 2016 as compared to December 31, 2015.

Deficit increased by ₱1,132.7 million to ₱19,093.2 million as of March 31, 2016, from ₱17,960.5 million as of December 31, 2015, which was primarily due to the net loss by ₱1,135.8 million recognized during the three months ended March 31, 2016, partially offset by the transfer of ₱3.1 million from share-based compensation reserve mentioned above.

Liquidity and Capital Resources

The table below shows the Group’s unaudited condensed consolidated cash flows for the three months ended March 31, 2016 and 2015, respectively:

	For the Three Months Ended March 31, 2016	**For the Three Months Ended March 31, 2015**	**% Change**
In thousands of Philippine peso, except % change data			
Net cash provided by operating activities	1,728,008	35,980	**4703%**
Net cash used in investing activities	(1,084,111)	(587,918)	**84%**
Cash used in financing activities	(493,706)	(828,435)	**-40%**
Effect of foreign exchange on cash and cash equivalents	(49,740)	7,030	**-808%**
Net increase (decrease) in cash and cash equivalents	100,451	(1,373,343)	**-107%**
Cash and cash equivalents at beginning of period	7,460,229	7,651,187	**-2%**
Cash and cash equivalents at end of period	7,560,680	6,277,844	**20%**

Cash and cash equivalents increased by 1% as of March 31, 2016 compared to December 31, 2015 mainly due to the net effect of the following:

- For the three months ended March 31, 2016, the Group recorded cash flow from operating activities of ₱1,728.0 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 ₱1,084.1 million for the three months ended March 31, 2016, which primarily includes: (i) capital expenditure payments of ₱1,003.9 million; (ii) deposit for acquisition of property and equipment of ₱36.4 million; and (iii) increase in restricted cash of ₱43.8 million for the foundation fee payable.

- Cash used in financing activities for the three months ended March 31, 2016 mainly represented interest and other finance fee payments for the Senior Notes of ₱492.7 million.

The table below shows the Group's capital resources as of March 31, 2016 and December 31, 2015:

	As of March 31, 2016	**As of December 31, 2015**	**% Change**
In thousands of Philippine peso, except % change data			
Long-term debt, net	14,798,461	14,782,352	**0 %**
Equity	5,506,495	6,608,070	**-17%**
	20,304,956	21,390,422	**-5%**

Total long-term debt and equity decreased by 5% to ₱20,305.0 million as of March 31, 2016, from ₱21,390.4 million as of December 31, 2015. The decrease was mainly due to (i) the net loss of ₱1,135.8 million during the three months ended March 31, 2016; partially offset by (ii) the recognition of share-based compensation reserve of ₱34.2 million.

Risks Related to Financial Instruments

The Group has financial assets and financial liabilities such as cash and cash equivalents, restricted cash, accounts receivable, net, other deposits and receivables, amount due from a shareholder, amount due from ultimate holding company, amount due from (to) immediate holding company, amount due from an affiliated company, accounts payable, accrued expenses, other payables and other current liabilities, amounts due to affiliated companies, and other noncurrent liabilities which arise directly from its operation.

The main risks arising from the Group's financial instruments as of and for three months ended March 31, 2016 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 flow to fund the development of City of Dreams Manila. We are a growing company with significant financial needs. We expect to have significant capital expenditures in the future as we continue to develop City of Dreams Manila.

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

The timing of any future debt and equity financing activities will be dependent on our funding needs, 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 stocks, sale-and-leaseback 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, 2016, we had capital commitments contracted for, but not provided, mainly for the acquisition of property and equipment of City of Dreams Manila totaling ₱371.3 million.

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

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)

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)

Adrian Hsen Bin Au
Treasurer

Melco Crown (Philippines) Resorts Corporation and Subsidiaries

Condensed Consolidated Financial Statements
March 31, 2016 (Unaudited) and December 31, 2015
and For The Three Months Ended March 31, 2016 and 2015 (Unaudited)

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

MARCH 31, 2016 AND DECEMBER 31, 2015

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

	March 31, 2016 (Unaudited) (Note 2)	December 31, 2015 (Audited) (Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱7,560,680**	₱7,460,229
Restricted cash	**86,332**	42,525
Accounts receivable, net (Note 5)	**1,254,312**	1,283,575
Inventories	**262,336**	268,819
Prepayments and other current assets	**210,806**	194,423
Amount due from a shareholder (Note 12)	**5,588**	5,588
Amount due from ultimate holding company (Note 12)	**172,322**	175,557
Amount due from immediate holding company (Note 12)	**3,000**	–
Amount due from an affiliated company (Note 12)	**549**	455
Total Current Assets	**9,555,925**	9,431,171
Noncurrent Assets		
Property and equipment, net (Note 6)	**31,770,391**	32,939,887
Contract acquisition costs, net (Note 7)	**902,942**	915,965
Other intangible assets, net	**6,741**	7,176
Other noncurrent assets	**1,620,297**	1,462,673
Deferred tax asset	**–**	881
Total Noncurrent Assets	**34,300,371**	35,326,582
	₱43,856,296	₱44,757,753
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	**₱74,328**	₱150,806
Accrued expenses, other payables and other current liabilities (Note 8)	**8,200,815**	8,203,747
Current portion of obligations under finance lease (Note 15)	**1,430,562**	1,401,702
Amount due to immediate holding company (Note 12)	**–**	7,357
Amounts due to affiliated companies (Note 12)	**772,322**	609,951
Income tax payable	**339**	170
Total Current Liabilities	**10,478,366**	10,373,733
Noncurrent Liabilities		
Long-term debt, net (Note 16)	**14,798,461**	14,782,352
Noncurrent portion of obligations under finance lease (Note 15)	**12,814,342**	12,744,835
Deferred rent liability	**187,885**	176,508
Retirement liability	**27,321**	23,617
Other noncurrent liabilities	**43,426**	48,638
Total Noncurrent Liabilities	**₱27,871,435**	₱27,775,950

