SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2015**

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

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

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

6. Industry Classification Code: [ ] (SEC Use Only)

....

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

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

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding as of June 30, 2015
Common	**4,949,799,318**
	Outstanding Debt: ₱15 billion Senior Note

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

    Yes [**X**] No [ ]

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

    Philippine Stock Exchange **Common**

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of June 30, 2015 and for the three and six months ended June 30, 2015 and the audited consolidated balance sheet as of December 31, 2014 and the related notes to 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.

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 consolidated financial statements and related notes of the Group as of June 30, 2015 and for the three and six months ended June 30, 2015.

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**") and certain of its subsidiaries (collectively, the "SM Group"), Belle Corporation ("**Belle**") and PremiumLeisure Amusement, Inc. ("**PLAI**") (MCE Holdings Group, SM Group, Belle and PLAI are collectively referred to as the "**Licensees**") are the holders of the regular casino gaming license issued by the Philippine Amusement and Gaming Corporation ("**PAGCOR**") for the development of City of Dreams Manila, the new integrated resort at Entertainment City, Manila. 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, and its subsidiary, MCE Leisure, is responsible for the furniture, fixtures and equipment (including gaming equipment), working capital expenses, non-real property improvements and personal property, as well as the management and operation of City of Dreams Manila. Belle, part of one of the largest conglomerates in the Philippines with interests in retail, real estate development and banking, among others, is responsible for construction of the principal structures and fixtures of City of Dreams Manila.

City of Dreams Manila opened its doors to the public in December 2014 and marked the formal entry of MCE into the fast-growing and dynamic tourism industry in the Philippines. City of Dreams Manila had its grand opening on February 2, 2015. 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 June 30, 2015, City of Dreams Manila has around 272 gaming tables, 1,588 slot machines and 130 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 accented with creative exterior lighting, which is expected to become an iconic landmark of the Manila Bay area. DreamPlay was opened to the public on March 31, 2015 while Chaos opened its doors on February 14, 2015.

City of Dreams Manila also includes an approximately 260 room Crown Towers hotels, 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.

On December 9, 2014, PAGCOR issued a Notice to Commence Casino Operations to City of Dreams Manila effective on December 14, 2014. On May 4, 2015, PAGCOR issued the regular casino gaming license for City of Dreams Manila in favor of the Licensees, after the Licensees satisfied the investment commitment of US$1 billion required by PAGCOR.

Subsidiaries of MCP and group reorganization

On March 20, 2013, pursuant to the terms of the subscription and share sale agreement, MCP entered into a deed of assignment with MCE (Philippines) Investments Limited ("**MCE Investments**"), whereby MCP acquired all equity interests of MCE Investments in MCE Holdings, consisting of 147,894,500 issued and outstanding common shares with a par value of ₱1.00 per share as of March 20, 2013, at a consideration of ₱7,198,590,000 (the "**Asset Acquisition Transaction**"). MCE Holdings holds 100% direct ownership interests in MCE Holdings No. 2, which in turn holds 100% direct ownership interests in MCE Leisure. As a result of the Asset Acquisition Transaction, the companies in the MCE Holdings Group are wholly-owned subsidiaries of MCP.

As of June 30, 2015 and December 31, 2014, 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, while the primary purpose of MCE Leisure is to develop and operate tourist facilities, including hotel casino entertainment complexes with hotel, retail and amusement areas and themed development components and to engage in casino gaming activities.

Activities of MCE Holdings Group

On July 5, 2012, MCE, through its indirect subsidiary, MPEL Projects Limited, entered into a memorandum of agreement (the "**MOA**") with the SM Group, Belle and PLAI (collectively, together with the SM Group, the "**Philippine Parties**") for the development of City of Dreams Manila. Further to the MOA, on October 25, 2012, the MCE Holdings Group entered into the cooperation agreement (the "**Cooperation Agreement**") and other related arrangements with the Philippine Parties. MCE Leisure also entered into the lease agreement on October 25, 2012 with Belle for the lease of the land and buildings for City of Dreams Manila (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 the operating agreement on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila (the "**Operating Agreement**").

On December 19, 2013, MCE Leisure priced its ₱15 billion aggregate principal amount of 5% 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 the development of City of Dreams Manila.

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

Key Performance Indicators (KPIs)

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

a. Adjusted property EBITDA: Earnings before interest, taxes, depreciation and amortization, payments to the Philippine Parties, land rent to Belle, pre-opening costs, share-based compensation expenses, corporate and other expenses and other non-operating income and expenses.

b. Revenue Growth: Measures the percentage change in revenue over a period of time. It is regularly monitored on a per product and per client basis.

c. Net Income: Measures the profitability of the Group.

d. Basic Earnings Per Share: Measures how much a stockholder earns in the Net Income of the Group. Basic Earnings per share is calculated by dividing Net Income by the weighted number of common shares issued and outstanding during a particular period of time.

e. Rolling chip volume: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.

f. Rolling chip win rate: rolling chip table games win (calculated before discounts and commissions) as a percentage of rolling chip volume.

g. Mass market table games drop: the amount of table games drop in the mass market table games segment.

h. Mass market table games hold percentage: mass market table games win as a percentage of mass market table games drop.

i. Table games win: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.

j. Gaming machine handle: the total amount wagered in gaming machines.

k. Gaming machine win rate: gaming machine win expressed as a percentage of gaming machine handle.

l. Average daily rate: calculated by dividing total room revenues including the retail value of promotional allowances (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.

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

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

These performance indicators are not applicable for the three and six months ended June 30, 2014 when the Company and the Group had no commercial operations.

Operating Results for the Three Months Ended June 30, 2015 Compared to the Three Months ended June 30, 2014

(in thousands of Philippine peso, except % change and per share data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the three months ended June 30,	For the three months ended June 30,	% to Revenues		% of Change from Prior Period	
	2015	2014	2015	2014	Inc / (Dec)	%
Net Operating Revenues						
Casino	2,901,348	-	87%	0%	2,901,348	N/A
Rooms	135,663	-	4%	0%	135,663	N/A
Food and beverage	177,848	-	5%	0%	177,848	N/A
Entertainment, retail and others	124,194	23,672	4%	100%	100,522	425%
Total net operating revenues	3,339,053	23,672	100%	100%	3,315,381	14005%
Operating costs and expenses						
Gaming tax and license fees	(812,157)	-	-24%	0%	(812,157)	N/A
Inventories consumed	(209,060)	-	-6%	0%	(209,060)	N/A
Employee benefit expenses	(1,039,032)	(518,485)	-31%	-2190%	(520,547)	100%
Depreciation and amortization	(1,144,781)	(28,752)	-34%	-121%	(1,116,029)	3882%
Other expenses	(1,048,528)	(262,974)	-31%	-1111%	(785,554)	299%
Payments to the Philippine Parties	(184,696)	-	-6%	0%	(184,696)	N/A
Total operating costs and expenses	(4,438,254)	(810,211)	-133%	-3423%	(3,628,043)	448%
Operating loss	(1,099,201)	(786,539)	-33%	-3323%	(312,662)	40%
Non-operating income (expenses)						
Interest income	3,605	12,830	0%	54%	(9,225)	-72%
Interest expenses, net of capitalized interest	(688,285)	(515,998)	-21%	-2180%	(172,287)	33%
Amortization of deferred financing costs	(15,335)	(15,050)	0%	-64%	(285)	2%
Other finance fees	(11,958)	(11,719)	0%	-50%	(239)	2%
Foreign exchange loss, net	(9,119)	(113,839)	0%	-481%	104,720	-92%
Total non-operating expenses, net	(721,092)	(643,776)	-22%	-2719%	(77,316)	12%
Net loss before income tax	(1,820,293)	(1,430,315)	-55%	-6042%	(389,978)	27%
Income tax expense	-	-	0%	0%	-	N/A
Net loss	(1,820,293)	(1,430,315)	-55%	-6042%	(389,978)	27%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive loss	(1,820,293)	(1,430,315)	-55%	-6042%	(389,978)	27%
Basic/diluted loss per share	(₱ 0.37)	(₱ 0.32)			(₱ 0.05)	16%

City of Dreams Manila had a soft opening on December 14, 2014 and a grand opening on February 2, 2015 and was in its development stage in the second quarter of 2014. As a result of the above, our financial data presented above may not be comparable period-to-period.