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS – continued
MARCH 31, 2016 AND DECEMBER 31, 2015
(In thousands of Philippine peso, except share and per share data)

	March 31, 2016 (Unaudited) (Note 2)	December 31, 2015 (Audited) (Note 2)
Equity		
Capital stock (Note 9)	**₱5,643,355**	₱5,643,355
Additional paid-in capital	**21,932,963**	21,932,963
Share-based compensation reserve	**637,370**	606,279
Equity reserve (Notes 2 and 9)	**(3,613,990)**	(3,613,990)
Accumulated deficits	**(19,093,203)**	(17,960,537)
Total Equity	**5,506,495**	6,608,070
	₱43,856,296	₱44,757,753

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, 2016 AND 2015

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

	Three Months Ended March 31,	
	2016 (Note 2)	2015 (Note 2)
NET OPERATING REVENUES		
Casino	**₱4,051,809**	₱1,951,520
Rooms	**226,334**	158,813
Food and beverage	**165,596**	165,371
Entertainment, retail and others	**91,010**	64,394
Total Net Operating Revenues	**4,534,749**	2,340,098
OPERATING COSTS AND EXPENSES		
Gaming tax and license fees	**(1,132,471)**	(578,998)
Inventories consumed	**(191,074)**	(164,368)
Employee benefit expenses (Note 10)	**(868,504)**	(1,107,022)
Depreciation and amortization	**(1,153,893)**	(951,792)
Other expenses (Note 11)	**(1,218,579)**	(1,809,473)
Payments to the Philippine Parties	**(337,904)**	(139,000)
Total Operating Costs and Expenses	**(4,902,425)**	(4,750,653)
OPERATING LOSS	**(367,676)**	(2,410,555)
NON-OPERATING INCOME (EXPENSES)		
Interest income	**2,822**	4,169
Interest expenses, net of capitalized interest	**(713,215)**	(621,911)
Amortization of deferred financing costs	**(16,109)**	(15,057)
Other finance fees	**(11,958)**	(11,958)
Foreign exchange loss, net	**(28,630)**	(10,853)
Total Non-operating Expenses, Net	**(767,090)**	(655,610)
LOSS BEFORE INCOME TAX	**(1,134,766)**	(3,066,165)
INCOME TAX EXPENSE (Note 14)	**(1,050)**	(23,729)
NET LOSS	**(1,135,816)**	(3,089,894)
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱1,135,816)**	(₱3,089,894)
Basic/Diluted Loss Per Share (Note 13)	**(₱0.20)**	(₱0.63)

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, 2016 AND 2015
(In thousands of Philippine peso, except share and per share data)

	Capital Stock (Note 9)	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve (Note 9)	Accumulated Deficits	Total
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)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
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**
Balance as of January 1, 2015	₱4,911,480	₱19,647,157	₱759,248	(₱3,613,990)	(₱8,816,484)	₱12,887,411
Net loss	–	–	–	–	(3,089,894)	(3,089,894)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	(3,089,894)	(3,089,894)
Issuance of shares for restricted shares vested	17,493	127,700	(145,193)	–	–	–
Share-based compensation	–	–	66,271	–	–	66,271
Balance as of March 31, 2015	₱4,928,973	₱19,774,857	₱680,326	(₱3,613,990)	(₱11,906,378)	₱9,863,788

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, 2016 AND 2015
(In thousands of Philippine peso, except share and per share data)

	Three Months Ended March 31,	
	2016 (Note 2)	2015 (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	**₱1,728,008**	₱35,980
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of property and equipment	**(1,003,907)**	(1,612,114)
Increase in restricted cash	**(43,807)**	(8,950)
Advance payments and deposits for acquisition of property and equipment	**(36,397)**	(4,260)
Payment for other noncurrent assets	**–**	(62,192)
Payment for acquisition of other intangible assets	**–**	(4,307)
Escrow funds refundable to the Philippine Parties	**–**	1,103,905
Net cash used in investing activities	**(1,084,111)**	(587,918)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(468,750)**	(468,750)
Other finance fees paid	**(23,916)**	(23,916)
Payment for transaction costs of issuance of capital stock	**(1,040)**	–
Repayments of obligations under finance lease	**–**	(335,769)
Cash used in financing activities	**(493,706)**	(828,435)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**(49,740)**	7,030
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**100,451**	(1,373,343)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**7,460,229**	7,651,187
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱7,560,680**	₱6,277,844

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

1. **Organization and Business**

(a) Corporate Information

Melco Crown (Philippines) Resorts Corporation (herein referred to as “MCP” or the “Parent Company”) is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (the “SEC”). The shares of stock of the Parent Company are publicly traded on The Philippine Stock Exchange, Inc..

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. City of Dreams Manila commenced operations on December 14, 2014, with a grand opening of the integrated resort on February 2, 2015.

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, 2016 and December 31, 2015, the ultimate holding company of the Parent Company is Melco Crown Entertainment Limited (referred to as “MCE”), a company incorporated in the Cayman Islands with its American depository shares traded on the NASDAQ Global Select Market in the United States of America.

As of March 31, 2016 and December 31, 2015, the immediate holding company of the Parent Company is MCE (Philippines) Investments Limited (“MCE Investments”), an indirect subsidiary of MCE.

(b) Subsidiaries of MCP

As of March 31, 2016 and December 31, 2015, MCP’s wholly owned subsidiaries included MCE Holdings (Philippines) Corporation (“MCE Holdings”), MCE Holdings No. 2 (Philippines) Corporation (“MCE Holdings No. 2”) and MCE Leisure (Philippines) Corporation (“MCE Leisure”) (collectively referred to as “MCE Holdings Group”). MCE Holdings, MCE Holdings No. 2 and MCE Leisure were all incorporated in the Philippines. The primary purpose of MCE Holdings and MCE Holdings No. 2 is investment holding and the primary purpose of MCE Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and to engage in casino gaming activities.

1. **Organization and Business** – continued

(c) Activities of MCE Holdings Group

In 2012, MCE, through one of its indirect subsidiary, entered into a memorandum of agreement (the "MOA") with SM Investments Corporation ("SMIC") and certain of its subsidiaries (collectively, the "SM Group"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") for the development of an integrated resort project located within Entertainment City, Manila, which was subsequently branded "City of Dreams Manila". Further to the MOA, MCE Holdings Group entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements with SM Group, Belle and PLAI; and MCE Leisure entered into a lease agreement (the "Lease Agreement") with Belle, for City of Dreams Manila. On March 13, 2013, the Cooperation Agreement and the Lease Agreement became effective upon completion of the closing arrangement conditions, with minor changes to the original terms (except for certain provisions of the Cooperation Agreement which were effective on signing). In addition, MCE Holdings Group entered into an operating agreement (the "Operating Agreement") with SMIC, Belle and PLAI (collectively, the "Philippine Parties") on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila. The Cooperation Agreement, the Lease Agreement and the Operating Agreement ends on the date of expiry of the Regular/Provisional License as mentioned in Note 1(d) below, currently expected to be on July 11, 2033 unless terminated earlier in accordance with the respective terms of the individual agreements.

(d) Regular/Provisional License

As of March 13, 2013, the Philippine Amusement and Gaming Corporation ("PAGCOR") allowed the inclusion of, amongst others, MCE Leisure as a co-licensee, as well as the "special purpose entity" to operate the casino business and as representative for itself and on behalf of the other co-licensees under a provisional license (the "Provisional License") in their dealings with PAGCOR. As a result, MCE Holdings Group and the Philippine Parties together became co-licensees (the "Licensees") under the Provisional License granted by PAGCOR for the establishment and operation of City of Dreams Manila.

On January 30, 2015, MCE Leisure applied to PAGCOR for the issuance of a regular casino gaming license (the "Regular License") for City of Dreams Manila as the Licensees satisfied the investment commitment of US$1 billion under the terms of the Provisional License.

PAGCOR issued the Regular License dated April 29, 2015 in replacement of the 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, is concurrent with section 13 of Presidential Decree No. 1869 (the "PAGCOR Charter"), and is valid until July 11, 2033.

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.

Although the Group had net current liabilities of ₱922,441 as of March 31, 2016 (December 31, 2015: ₱942,562), the Group had the Shareholder Loan Facility as defined in an aggregate amount of up to US$340,000,000 as of March 31, 2016. The Shareholder Loan Facility availability and other terms are described in Note 16(b).

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.

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

Reverse acquisition applies only to the unaudited condensed consolidated financial statements of MCP. The Parent Company financial statements will continue to represent MCP as a stand-alone entity as of March 31, 2016 and December 31, 2015.

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, 2016 do not include all the information and disclosures required in the annual consolidated financial statements and the results of operations are not necessarily indicative of the results for full year, and should be read in conjunction with the Group's consolidated financial statements as of December 31, 2015.