Consolidated comprehensive loss for the three months ended June 30, 2015 was ₱1,820.3 million, an increase of ₱390.0 million, or 27%, from ₱1,430.3 million for the three months ended June 30, 2014, which is primarily related to gaming tax and license fees, inventories consumed, employee benefit expenses, depreciation and amortization, other expenses, payments to the Philippine Parties, as well as the interest expenses (net of capitalized interest), other finance fees, and amortization of deferred financing costs as a result of continuous development of City of Dreams Manila, partially offset by operating revenues generated during the current quarter.

Revenues

Total net operating revenues were ₱3,339.1 million for the three months ended June 30, 2015, representing an increase of ₱3,315.4 million, from ₱23.7 million for the three months ended June 30, 2014. The increase in total net operating revenues was due to the opening of the integrated casino resort since December 2014.

Total net operating revenues for the three months ended June 30, 2015 comprised of ₱2,901.3 million of casino revenues, representing 87% of total net operating revenues, and ₱437.7 million of non-casino revenues. Total net operating revenues for the three months ended June 30, 2014 of ₱23.7 million primarily represented the reimbursement for the share based compensation costs for certain MCP directors, based on the share incentive plan launched in June 2013, recharged to MCE.

Casino - Casino revenues for the three months ended June 30, 2015 were ₱2,901.3 million. Rolling chip volume for the three months ended June 30, 2015 was ₱22.2 billion. Rolling chip win rate (calculated before discounts and commissions) was 2.4%. In the mass market table games segment, mass market table games drop was ₱5.2 billion for the three months ended June 30, 2015. The mass market table games hold percentage was 25.4% for the three months ended June 30, 2015. Average number of table games and average number of gaming machines for the three months ended June 30, 2015 were 258 and 1,713, respectively. Average net win per table games per day and average net win per gaming machine per day for the three months ended June 30, 2015 were ₱79,223 and ₱8,165, respectively.

Rooms - Room revenues for the three months ended June 30, 2015 were ₱135.7 million, mainly from Crown Towers Hotel, Nobu Hotel and Hyatt City of Dreams Manila. City of Dreams Manila's average daily rate, occupancy rate and REVPAR were ₱9,579, 88.9% and ₱8,516, respectively.

Food, beverage and others - Other non-casino revenues for the three months ended June 30, 2015 included food and beverage revenues of ₱177.8 million and entertainment, retail and other revenues of ₱124.2 million. Prior period entertainment, retail and other revenues solely represented the reimbursement for the share based compensation costs for certain MCP directors recharged to MCE.

Operating costs and expenses

Total operating costs and expenses were ₱4,438.3 million for the three months ended June 30, 2015, representing an increase of ₱3,628.1 million, from ₱810.2 million for the three months ended June 30, 2014. The increase in operating costs was attributable to full quarter of resort operations since the opening in December 2014.

Gaming tax and license fees for the three months ended June 30, 2015 amounted to ₱812.2 million. Please refer to Note 2 to the unaudited consolidated financial statements for the nature and details.

Inventories consumed for the three months ended June 30, 2015 amounted to ₱209.1 million and represented the gaming playing cards and dice consumed, retail merchandise, food and beverage items and certain operating supplies consumed during the quarter.

Employee benefit expenses for the three months ended June 30, 2015 amounted to ₱1,039.0 million, as compared to ₱518.5 million for the three months ended June 30, 2014, which primarily consisted of basic salaries, allowances and bonus, consultancy fee in consideration for share awards, share-based compensation expenses, retirement costs – defined contribution plans and other employee benefit expenses. The increase was in line with the increase in headcount during the development stage towards the opening of the resort.

Depreciation and amortization for the three months ended June 30, 2015 of ₱1,144.8 million consisted of depreciation for property and equipment of ₱1,131.4 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 ₱15.7 million and amortization of contract acquisition costs of ₱13.0 million, for the three months ended June 30, 2014. The increase was primarily due to the opening of the property in December 2014.

Other expenses for the three months ended June 30, 2015 amounted to ₱1,048.5 million, as compared to ₱263.0 million for the three months ended June 30, 2014 and primarily consisted of rental expenses, management fee expenses, facilities expenses, supplies expenses, advertising, marketing, promotional and entertainment expenses, legal and other professional fees, taxes and licenses, other gaming operations expenses, office and administration expenses and other operating expenses. The increase was primarily attributable to the staggered opening of the property and consisted of (i) ₱114.4 million of higher management fee expenses during the three months ended June 30, 2015; (ii) ₱199.7 million higher facilities expenses; (iii) ₱188.7 million higher other gaming operations expenses; (iv) ₱89.3 million higher supplies expenses; (v) ₱105.5 million higher advertising, marketing, promotional and entertainment expenses; (vi) other general operating costs amounting to ₱87.9 million.

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 ₱3.6 million for the three months ended June 30, 2015, as compared to ₱12.8 million for the three months ended June 30, 2014, 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 June 30, 2015 compared to the same period in 2014.

Interest expenses (net of capitalized interest), mainly representing the interest expenses on Senior Notes and obligations under finance lease in relation to the Lease Agreement of the building with Belle, amounted to ₱688.3 million for the three months ended June 30, 2015 as compared to ₱516.0 million for the three months ended June 30, 2014. The increase was primarily due to lower interest capitalization of ₱9.4 million as the project moved to completion in the first quarter of 2015.

Other finance fees amounted to ₱12.0 million and ₱11.7 million for the three months ended June 30, 2015 and 2014, respectively, representing the gross receipt tax in relation to the interest payment of Senior Notes issued in January 2014.

Foreign exchange loss – net of ₱9.1 million for the three months ended June 30, 2015 was mainly due to the translation of foreign currency denominated bank balances and payables at the period end closing rate. Because Philippine Peso fluctuated against H.K. Dollar and U.S. Dollar during the three months ended June 30, 2015, foreign exchange loss decreased by ₱104.7 million from ₱113.8 million for the three months ended June 30, 2014 as a result of the foreign exchange revaluation on foreign currencies payables/USD denominated bank accounts during the period.

Amortization of deferred financing costs amounted to ₱15.3 million and ₱15.1 million for the three months ended June 30, 2015 and 2014, respectively, representing amortization of deferred financing costs capitalized for the Senior Notes which is effective from January 2014.

Income tax expense

Nil provision for current income tax was noted for the three months ended June 30, 2015. Please refer to Note 18 to the unaudited condensed consolidated financial statements for the nature and details of the provision for income tax for the three months ended June 30, 2015.

Net loss

As a result of the foregoing, the Group incurred net loss of ₱1,820.3 million for the three months ended June 30, 2015, as compared to ₱1,430.3 million for the three months ended June 30, 2014.

Pre-Operating Results for the Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

(in thousands of Philippine peso, except % change and per share data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	For the six months ended June 30,	For the six months ended June 30,	% to Revenues		% of Change from Prior Period	
	2015	2014	2015	2014	Inc / (Dec)	%
Net Operating Revenues						
Casino	4,852,868	-	85%	0%	4,852,868	N/A
Rooms	294,476	-	5%	0%	294,476	N/A
Food and beverage	343,219	-	6%	0%	343,219	N/A
Entertainment, retail and others	188,588	45,006	3%	100%	143,582	319%
Total net operating revenues	5,679,151	45,006	100%	100%	5,634,145	12519%
Operating costs and expenses						
Gaming tax and license fees	(1,391,155)	-	-24%	0%	(1,391,155)	N/A
Inventories consumed	(373,428)	-	-7%	0%	(373,428)	N/A
Employee benefit expenses	(2,146,054)	(796,752)	-38%	-1770%	(1,349,302)	169%
Depreciation and amortization	(2,096,573)	(48,823)	-37%	-108%	(2,047,750)	4194%
Other expenses	(2,858,001)	(416,951)	-50%	-926%	(2,441,050)	585%
Payments to the Philippine Parties	(323,696)	-	-6%	0%	(323,696)	N/A
Total operating costs and expenses	(9,188,907)	(1,262,526)	-162%	-2805%	(7,926,381)	628%
Operating loss	(3,509,756)	(1,217,520)	-62%	-2705%	(2,292,236)	188%
Non-operating income (expenses)						
Interest income	7,774	29,373	0%	65%	(21,599)	-74%
Interest expenses, net of capitalized interest	(1,310,196)	(1,027,224)	-23%	-2282%	(282,972)	28%
Amortization of deferred financing costs	(30,392)	(26,181)	-1%	-58%	(4,211)	16%
Other finance fees	(23,916)	(20,573)	0%	-46%	(3,343)	16%
Foreign exchange loss, net	(19,972)	(138,256)	0%	-307%	118,284	-86%
Total non-operating expenses, net	(1,376,702)	(1,182,861)	-24%	-2627%	(193,841)	16%
Net loss before income tax	(4,886,458)	(2,400,381)	-86%	-5333%	(2,486,077)	104%
Income tax expense	(23,729)	-	0%	0%	(23,729)	N/A
Net loss	(4,910,187)	(2,400,381)	-86%	-5333%	(2,509,806)	105%
Other comprehensive income	-	-	0%	0%	-	N/A
Total comprehensive loss	(4,910,187)	(2,400,381)	-86%	-5333%	(2,509,806)	105%
Basic/diluted loss per share	(₱ 1.00)	(₱ 0.54)			(₱ 0.46)	85%

City of Dreams Manila had a soft opening on December 14, 2014 and a grand opening on February 2, 2015 and was in its development stage in the second quarter of 2014. As a result of the above, our financial data presented above may not be comparable period-to-period.

Consolidated comprehensive loss for the six months ended June 30, 2015 was ₱4,910.2 million, an increase of ₱2,509.8 million, or 105%, from ₱2,400.4 million for the six months ended June 30, 2014, which primarily related to gaming tax and license fees, inventories consumed, employee benefit expenses, depreciation and amortization, other expenses, payments to the Philippine Parties, as well as the interest expenses (net of capitalized interest), other finance fees, net foreign exchange loss and amortization of deferred financing costs as a result of continuous development of City of Dreams Manila, partially offset by operating revenues generated during the six months ended June 30, 2015.

Revenues

Total net operating revenues were ₱5,679.2 million for the six months ended June 30, 2015, representing an increase of ₱5,634.2 million, from ₱45.0 million for the six months ended June 30, 2014. The increase in total net operating revenues was due to the opening of the integrated casino resort since December 2014.

Total net operating revenues for the six months ended June 30, 2015 comprised of ₱4,852.9 million of casino revenues, representing 85% of total net operating revenues, and ₱826.3 million of non-casino revenues. Total net operating revenues for the six months ended June 30, 2014 of ₱45.0 million primarily represented the reimbursement for the share based compensation costs for certain MCP directors, based on the share incentive plan launched in June 2013, recharged to MCE.

Casino - Casino revenues for the six months ended June 30, 2015 were ₱4,852.9 million. Rolling chip volume for the six months ended June 30, 2015 was ₱30.4 billion. Rolling chip win rate (calculated before discounts and commissions) was 1.5%. In the mass market table games segment, mass market table games drop was ₱9.7 billion for the six months ended June 30, 2015. The mass market table games hold percentage was 25.3% for the six months ended June 30, 2015. Average number of table games and average number of gaming machines for the six months ended June 30, 2015 were 247 and 1,729, respectively. Average net win per table games per day and average net win per gaming machine per day for the six months ended June 30, 2015 were ₱68,304 and ₱7,304, respectively.

Rooms - Room revenues for the six months ended June 30, 2015 were ₱294.5 million, mainly from Crown Towers Hotel, Nobu Hotel and Hyatt City of Dreams Manila. City of Dreams Manila's average daily rate, occupancy rate and REVPAR were ₱9,771, 83.4% and ₱8,149, respectively.

Food, beverage and others - Other non-casino revenues for the six months ended June 30, 2015 included food and beverage revenues of ₱343.2 million and entertainment, retail and other revenues of ₱188.6 million. Prior period entertainment, retail and other revenues solely represented the reimbursement for the share based compensation costs for certain MCP directors recharged to MCE.

Operating costs and expenses

Total operating costs and expenses were ₱9,188.9 million for the six months ended June 30, 2015, representing an increase of ₱7,926.4 million, from ₱1,262.5 million for the six months ended June 30, 2014. The increase in operating costs was attributable to full period of resort operations since the opening in December 2014.

Gaming tax and license fees for the six months ended June 30, 2015 amounted to ₱1,391.2 million. Please refer to Note 2 to the unaudited consolidated financial statements for the nature and details.

Inventories consumed for the six months ended June 30, 2015 amounted to ₱373.4 million and represented the gaming playing cards and dice consumed, retail merchandise, food and beverage items and certain operating supplies consumed during the period.

Employee benefit expenses for the six months ended June 30, 2015 amounted to ₱2,146.1 million, as compared to ₱796.8 million for the six months ended June 30, 2014, which primarily consisted of basic salaries, allowances and bonus, consultancy fee in consideration for share awards, share-based compensation expenses, retirement costs – defined contribution plans and other employee benefit expenses. The increase was in line with the increase in headcount during the development stage towards the opening of the resort.

Depreciation and amortization for the six months ended June 30, 2015 of ₱2,096.6 million consisted of depreciation for property and equipment of ₱2,069.9 million, amortization of contract acquisition costs of ₱26.0 million, and amortization of license fees of ₱0.7 million, as compared to depreciation for property and equipment of ₱22.8 million and amortization of contract acquisition costs of ₱26.0 million, for the six months ended June 30, 2014. The increase was primarily due to the opening of the property in December 2014.