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

Statement of Compliance – continued
In preparing the Group's unaudited condensed consolidated financial statements as of March 31, 2016, 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, 2015.

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

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, PFRS and Philippine Interpretations as of January 1, 2016. The adoption of these new and amended PAS, PFRS and Philippine Interpretations had no significant impact on the unaudited condensed consolidated financial statements:

- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PFRS 11, *Joint Arrangements: Accounting for Acquisitions of Interests*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs (2012-2014 Cycle)
  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
  - PFRS 7, *Financial Instruments: Disclosures*
  - PAS 19, *Employee Benefits*
  - PAS 34, *Interim Financial Reporting*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*

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

4. **Cash and Cash Equivalents**

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash on hand	**₱1,169,372**	₱1,609,126
Cash in banks	**6,391,308**	5,851,103
	₱7,560,680	₱7,460,229

5. **Accounts Receivable, Net**

Components of accounts receivable, net are as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Casino	**₱1,227,179**	₱1,225,499
Hotel	**47,253**	56,607
Others	**615**	3,169
Sub-total	**1,275,047**	1,285,275
Less: Allowance for doubtful debts	**(20,735)**	(1,700)
	₱1,254,312	₱1,283,575

For the three months ended March 31, 2016 and 2015, the Group provided allowance for doubtful debts of ₱19,035 and nil, respectively, and no accounts receivable were directly written off in each of those periods.

The Group grants unsecured credit lines to gaming promoters based on pre-approved credit limits. The Group typically issues markers to gaming promoters with a credit period of 30 days. There are some gaming promoters for whom credit is granted on a revolving basis based on the Group's monthly credit risk assessment of such gaming promoters. Credit lines granted to all gaming promoters are subject to monthly review and various settlement procedures. For other approved casino customers, the Group typically allows a credit period of 14 days to 28 days on issuance of markers following investigations of creditworthiness. An extended repayment term of typically 90 days may be offered to casino customers with large gaming losses and established credit history.

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

5. **Accounts Receivable, Net** – continued

The following is an analysis of accounts receivable by age presented based on payment due date, net of allowance:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Current	**₱1,135,065**	₱1,180,560
1 – 30 days	**56,794**	6,633
31 – 60 days	**1,165**	95,677
61 – 90 days	**58,564**	–
Over 90 days	**2,724**	705
	₱1,254,312	₱1,283,575

6. **Property and Equipment, Net**

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Carrying amount as of January 1	**₱32,939,887**	₱32,830,332
Additions	**177,162**	4,428,001
Construction cost adjustment for final settlement	**(206,223)**	–
Capitalization of depreciation and amortization	**–**	7,146
Depreciation and amortization	**(1,140,435)**	(4,325,592)
Carrying amount as of March 31/December 31	**₱31,770,391**	₱32,939,887
Building under finance lease	**₱10,998,840**	₱11,157,860
Property and equipment	**20,686,359**	21,698,947
Construction in progress	**85,192**	83,080
	₱31,770,391	₱32,939,887

As of March 31, 2016 and December 31, 2015, construction in progress included interest paid or payable on the obligations under finance lease which amounted to ₱6,249 and ₱4,238, respectively.

7. **Contract Acquisition Costs, Net**

For the three months ended March 31, 2016 and 2015, amortization of contract acquisition costs was ₱13,023 in each of those periods.

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

8. Accrued Expenses, Other Payables and Other Current Liabilities

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Accruals for:		
Gaming tax and license fees	**₱2,256,153**	₱1,688,412
Property and equipment	**1,004,947**	2,105,184
Unpaid portion of obligations under finance lease	**535,310**	126,051
Payments to the Philippine Parties	**474,981**	137,077
Employee benefit expenses	**354,039**	357,805
Taxes and licenses	**50,886**	51,683
Operating expenses and others	**710,353**	715,252
Outstanding gaming chips and tokens	**1,127,199**	1,223,387
Escrow funds refundable to the Philippine Parties (inclusive of interest income)	**1,104,507**	1,104,507
Withholding tax payable	**163,038**	183,218
Interest expenses payable	**139,583**	327,083
Other payables and liabilities	**279,819**	184,088
	₱8,200,815	₱8,203,747

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

9. Equity

Issued Capital Stock

As of March 31, 2016 and December 31, 2015, the Parent Company's issued capital stock consists of 5,643,355,478 common shares with par value of ₱1 per share in each of those periods.

For the three months ended March 31, 2016, the Parent Company did not issue any common shares.

Equity Reserve

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

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)

9. **Equity** – continued

Equity Reserve – continued
The equity reserve is accounted for as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Retained earnings of MCP as of December 19, 2012	**₱732,453**	₱732,453
Consideration to MCP for the acquisition of MCE Holdings Group	**(7,198,590)**	(7,198,590)
Legal capital of MCE Holdings Group as of March 20, 2013*	**2,852,147**	2,852,147
	(₱3,613,990)	(₱3,613,990)

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

As of March 31, 2016 and December 31, 2015, the Parent Company has 430 stockholders in each of those periods.