Other expenses for the six months ended June 30, 2015 amounted to ₱2,858.0 million, as compared to ₱417.0 million for the six months ended June 30, 2014, primarily consisted of rental expenses, management fee expenses, facilities expenses, supplies expenses, advertising, marketing, promotional and entertainment expenses, legal and other professional fees, taxes and licenses, other gaming operations expenses, office and administration expenses and other operating expenses. The increase was primarily attributable to the staggered opening of the property and consisted of (i) ₱259.5 million higher management fee expenses during the six months ended June 30, 2015; (ii) ₱395.9 million higher facilities expenses ; (iii) ₱299.9 million higher other gaming operations expenses; (iv) ₱189.7 million higher supplies; (v) ₱1,005.4 million higher advertising, marketing, promotional and entertainment expenses; (vi) other general operating costs of ₱290.6 million.

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 ₱7.8 million for the six months ended June 30, 2015, as compared to ₱29.4 million for the six months ended June 30, 2014, 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 period.

Interest expenses (net of capitalized interest), mainly representing the interest expenses on Senior Notes and obligations under finance lease in relation to the Lease Agreement of the building with Belle, amounted to ₱1,310.2 million for the six months ended June 30, 2015 as compared to ₱1,027.2 million for the six months ended June 30, 2014. The increase was primarily due to the full period recognition of interest expense on Senior Notes issued on January 24, 2014 when compared to the same period last year and a lower of interest capitalization of ₱79.0 million as compared to ₱270.1 million for the six months ended June 30, 2014 as the project moved to completion during the period.

Other finance fees amounted to ₱23.9 million and ₱20.6 million for the six months ended June 30, 2015 and 2014 respectively, representing the gross receipt tax in relation to the interest payment of Senior Notes issued in January 2014.

Foreign exchange loss – net of ₱20.0 million for the six months ended June 30, 2015 mainly due to the translation of foreign currency denominated bank balances and payables at the period end closing rate. Because Philippine Peso fluctuated against H.K. Dollar and U.S. Dollar during the six months ended June 30, 2015, foreign exchange loss decreased by ₱118.3 million from ₱138.3 million for the six months ended June 30, 2014 as a result of the foreign exchange revaluation on foreign currencies payables/USD denominated bank accounts during the period.

Amortization of deferred financing costs amounted to ₱30.4 million and ₱26.2 million for the six months ended June 30, 2015 and 2014, respectively, representing amortization of deferred financing costs capitalized for the Senior Notes which is effective from January 2014.

Income tax expense

The provision for current income tax for the six months ended June 30, 2015 represents tax expenses as a result of reversal of previously recognized deferred tax assets for the period. Please refer to Note 18 to the unaudited condensed consolidated financial statements for the nature and details of the provision for income tax for the six months ended June 30, 2015.

Net loss

As a result of the foregoing, the Group incurred net loss of ₱4,910.2 million for the six months ended June 30, 2015, as compared to ₱2,400.4 million for the six months ended June 30, 2014.

Adjusted Property EBITDA

Adjusted Property 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 and other expenses and other non-operating income and expenses. Adjusted Property EBITDA were ₱542.2 million and loss of ₱21.3 million for the three months ended June 30, 2015 and 2014, respectively. Adjusted Property EBITDA were ₱667.2 million and loss of ₱5.8 million for the six months ended June 30, 2015 and 2014, respectively.

Our management uses Adjusted Property EBITDA to measure the operating performance of City of Dreams Manila, and to compare the operating performance of our properties with those of our competitors. Adjusted Property 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 Property 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 Property 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 Property 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 Property 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, 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 June 30, 2015 with variance against December 31, 2014 is discussed, as follows:

(in thousands of Philippine peso, except % change data)			VERTICAL ANALYSIS		HORIZONTAL ANALYSIS	
	June 30,	December 31,	% to Total Assets		% of Change from Prior Period	
ASSETS	**2015**	**2014**	**2015**	2014	**Inc / (Dec)**	**%**
Current assets						
Cash and cash equivalents	7,503,185	7,651,187	15%	16%	(148,002)	-2%
Restricted cash	-	2,230,850	0%	5%	(2,230,850)	-100%
Accounts receivable, net	1,934,555	24,719	4%	0%	1,909,836	7726%
Inventories	221,536	194,609	0%	0%	26,927	14%
Prepayments and other current assets	319,821	184,957	1%	0%	134,864	73%
Amount due from a shareholder	5,425	5,425	0%	0%	-	0%
Amount due from an affiliated company	36	-	0%	0%	36	N/A
Total current assets	9,984,558	10,291,747	21%	22%	(307,189)	-3%
Noncurrent assets						
Property and equipment, net	34,977,103	32,830,332	72%	69%	2,146,771	7%
Contract acquisition costs, net	942,012	968,058	2%	2%	(26,046)	-3%
Other intangible assets, net	8,045	8,698	0%	0%	(653)	-8%
Other noncurrent assets	2,636,060	3,624,180	5%	8%	(988,120)	-27%
Deferred tax asset	563	23,729	0%	0%	(23,166)	-98%
Total noncurrent assets	38,563,783	37,454,997	79%	78%	1,108,786	3%
Total assets	**48,548,341**	**47,746,744**	100%	100%	801,597	2%
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable	173,315	160,219	0%	0%	13,096	8%
Accrued expenses, other payables and other current liabilities	8,855,809	4,631,506	18%	10%	4,224,303	91%
Current portion of obligations under finance lease	1,238,906	1,041,760	3%	2%	197,146	19%
Amount due to ultimate holding company	-	58,363	0%	0%	(58,363)	-100%
Amount due to immediate holding company	-	889,239	0%	2%	(889,239)	-100%
Amounts due to affiliated companies	54,695	834,384	0%	2%	(779,689)	-93%
Income tax payable	214	3,882	0%	0%	(3,668)	-94%
Total current liabilities	10,322,939	7,619,353	21%	16%	2,703,586	35%
Noncurrent liabilities						
Long-term debt, net	14,750,916	14,720,524	30%	31%	30,392	0%
Noncurrent portion of obligations under finance lease	12,544,501	12,378,968	26%	26%	165,533	1%
Amount due to ultimate holding company	81,434	-	0%	0%	81,434	N/A
Amount due to immediate holding company	900,899	-	2%	0%	900,899	N/A
Amounts due to affiliated companies	1,668,921	-	3%	0%	1,668,921	N/A
Deferred rent liability	149,363	122,131	0%	0%	27,232	22%
Other noncurrent liabilities	47,691	18,357	0%	0%	29,334	160%
Total noncurrent liabilities	30,143,725	27,239,980	62%	57%	2,903,745	11%
Equity						
Capital stock	4,949,799	4,911,480	10%	10%	38,319	1%
Additional paid-in capital	19,937,736	19,647,157	41%	41%	290,579	1%
Share-based compensation reserve	534,803	759,248	1%	2%	(224,445)	-30%
Equity reserve	(3,613,990)	(3,613,990)	-7%	-8%	-	0%
Accumulated deficits	(13,726,671)	(8,816,484)	-28%	-18%	(4,910,187)	56%
Total equity	8,081,677	12,887,411	17%	27%	(4,805,734)	-37%
Total equity and liabilities	**48,548,341**	**47,746,744**	100%	100%	801,597	2%

Current assets

Cash and cash equivalents decreased by ₱148.0 million, which is the net result of the payments made for the capital and operating expenditures, offset by the release in restricted cash of ₱2,230.9 million escrow account during the period presented. Please see below “Liquidity and Capital Resources” for cash flow analysis for the six months ended June 30, 2015.

Restricted cash – decreased by ₱2,230.9 million, which resulted from the release of escrow account as approved by PAGCOR on May 7, 2015.

Accounts receivable, net, increased by ₱1,909.8 million, which is mainly attributable to casino, hotel and F&B receivables, which is in-line upon commencement of operations.

Inventories increased by ₱26.9 million, which mainly consisted of gaming inventories, retail merchandise, food and beverage items and certain operating supplies, which was in-line with the increased business volumes upon resort opening.

Prepayments and other current assets increased by ₱134.9 million, which was primarily due to increase in (i) receivable from junket operator for the share of loss on revenue share program results during the quarter of ₱14.7 million; (ii) prepaid insurance of ₱29.7 million; (iii) prepaid facilities expenses of ₱14.0 million; (iv) rental receivable from retail and F&B tenants of ₱12.5 million; and (v) others of ₱64.0 million. The overall increase is in-line with the growing business.

Noncurrent assets

Property and equipment increased by ₱2,146.8 million, mainly due to the additional capital expenditures in construction in progress of ₱1,702.7 million and recognition of operating equipment of ₱2,521.1 million incurred during the six months ended June 30, 2015, which were partially offset by the depreciation of ₱2,077.0 million for these operating equipment during the period. During the six months ended June 30, 2015, construction in progress of ₱5,717.8 million was transferred to operating equipment.

Contract acquisition costs decreased by ₱26.0 million, mainly due to the amortization for the six months ended June 30, 2015.

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 ₱0.7 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 decreased by ₱988.1 million primarily due to (i) the decrease of advance payment and deposit for property and equipment of ₱1,401.1 million as a result of capitalization of those costs to property and equipment during the period; partially offset by (ii) further recognition of input VAT of ₱339.4 million during the six months ended June 30, 2015 and (iii) increase in security and rental deposits and other non-current assets and deposits as well as noncurrent portion of prepaid rent of ₱73.6 million.

Current liabilities

Accounts payable of ₱173.3 million represented the payables to suppliers with products and services such as playing cards and marketing.

Accrued expenses, other payables and other current liabilities increased by ₱4,224.3 million, which is mainly related to increase in (i) accruals for acquisition of property and equipment by ₱362.7 million; (ii) the increase in unredeemed chips of ₱1,259.9 million, which is in-line with the increase in credit markers during the period; (iii) the increase in gaming tax and license fees of ₱648.7 million as a result of increased casino revenues; (iv) advertising, marketing, promotional and entertainment events expenses of ₱153.4 million; (v) restricted cash refundable to the Philippine Parties of ₱1,104.5 million; (vi) customer deposits of ₱209.0 million; (vii) accruals for staff costs of ₱175.1 million; (viii) withholding tax payable of ₱7.6 million; (ix) payments to the Philippine Parties of ₱1.1 million, and (x) net increase in others of ₱302.3 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 ₱754.9 million recognized during the period, partially offset by (ii) the lease payments made amounting to ₱557.8 million during the period.

Amounts due to affiliated companies, ultimate holding company and immediate holding company decreased by ₱1,727.3 million, which primarily resulted from the reclassification of the balance from current to noncurrent portion. Please refer to Note 16 to the unaudited condensed consolidated financial statements for the nature and details of the related party transactions for the six months ended June 30, 2015.

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 ₱ 249.1 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 ₱30.4 million for the period.

Non-current portion of obligations under finance lease increased by ₱165.5 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.

Amounts due to affiliated/holding companies increased by ₱2,651.3 million, which primarily resulted from the reclassification of the balance from current to non-current portion as mentioned above, and the management fee/payroll/expenses recharged from affiliates/holding companies, net with settlements, of ₱952.2 million during the six months ended June 30, 2015; partially offset by the share based compensation costs of ₱28.2 million for MCP directors recharged to MCE for the current period.

Other non-current liability represented the retail tenants' deposits and other payables which are due more than one year.

Equity

Capital stock and additional paid-in capital increased by ₱38.3 million and ₱290.6 million, respectively, as of June 30, 2015 as compared to December 31, 2014, which was mainly due to 38,319,018 number of restricted shares vested during the six months ended June 30, 2015.

Share-based compensation reserve decreased by ₱224.4 million mainly due to the transfer of ₱328.9 million to capital stock/additional paid-in capital as a result of 38,319,018 number of restricted shared vested mentioned above; partially offset by the recognition of share-based payments of ₱104.5 million during the six months ended June 30, 2015.

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 June 30, 2015 as compared to December 31, 2014.

Deficit increased by ₱4,910.2 million to ₱13,726.7 million as of June 30, 2015, from ₱8,816.5 million as of December 31, 2014, which was solely due to the net loss recognized during the six months ended June 30, 2015.

Liquidity and Capital Resources

The table below shows the Group's consolidated cash flows for the six months ended June 30, 2015 and 2014, respectively:

	For the Six Months Ended June 30, 2015	For the Six Months Ended June 30, 2014	% Change
In thousands of Philippine peso, except % change data			
Net cash provided by (used in) operating activities	**113,053**	(1,422,556)	**-108%**
Net cash provided by (used in) investing activities	**821,294**	(6,782,566)	**-112%**
Net cash (used in) provided by financing activities	**(1,107,323)**	19,571,442	**-106%**
Effect of foreign exchange on cash and cash	**24,974**	(205,571)	**-112%**
Net (decrease) increase in cash and cash equivalents	**(148,002)**	11,160,749	**-101%**
Cash and cash equivalents at beginning of period	**7,651,187**	8,599,842	**-11%**
Cash and cash equivalents at end of period	**7,503,185**	19,760,591	**-62%**

Cash and cash equivalents decreased by 2% as of June 30, 2015 compared to December 31, 2014 mainly due to the net effect of the following:

- For the six months ended June 30, 2015, the Group recorded cash flow from operating activities of ₱113.1 million primarily attributable to the full period of operating performance at City of Dreams Manila as discussed in the aforesaid sections.

- Net cash provided by investing activities amounted to ₱821.3 million for the six months ended June 30, 2015, which primarily includes: (i) decrease in restricted cash of ₱2,230.9 million as a result of the release of escrow account as approved by PAGCOR on May 7, 2015; (ii) share of restricted cash by the Philippine Parties of ₱1,103.9 million in accordance with the cooperation agreement, which allowed MCP to withdraw US$25 million from the escrow account for its free use; partially offset by (iii) capital expenditure payments of ₱2,442.7 million; (iv) security deposits of ₱ 62.2 million and (v) deposit for acquisition of property and equipment of ₱4.3 million.

- Net cash used in financing activities for the six months ended June 30, 2015 mainly represented: (i) repayments of obligations under the finance lease of ₱614.7 million and (ii) 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 June 30, 2015 and December 31, 2014.

	As of June 30, 2015	As of December 31, 2014	% Change
In thousands of Philippine peso, except % change data			
Long-term debt, net	14,750,916	14,720,524	**0 %**
Equity	8,081,677	12,887,411	**-37%**
	22,832,593	27,607,935	**-17%**

Total long-term debt and equity decreased by 17% to ₱22,832.6 million as of June 30, 2015, from ₱27,607.9 million as of December 31, 2014. The decrease was mainly due to (i) the net loss of ₱4,910.2 million during the six months ended June 30, 2015; partially offset by (ii) the recognition of share-based compensation reserve of ₱104.5 million and (iii) the amortization of deferred financing costs of ₱30.4 million.