10. **Employee Benefit Expenses**

	Three Months Ended March 31, 2016 (Unaudited)	2015 (Unaudited)
Basic salaries, allowances and bonuses	**₱700,863**	₱881,353
Meals and other amenities expenses	**36,676**	69,805
Annual leave and other paid leave expenses	**25,937**	19,131
Share-based compensation expenses	**21,765**	38,576
Retirement costs – defined contribution plans	**18,354**	14,164
Consultancy fee in consideration for share awards	**12,476**	27,695
Other employee benefit expenses	**52,433**	56,298
	₱868,504	₱1,107,022

11. **Other Expenses**

	Three Months Ended March 31, 2016 (Unaudited)	2015 (Unaudited)
Other gaming operations expenses	**₱501,448**	₱111,183
Facilities expenses	**235,173**	206,576
Management fee expenses (Note 12)	**121,903**	188,601
Supplies expenses	**75,417**	102,610
Rental expenses	**62,569**	79,359
Advertising, marketing, promotional and entertainment expenses	**59,128**	914,146
Office and administrative expenses	**48,937**	70,882
Taxes and licenses	**13,227**	20,164
Operating expenses and others	**100,777**	115,952
	₱1,218,579	₱1,809,473

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – continued
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12. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

In addition to those transactions disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group entered into the following significant related party transactions:

Category	Amount of Transactions For the Three Months Ended March 31, 2016 (Unaudited)	Outstanding Balance (Unaudited)	Terms	Conditions
Amount due from a shareholder				
MCE Investments No.2				
Balance as of January 1, 2016 and March 31, 2016		**₱5,588**	**Repayble on demand; non-interest bearing**	**Unsecured, no impairment**
Amount due from ultimate holding company				
MCE				
Balance as of January 1, 2016		**₱175,557**		
Management fee income[1]	**₱8,461**	**8,461**		
Management fee expenses	**(1,706)**	**(1,706)**		
Offsetting of current account balance with amount due to immediate holding company	**(10,357)**	**(10,357)**		
Revaluation of outstanding balance		**367**		
Balance as of March 31, 2016		**₱172,322**	**Repayable on demand; non-interest bearing**	**Unsecured, no impairment**
Amount due from (to) immediate holding company				
MCE Investments				
Balance as of January 1, 2016		**(₱7,357)**		
Offsetting of current account balance with amount due from ultimate holding company		**10,357**		
Balance as of March 31, 2016		**₱3,000**	**Repayable on demand; non-interest bearing**	**Unsecured, no impairment**

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

12. **Related Party Transactions** – continued

Category	Amount of Transactions For the Three Months Ended March 31, 2016 (Unaudited)	Outstanding Balance (Unaudited)	Terms	Conditions
Amount due from an affiliated company				
A subsidiary of MCE				
Balance as of January 1, 2016		**₱455**		
Food and beverage revenue	**₱94**	**94**		
Balance as of March 31, 2016		**₱549**	**Repayable on demand; non-interest bearing**	**Unsecured, no impairment**
Amounts due to affiliated companies				
MCE's subsidiaries				
Balance as of January 1, 2016		**₱559,216**		
Acquisition of property and equipment	**₱23,097**	**23,097**		
Management fee expenses	**120,197**	**120,197**		
Other gaming operations expenses	**6,875**	**6,875**		
Purchases of goods and services	**569**	**569**		
Settlement of payables on behalf of the Group	**1,784**	**1,784**		
Settlement of payables on behalf of an affiliated company	**(11)**	**(11)**		
Revaluation of outstanding balance		**(17,261)**		
Settlement of outstanding balance		**1,819**		
Balance as of March 31, 2016		**₱696,285**	**Repayable on demand; non-interest bearing**	**Unsecured**
Crown Resorts Limited ("Crown")(2) and one of its subsidiaries and associated companies				
Balance as of January 1, 2016		**₱49,944**		
Adjustment of opening balance brought forward(3)	**₱3,910**	**3,910**		
Acquisition of property and equipment	**20,027**	**20,027**		
Management fee, consulting fee and facilities expenses	**12,462**	**12,462**		
Settlement of outstanding balance		**(10,920)**		
Balance as of March 31, 2016		**₱75,423**	**Repayable on demand; non-interest bearing**	**Unsecured**

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)

12. **Related Party Transactions** – continued

Category	Amount of Transactions For the Three Months Ended March 31, 2016 (Unaudited)	Outstanding Balance (Unaudited)	Terms	Conditions
Amounts due to affiliated companies – continued				
Melco International Development Limited ("Melco")(2) and its subsidiaries				
Balance as of January 1, 2016		**₱791**		
Acquisition of property and equipment	**₱15,010**	**15,010**		
Settlement of payables on behalf of the Group	**101**	**101**		
Revaluation of outstanding balance		**(15)**		
Settlement of outstanding balance		**(15,273)**		
Balance as of March 31, 2016		**₱614**	**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, 2016 to MCE.

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

(3) Certain companies became associated companies of Crown and related parties of the Group for the three months ended March 31, 2016. As a result, the opening balance as of January 1, 2016 was adjusted with the outstanding balance due to these companies as of December 31, 2015.

Directors' Remuneration

For the three months ended March 31, 2016 and 2015, the remuneration of directors of the Group was borne by MCE.

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

	Three Months Ended March 31,	
	2016 (Unaudited)	2015 (Unaudited)
Net loss (a)	**(₱1,135,816)**	(₱3,089,894)
Weighted average number of common shares outstanding of legal parent (b)	**5,643,355,478**	4,916,922,616
Basic/Diluted loss per share (a)/(b)*1,000	**(₱0.20)**	(₱0.63)

For the three months ended March 31, 2016 and 2015, 123,068,384 and 121,005,158 outstanding share options and 28,149,394 and 45,317,599 outstanding restricted shares as of March 31, 2016 and 2015, respectively, were excluded from the computation of diluted loss per share as their effect would have been anti-dilutive.

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

14. **Income Tax**

The provision for income tax for the three months ended March 31, 2016 and 2015 consisted of:

	Three Months Ended March 31,	
	2016 (Unaudited)	2015 (Unaudited)
Provision for current income tax	**₱169**	₱24,078
Deferred tax charge (credit)	**881**	(349)
	₱1,050	₱23,729

The provision for current income tax for the three months ended March 31, 2016 and 2015 represents the tax provided by the Group on its taxable income for the periods. The deferred tax charge (credit) represents the deferred tax asset, which is recognized up to the amount of income tax recognized to the extent of the reversing deductible temporary difference arising from carryforward benefits from MCIT.

Section 13(2)(a) of the PAGCOR Charter grants PAGCOR an exemption from tax, income or otherwise, as well as exemption from any form of charges, fees, levies of whatever nature, whether national or local, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its operations under the franchise. Such tax shall be in lieu of all taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority. Section 13(2)(a) of the PAGCOR Charter which provides that the exemptions granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall inure to the benefit of and extend to the corporations, associations, agencies or individuals with whom PAGCOR, or operator has any contractual relationship in connection with the operations of the casino authorized to be conducted under the franchise and to those receiving compensation of other remuneration from PAGCOR or operator as a result of essential facilities furnished and/or technical services rendered to PAGCOR or operator. Management believes that the tax benefits granted to PAGCOR under its charter inure to the benefit of, and extend to corporations, associations and agencies, individuals with whom PAGCOR has any contractual agreement in accordance with Section 13(2)(b) of the PAGCOR Charter as of March 31, 2013.

The Bureau of Internal Revenue ("BIR") issued Revenue Memorandum Circular ("RMC") No. 33-2013 on April 17, 2013. The RMC clarifies that PAGCOR is no longer exempt from corporate income tax and is thus subject to corporate income tax under the National Internal Revenue Code (the "Tax Code") on its operations of gambling, casinos, gaming clubs and other similar recreation or amusement places, gaming pools and other related operations as well as on other income. The RMC further provided that PAGCOR's licensees and contractees, which are entities duly authorized and licensed by PAGCOR to perform gambling casinos, gaming clubs and other similar recreation or amusement places, and gaming pools, are likewise subject to income tax under the Tax Code.

To address the additional exposure to corporate income tax brought by BIR RMC No. 33-2013, in May 2014, PAGCOR temporarily reduced the license fees by 10% to 5% and 15% of gross gaming revenues effective from April 1, 2014. The license fee reduction is required to be used for the payment of corporate income taxes and any portion not used for such payment must be paid to PAGCOR as an annual true-up payment (as defined).

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

14. **Income Tax** – continued

On August 23, 2013, MCE Leisure was issued a certificate of registration by Philippine Economic Zone Authority ("PEZA") as a tourism economic zone enterprise ("Tourism Economic Zone Enterprise") for the development and operation of tourist facilities. As a Tourism Economic Zone Enterprise, MCE Leisure was granted the following fiscal incentives: (a) tax and duty free importation of certain eligible capital equipment to be used as part of the registered activity; and (b) value-added tax ("VAT") zero rating on local purchase of certain eligible capital equipment in accordance with the PEZA rules and regulations.