Risks Related to Financial Instruments

The Group has financial assets and financial liabilities such as cash and cash equivalents, accounts receivable, net, amount due from a shareholder, amount due from an affiliated company, other deposits and receivables, accrued expenses, accounts payable, other payables and other current liabilities, amount due to ultimate holding company, amount due to immediate holding company, amounts due to affiliated companies, security deposits, long-term debt and interest expenses payable on long-term debt, which arise directly from its operation.

The main risks arising from the Group's financial instruments as of and for six months ended June 30, 2015 are interest rate risk, credit risk, liquidity risk and foreign exchange risk. Management reviews and approves policies for managing each of these risks. Refer to Note 23 to the unaudited condensed consolidated financial statements for details.

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, 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 June 30, 2015, we had capital commitments contracted for, but not provided, mainly for the acquisition of property and equipment of City of Dreams Manila totaling ₱1,044.1 million. For further details of our commitments and contingencies, please refer to Note 22 to the unaudited condensed consolidated financial statements included in this quarterly report.

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

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
June 30, 2015 (Unaudited) and December 31, 2014
and For The Three and Six Months Ended June 30, 2015 and 2014 (Unaudited)

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

JUNE 30, 2015 AND DECEMBER 31, 2014

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

	June 30, 2015 (Unaudited) (Note 2)	December 31, 2014 (Audited) (Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱7,503,185**	₱7,651,187
Restricted cash (Note 5)	**–**	2,230,850
Accounts receivable, net (Note 6)	**1,934,555**	24,719
Inventories	**221,536**	194,609
Prepayments and other current assets	**319,821**	184,957
Amount due from a shareholder (Note 16)	**5,425**	5,425
Amount due from an affiliated company (Note 16)	**36**	–
Total Current Assets	**9,984,558**	10,291,747
Noncurrent Assets		
Property and equipment, net (Note 7)	**34,977,103**	32,830,332
Contract acquisition costs, net (Note 8)	**942,012**	968,058
Other intangible assets, net (Note 9)	**8,045**	8,698
Other noncurrent assets (Note 10)	**2,636,060**	3,624,180
Deferred tax asset	**563**	23,729
Total Noncurrent Assets	**38,563,783**	37,454,997
	₱48,548,341	₱47,746,744
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	**₱173,315**	₱160,219
Accrued expenses, other payables and other current liabilities (Note 11)	**8,855,809**	4,631,506
Current portion of obligations under finance lease (Note 19)	**1,238,906**	1,041,760
Amount due to ultimate holding company (Note 16)	**–**	58,363
Amount due to immediate holding company (Note 16)	**–**	889,239
Amounts due to affiliated companies (Note 16)	**54,695**	834,384
Income tax payable	**214**	3,882
Total Current Liabilities	**10,322,939**	7,619,353
Noncurrent Liabilities		
Long-term debt, net (Note 20)	**14,750,916**	14,720,524
Noncurrent portion of obligations under finance lease (Note 19)	**12,544,501**	12,378,968
Amount due to ultimate holding company (Note 16)	**81,434**	–
Amount due to immediate holding company (Note 16)	**900,899**	–
Amounts due to affiliated companies (Note 16)	**1,668,921**	–
Deferred rent liability	**149,363**	122,131
Other noncurrent liabilities	**47,691**	18,357
Total Noncurrent Liabilities	**₱30,143,725**	₱27,239,980

MELCO CROWN (PHILIPPINES) RESORTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS – continued

JUNE 30, 2015 AND DECEMBER 31, 2014

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

	June 30, 2015 (Unaudited) (Note 2)	December 31, 2014 (Audited) (Note 2)
Equity		
Capital stock (Note 12)	**₱4,949,799**	₱4,911,480
Additional paid-in capital	**19,937,736**	19,647,157
Share-based compensation reserve	**534,803**	759,248
Equity reserve (Notes 2 and 12)	**(3,613,990)**	(3,613,990)
Accumulated deficits	**(13,726,671)**	(8,816,484)
Total Equity	**8,081,677**	12,887,411
	₱48,548,341	₱47,746,744

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 AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (Note 2)	2014 (Note 2)	**2015** (Note 2)	2014 (Note 2)
NET OPERATING REVENUES				
Casino	**₱2,901,348**	₱–	**₱4,852,868**	₱–
Rooms	**135,663**	–	**294,476**	–
Food and beverage	**177,848**	–	**343,219**	–
Entertainment, retail and others	**124,194**	23,672	**188,588**	45,006
Total Net Operating Revenues	**3,339,053**	23,672	**5,679,151**	45,006
OPERATING COSTS AND EXPENSES				
Gaming tax and license fees	**(812,157)**	–	**(1,391,155)**	–
Inventories consumed	**(209,060)**	–	**(373,428)**	–
Employee benefit expenses (Note 13)	**(1,039,032)**	(518,485)	**(2,146,054)**	(796,752)
Depreciation and amortization	**(1,144,781)**	(28,752)	**(2,096,573)**	(48,823)
Other expenses (Note 14)	**(1,048,528)**	(262,974)	**(2,858,001)**	(416,951)
Payments to the Philippine Parties	**(184,696)**	–	**(323,696)**	–
Total Operating Costs and Expenses (Note 15)	**(4,438,254)**	(810,211)	**(9,188,907)**	(1,262,526)
OPERATING LOSS	**(1,099,201)**	(786,539)	**(3,509,756)**	(1,217,520)
NON-OPERATING INCOME (EXPENSES)				
Interest income	**3,605**	12,830	**7,774**	29,373
Interest expenses, net of capitalized interest	**(688,285)**	(515,998)	**(1,310,196)**	(1,027,224)
Amortization of deferred financing costs	**(15,335)**	(15,050)	**(30,392)**	(26,181)
Other finance fees	**(11,958)**	(11,719)	**(23,916)**	(20,573)
Foreign exchange loss, net	**(9,119)**	(113,839)	**(19,972)**	(138,256)
Total Non-operating Expenses, Net	**(721,092)**	(643,776)	**(1,376,702)**	(1,182,861)
NET LOSS BEFORE INCOME TAX	**(1,820,293)**	(1,430,315)	**(4,886,458)**	(2,400,381)
INCOME TAX EXPENSE (Note 18)	**–**	–	**(23,729)**	–
NET LOSS	**(1,820,293)**	(1,430,315)	**(4,910,187)**	(2,400,381)
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE LOSS	**(₱1,820,293)**	(₱1,430,315)	**(₱4,910,187)**	(₱2,400,381)
Basic/Diluted Loss Per Share (Note 17)	**(₱0.37)**	(₱0.32)	**(₱1.00)**	(₱0.54)

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 SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(In thousands of Philippine peso, except share and per share data)