15. **Obligations Under Finance Lease**

As of March 31, 2016 and December 31, 2015, the minimum lease payments and present value of minimum lease payments on obligations under finance lease of the Group on the Lease Agreement were as follows:

	March 31, 2016 (Unaudited)		December 31, 2015 (Audited)	
	Minimum Lease Payments	Present Value of Minimum Lease Payments	Minimum Lease Payments	Present Value of Minimum Lease Payments
Amounts payable under finance lease:				
Within one year	**₱1,540,004**	**₱1,430,562**	₱1,506,510	₱1,401,702
In more than one year and not more than five years	**7,765,446**	**5,125,115**	7,580,256	5,011,130
In more than five years	**31,422,169**	**7,689,227**	32,023,338	7,733,705
	40,727,619	**14,244,904**	41,110,104	14,146,537
Less: Finance charges	**(26,482,715)**	**–**	(26,963,567)	–
Present value of lease obligations	**₱14,244,904**	**14,244,904**	₱14,146,537	14,146,537
Less: Current portion of obligations under finance lease		**(1,430,562)**		(1,401,702)
Noncurrent portion of obligations under finance lease		**₱12,814,342**		₱12,744,835

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

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

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Senior Notes	**₱15,000,000**	₱15,000,000
Less: Deferred financing costs, net	**(201,539)**	(217,648)
	14,798,461	14,782,352
Current portion of long-term debt	**–**	–
	₱14,798,461	₱14,782,352

(a) Senior Notes

On January 24, 2014, MCE Leisure issued the ₱15,000,000 5% senior notes, due 2019 (the "Senior Notes") at par of 100% of the principal amount and offered to certain primary institutional lenders as noteholders via private placement in the Philippines, which was priced on December 19, 2013.

For the three months ended March 31, 2016, there is no change to the terms of the Senior Notes as disclosed in the Group's consolidated financial statements as of December 31, 2015.

(b) Shareholder Loan Facility

On December 23, 2013, MCE Leisure, as borrower, signed the definitive agreement of the senior secured shareholder loan facility (the "Shareholder Loan Facility") in an aggregate amount of up to US$340,000,000 with MCE Investments as lender with reference to certain terms and conditions set out in a commitment letter entered by MCE Leisure with MCE Investments on April 12, 2013.

For the three months ended March 31, 2016, there is no change to the terms of the Shareholder Loan Facility as disclosed in the Group's consolidated financial statements as of December 31, 2015.

As of March 31, 2016 and December 31, 2015, the Shareholder Loan Facility has not been drawn.

(c) The Credit Facility

On October 14, 2015, the Parent Company entered into an on-demand, unsecured credit facility agreement of ₱2,350,000 (the "Credit Facility") with a lender to finance advances to MCE Leisure.

For the three months ended March 31, 2016, there is no change to the terms of the Credit Facility as disclosed in the Group's consolidated financial statements as of December 31, 2015.

As of March 31, 2016 and December 31, 2015, the Credit Facility has not been drawn.

16. **Long-term Debt, Net** – continued

(d) Deferred Financing Costs, Net

Direct and incremental costs of ₱333,711 incurred in connection with the issuance of the Senior Notes are capitalized in deferred financing costs. For the three months ended March 31, 2016 and 2015, deferred financing costs of ₱16,109 and ₱15,057 were amortized to the unaudited condensed consolidated statements of comprehensive income, respectively. As of March 31, 2016 and December 31, 2015, the unamortized deferred financing costs of ₱201,539 and ₱217,648 were net off and included in the amount of long-term debt as shown in the condensed consolidated balance sheets, respectively.

For the three months ended March 31, 2016 and 2015, interest expenses on long-term debt consisted of interest for the Senior Notes amounted to ₱234,375 in each of those periods. No interest on long-term debt was capitalized for the three months ended March 31, 2016 and 2015.

For the three months ended March 31, 2016 and 2015, the Group's borrowing rate was approximately 6.25% per annum in each of those periods, including a tax gross up impact on interest on the Senior Notes which required MCE Leisure to pay without any deduction or withholding for or on account of tax.

For the three months ended March 31, 2016 and 2015, other finance fees on long-term debt represents the gross receipt tax on interest on the Senior Notes, including a tax gross up impact which required MCE Leisure to pay without any deduction or withholding for or on account of tax amounted to ₱11,958 in each of those periods.

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

For the three months ended March 31, 2016, 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 consolidated financial statements as of December 31, 2015.

18. **Commitments and Contingencies**

(a) Capital Commitments

As of March 31, 2016, the Group had capital commitments contracted for but not provided mainly for the acquisition of property and equipment for City of Dreams Manila totaling ₱371,267.

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

18. **Commitments and Contingencies** – continued

(b) Lease Commitments

Operating Leases – As a Lessee

The Group leased a portion of land under the Lease Agreement for City of Dreams Manila and certain office spaces, warehouses, staff quarter and various equipment under non-cancellable operating lease agreements that expire at various dates through July 2033. Certain lease agreements provide for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by the Group and its lessors or contingent rental expenses stated as a percentage of turnover.

As of March 31, 2016, minimum lease payments under all non-cancellable leases were as follows:

	March 31, 2016 (Unaudited)
Within one year	**₱211,702**
In more than one year and not more than five years	**659,672**
In more than five years	**2,225,833**
	₱3,097,207

(c) Other Commitments and Guarantees

For the three months ended March 31, 2016, there is no significant change to the terms of other commitments and guarantees for the Regular/Provisional License, the Cooperation Agreement and the Lease Agreement as disclosed in the Group's consolidated financial statements as of December 31, 2015.

(d) Litigation

As of March 31, 2016, certain submitted pleadings regarding certain proceedings are pending resolution by the Court. The Group is also 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.

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

The Group's financial risk management objectives and policies are the same as those disclosed in the Group's consolidated financial statements as of December 31, 2015.

20. **Financial Instruments**

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

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

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

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of March 31, 2016 and December 31, 2015, the Group does not have financial instruments that are carried and measured at fair value. For the three months ended March 31, 2016 and 2015, 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.

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

(a) For the three months ended March 31, 2016, fit-out construction costs and cost of property and equipment in total of ₱94,830, ₱43,124 and nil were funded through accrued expenses, other payables and other current liabilities, amounts due to affiliated companies and other noncurrent liabilities, respectively (For the three months ended March 31, 2015: ₱960,537, ₱43,305 and ₱24,571, respectively).

(b) For the three months ended March 31, 2016, accrued construction costs of ₱206,223 were reversed for cost adjustment on final settlement (For the three months ended March 31, 2015: nil).

(c) For the three months ended March 31, 2016, interest expenses capitalized in fit-out construction costs of ₱2,011 were funded through obligations under finance lease (For the three months ended March 31, 2015: ₱69,642).

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

21. **Note to Unaudited Condensed Consolidated Statements of Cash Flows** – continued

(d) 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 (For the three months ended March 31, 2015: nil).

22. **Segment Information**

The Group principal operating and developmental activities are engaged in the gaming and hospitality business in the Philippines. The chief operating decision maker monitors its operations and evaluates earnings by reviewing the assets and operations of City of Dreams Manila as one operating segment. Upon commencement of operations of City of Dreams Manila on December 14, 2014 and as of March 31, 2016 and December 31, 2015, the Group operates in one geographical area, the Philippines, where it derives its revenue.

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

TOTAL ASSETS

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
The Philippines:		
City of Dreams Manila	**₱43,856,296**	₱44,757,753
Total Assets	**₱43,856,296**	₱44,757,753

CAPITAL EXPENDITURES

	Three Months Ended March 31,	
	2016 (Unaudited)	2015 (Unaudited)
The Philippines:		
City of Dreams Manila	**₱177,162**	₱3,280,400
Total Capital Expenditures	**₱177,162**	₱3,280,400

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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 (Unaudited)	2015 (Unaudited)
NET OPERATING REVENUES		
The Philippines:		
City of Dreams Manila	**₱4,534,749**	₱2,340,098
Total Net Operating Revenues	**₱4,534,749**	₱2,340,098
ADJUSTED EBITDA[(1)]		
The Philippines:		
City of Dreams Manila	**₱1,311,429**	₱125,033
OPERATING COSTS AND EXPENSES		
Payments to the Philippine Parties	**(337,904)**	(139,000)
Land rent to Belle	**(39,616)**	(39,616)
Pre-opening costs	**–**	(1,165,130)
Depreciation and amortization	**(1,153,893)**	(951,792)
Share-based compensation expenses	**(21,765)**	(38,576)
Consultancy fee in consideration for share awards	**(12,476)**	(27,695)
Corporate expenses	**(113,451)**	(173,779)
Total Operating Costs and Expenses	**(1,679,105)**	(2,535,588)
OPERATING LOSS	**(367,676)**	(2,410,555)
NON-OPERATING INCOME (EXPENSES)		
Interest income	**2,822**	4,169
Interest expenses, net of capitalized interest	**(713,215)**	(621,911)
Amortization of deferred financing costs	**(16,109)**	(15,057)
Other finance fees	**(11,958)**	(11,958)
Foreign exchange loss, net	**(28,630)**	(10,853)
Total Non-operating Expenses, Net	**(767,090)**	(655,610)
LOSS BEFORE INCOME TAX	**(1,134,766)**	(3,066,165)
INCOME TAX EXPENSE	**(1,050)**	(23,729)
NET LOSS	**(₱1,135,816)**	(₱3,089,894)

Note:
(1) "Adjusted EBITDA" is earnings before interest, taxes, depreciation, amortization, payments to the Philippine Parties, land rent to Belle, pre-opening costs, 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.

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

22. **Segment Information** – continued

The Group's geographic information for long-lived assets is as follows:

LONG-LIVED ASSETS

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
The Philippines	**₱32,680,074**	₱33,863,028
Total Long-lived Assets	**₱32,680,074**	₱33,863,028

23. **Subsequent Event**

On April 28, 2016, MCE Holdings Group and the Philippine Parties signed a side letter (the "Side Letter"), of which the Philippine Parties agreed to reimburse MCE Holdings Group for US$56 million (inclusive of US$6 million VAT) (the "Reimbursable Amount") pursuant to the investment commitment agreed under the terms of the Cooperation Agreement. The Reimbursable Amount is to cover the additional basebuild constructed by MCE Holdings Group for the Philippine Parties. Part of the Reimbursable Amount (US$25 million) will be offset with the escrow funds refundable to the Philippine Parties, with the remaining US$31 million to be settled in cash in accordance with the terms of the Side Letter.