	Capital Stock (Note 12)	Additional Paid-in Capital	Share-based Compensation Reserve	Equity Reserve (Note 12)	Accumulated Deficits	Total
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	–	–	–	–	**(4,910,187)**	**(4,910,187)**
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	**(4,910,187)**	**(4,910,187)**
Issuance of shares for restricted shares vested (Notes 12 and 26)	**38,319**	**290,579**	**(328,898)**	–	–	–
Share-based compensation (Note 26)	–	–	**104,453**	–	–	**104,453**
Balance as of June 30, 2015	**₱4,949,799**	**₱19,937,736**	**₱534,803**	**(₱3,613,990)**	**(₱13,726,671)**	**₱8,081,677**
Balance as of January 1, 2014	₱4,426,303	₱14,756,430	₱278,151	(₱3,613,990)	(₱2,513,203)	₱13,333,691
Net loss	–	–	–	–	(2,400,381)	(2,400,381)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	(2,400,381)	(2,400,381)
Shares issued, net of offering expenses	485,177	4,895,357	–	–	–	5,380,534
Share-based compensation (Note 26)	–	–	242,693	–	–	242,693
Balance as of June 30, 2014	₱4,911,480	₱19,651,787	₱520,844	(₱3,613,990)	(₱4,913,584)	₱16,556,537

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 SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(In thousands of Philippine peso, except share and per share data)

	Six Months Ended June 30,	
	2015 (Note 2)	2014 (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by (used in) operating activities	**₱113,053**	(₱1,422,556)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in restricted cash	**2,230,850**	37,674
Restricted cash shared by the Philippine Parties (Note 5)	**1,103,905**	–
Payment for acquisition of property and equipment	**(2,442,702)**	(4,688,180)
Payment for acquisition of other intangible assets	**(4,307)**	(1,317)
Advance payments and deposit for acquisition of property and equipment	**(4,260)**	(2,129,743)
Payment for other noncurrent assets	**(62,192)**	(1,000)
Net cash provided by (used in) investing activities	**821,294**	(6,782,566)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of obligations under finance lease	**(614,657)**	(492,948)
Interest paid	**(468,750)**	–
Other finance fees paid	**(23,916)**	–
Proceeds from long-term debt	**–**	15,000,000
Net proceeds from issuance of capital stock	–	5,385,477
Increase in amount due to immediate holding company	–	154
Payment for deferred financing costs	–	(321,241)
Net cash (used in) provided by financing activities	**(1,107,323)**	19,571,442
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**24,974**	(205,571)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(148,002)**	11,160,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**7,651,187**	8,599,842
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱7,503,185**	₱19,760,591

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 in the Philippine Stock Exchange.

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 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 was Aseana Boulevard cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701. On April 8, 2015, the Board of Directors of MCP approved the change of the Parent Company's registered office address to Asean Avenue cor. Roxas Boulevard, Brgy. Tambo, Parañaque City 1701, which was further approved by MCP's stockholders and the SEC on May 18, 2015 and July 14, 2015, respectively.

As of June 30, 2015 and December 31, 2014, the ultimate holding company of the Parent Company is Melco Crown Entertainment Limited (referred to as "MCE"), a company incorporated in the Cayman Islands with its American depository shares are traded on the NASDAQ Global Select Market in the United States of America and its ordinary shares were traded on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE") in the Hong Kong Special Administrative Region of the People's Republic of China until 4:00 p.m. on July 3, 2015, the date of MCE completed the voluntary withdrawal of the listing of its ordinary shares on the Main Board of HKSE.

As of June 30, 2015 and December 31, 2014, 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 June 30, 2015 and December 31, 2014, 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 and certain of its subsidiaries, Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. (collectively, the "Philippine Parties") 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 the Philippine Parties; and MCE Leisure entered into a lease agreement (the "Lease Agreement") with Belle, for City of Dreams Manila. On March 13, 2013, the Cooperation Agreement and the Lease Agreement became effective upon completion of the closing arrangement conditions, with minor changes to the original terms (except for certain provisions of the Cooperation Agreement which were effective on signing). In addition, MCE Holdings Group and the Philippine Parties entered into an operating agreement (the "Operating Agreement") on March 13, 2013, pursuant to which MCE Leisure has been granted the exclusive right to manage, operate and control City of Dreams Manila. The Cooperation Agreement, the Lease Agreement and the Operating Agreement ends on the date of expiry of the 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. The Provisional License, as well as any regular license to be issued to replace it upon satisfaction of certain conditions, is concurrent with section 13 of Presidential Decree No. 1869 (the "PAGCOR Charter"), will expire on July 11, 2033.

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.

On May 4, 2015, 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 and is valid until July 11, 2033.

1. **Organization and Business** – continued

(e) Status of Operations for City of Dreams Manila

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

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.

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 June 30, 2015 and December 31, 2014.

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

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

The Group's unaudited condensed consolidated financial statements as of June 30, 2015 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, 2014.

In preparing the Group's unaudited condensed consolidated financial statements as of June 30, 2015, 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, 2014.

Accounts Receivable and Credit Risk
Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of casino receivables. The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness including to its gaming promoters, which receivable can be offset against commissions payable and any other value items held by the Group to the respective customer and for which the Group intends to set-off when required. As of June 30, 2015, all of the Group's markers were due from customers and a few counterparties of gaming promoters residing in foreign countries. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries. Should there be any change in circumstances pertaining to one of these gaming promoters, it would have a material effect to the carrying amount of casino receivables.

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

Capitalization of Interest and Amortization of Deferred Financing Costs
Interest and amortization of deferred financing costs incurred on funds used to construct the Group's casino gaming and entertainment resort facilities during the active construction period is capitalized. Interest subject to capitalization primarily includes interest paid or payable on the Group's long-term debt and the obligations under finance lease.

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

Capitalization of Interest and Amortization of Deferred Financing Costs – continued
The capitalization of interest and amortization of deferred financing costs ceases once a project is substantially completed or development activity is suspended for more than a brief period. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. If an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

For the three months ended June 30, 2015 and 2014, total interest expenses incurred amounted to ₱697,650 and ₱675,735, of which ₱9,365 and ₱159,737 were capitalized, respectively. For the six months ended June 30, 2015 and 2014, total interest expenses incurred amounted to ₱1,389,203 and ₱1,297,324, of which ₱79,007 and ₱270,100 were capitalized, respectively. No amortization of deferred financing costs was capitalized for the three and six months ended June 30, 2015 and 2014.

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

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

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

Casino Revenues. Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Commissions rebated directly or indirectly through gaming promoters to customers related to gaming play are recorded as a reduction of gross casino revenues.

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

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

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

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

Revenue Recognition – continued
The retail value of rooms, food and beverage, entertainment, retail and other services furnished to guests without charge is excluded from total net operating revenues in the accompanying unaudited condensed consolidated statement of comprehensive income. The amounts of such promotional allowances excluded from total net operating revenues for the three and six months ended June 30, 2015 are as follows:

	Three Months Ended June 30, 2015 (Unaudited)	Six Months Ended June 30, 2015 (Unaudited)
Rooms	**₱533,761**	**₱838,811**
Food and beverage	**298,321**	**512,941**
Entertainment, retail and others	**17,519**	**22,636**
	₱849,601	**₱1,374,388**

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

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

Share-based Compensation Expenses
The Group measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, while an award of equity instruments issued to consultants in exchange for services are measured at the fair values of services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the equity instruments granted. The cost of services received is recognized over the service period. Compensation is attributed to the periods of associate service and such expense is being recognized on an accelerated basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Each portion is treated as a separate grant, as each portion has a different vesting period.

Forfeitures are estimated at the time of grant, and adjusted for actual forfeitures to the extent they differ from the estimate. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained profits. When the awarded shares are not vested or are forfeited during the vesting period, the amount previously recognized in share-based compensation reserve will be recognized as income immediately in the unaudited condensed consolidated statements of comprehensive income.

Further information on the Group’s share-based compensation arrangement for the six months ended June 30, 2015 and 2014 for restricted shares and share options granted under its share incentive plan is included in Note 26.

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

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

Gaming Tax and License Fees

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

Loss Per Share

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

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

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted net loss per share consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Weighted average number of common shares outstanding used in the calculation of basic net loss per share	**4,942,843,108**	4,463,624,608	**4,929,954,466**	4,445,067,051
Incremental weighted average number of common shares from assumed vesting of restricted shares and exercise of share options	**–**	–	**–**	–
Weighted average number of common shares outstanding used in the calculation of diluted net loss per share	**4,942,843,108**	4,463,624,608	**4,929,954,466**	4,445,067,051

For the three and six months ended June 30, 2015, 118,594,836 outstanding share options and 23,174,259 outstanding restricted shares as of June 30, 2015 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive. For the three and six months ended June 30, 2014, 125,427,218 outstanding share options and 65,021,790 outstanding restricted shares as of June 30, 2014 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive.

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

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

Comparatives

Upon commencement of operations of City of Dreams Manila on December 14, 2014, the management has decided to change the Group's analysis of expenses from by function to by nature as the analysis of expenses by nature is more reliable and relevant to the Group's operations. Accordingly, the Group presented the period 2015's analysis of expenses by function as additional disclosure for comparison with prior period. Such reclassifications have no impact on the overall results and financial position of the Group.

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, 2015. The adoption of these new and amended PAS, PFRS and Philippine Interpretations had no significant impact on the unaudited condensed consolidated financial statements:

- PFRS 9, *Financial Instruments*
- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
- Annual Improvements to PFRSs (2010 – 2012 Cycle):
  - PFRS 2, *Share-based Payment*
  - PFRS 3, *Business Combinations*
  - PFRS 8, *Operating Segments*
  - PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets*
  - PAS 24, *Related Party Disclosures*
- Annual Improvements to PFRSs (2011 – 2013 Cycle):
  - PFRS 3, *Business Combinations*
  - PFRS 13, *Fair Value Measurement*
  - PAS 40, *Investment Property*

4. **Cash and Cash Equivalents**

This account consists of:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand	**₱1,072,385**	₱1,128,060
Cash in banks	**6,430,800**	6,523,127
	₱7,503,185	₱7,651,187

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

5. Restricted Cash

Under the Provisional License granted by PAGCOR, it is a requirement that the Licensees set-up an escrow account with an amount of US$100 million with a universal bank mutually agreed by PAGCOR and the Licensees. All funds for the development of the casino project shall pass through the escrow account and all drawdowns of funds from the said escrow account must be applied to City of Dreams Manila. The escrow account should have a maintaining balance of US$50 million until the completion of City of Dreams Manila. As of December 31, 2014, MCE Leisure, as the sole representative of the Licensees, maintained a balance of ₱2,230,850 in the escrow account for US$ equivalent of US$50 million based on the prevailing exchange rate. On May 7, 2015, PAGCOR granted the approval to close the escrow account as the Licensees had fulfilled the completion of City of Dreams Manila and funds of US$50 million equivalent based on the prevailing exchange rate held in the escrow account were released to MCE Leisure on June 15, 2015. The escrow account balance released to MCE Leisure was partly funded by the Philippine Parties during the six months ended June 30, 2015 with ₱1,103,905 (equivalent to US$25 million based on the prevailing exchange rate on transaction date) in accordance with the terms of the Cooperation Agreement and the amount was included in the accrued expenses, other payables and other current liabilities as disclosed in Note 11.

6. Accounts Receivable, Net

Components of accounts receivable, net are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Casino	**₱1,610,769**	₱6,812
Rooms	**322,252**	12,042
Others	**1,743**	5,865
Sub-total	**1,934,764**	24,719
Less: Allowance for doubtful debts	**(209)**	–
	₱1,934,555	₱24,719

For the six months ended June 30, 2015, the Group has provided allowance for doubtful debts of ₱209 and no accounts receivable were directly written off. For the six months ended June 30, 2014, no allowance for doubtful debts was made and no accounts receivable were directly written off.

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.

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

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

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

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Current	**₱1,117,723**	₱24,719
1 – 30 days	**621,843**	–
31 – 60 days	**39,435**	–
61 – 90 days	**38,178**	–
Over 90 days	**117,376**	–
	₱1,934,555	₱24,719

7. **Property and Equipment, Net**

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Carrying amount as of January 1	**₱32,830,332**	₱14,995,010
Additions	**4,216,645**	18,227,901
Capitalization of depreciation and amortization	**7,146**	13,949
Written off	**–**	(155,193)
Adjustment on purchase of leased asset	**–**	(3,748)
Depreciation and amortization	**(2,077,020)**	(247,587)
Carrying amount as of June 30 / December 31	**₱34,977,103**	₱32,830,332

Building under finance lease	**₱11,475,898**	₱11,793,937
Property and equipment	**23,428,410**	16,948,480
Construction in progress	**72,795**	4,087,915
	₱34,977,103	₱32,830,332

As of June 30, 2015 and December 31, 2014, construction in progress included interest paid or payable on the obligations under finance lease which amounted to ₱499 and ₱256,739, respectively.

8. **Contract Acquisition Costs, Net**

For the three months ended June 30, 2015 and 2014, amortization of contract acquisition costs was ₱13,023 and ₱13,023, respectively. For the six months ended June 30, 2015 and 2014, amortization of contract acquisition costs was ₱26,046 and ₱26,047, respectively.

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

9. **Other Intangible Assets, Net**

The other intangible assets represent the license fees of ₱8,698 for right to use of trademarks for certain entertainment business for City of Dreams Manila and are amortized on a straight-line basis over the term of the license agreement which expires in 5 years from February 2015. Amortization of other intangible assets for the three and six months ended June 30, 2015 was ₱435 and ₱653, respectively.

10. **Other Noncurrent Assets**

This account consists of:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Input value-added tax ("VAT"), net	**₱2,295,274**	₱1,955,932
Noncurrent portion of prepaid rent	**131,175**	99,838
Security and rental deposits	**123,844**	98,686
Advance payments and deposit for acquisition of property and equipment	**–**	1,401,059
Other noncurrent assets and deposits	**85,767**	68,665
	₱2,636,060	₱3,624,180

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

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

This account consists of:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Accruals for:		
Property and equipment	**₱3,551,159**	₱3,188,421
Gaming tax and license fees	**712,767**	64,077
Employee benefit expenses	**551,736**	376,620
Gaming related activities	**224,755**	15,917
Advertising, marketing, promotional and entertainment events	**190,333**	36,972
Facilities expenses	**140,163**	108,241
Taxes and licenses	**30,289**	1,917
Unpaid portion of obligations under finance lease	**–**	60,865
Operating expenses and others	**297,402**	204,009
Outstanding gaming chips and tokens	**1,264,039**	4,123
Restricted cash refundable to the Philippine Parties (inclusive of interest income)	**1,104,507**	–
Interest expenses payable	**327,083**	327,083
Customer deposits	**218,867**	9,828
Withholding tax payable	**176,374**	168,795
Payments to the Philippine Parties	**39,876**	38,809
Other payables and liabilities	**26,459**	25,829
	₱8,855,809	₱4,631,506

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

12. **Equity**

Issued Capital Stock
As of June 30, 2015 and December 31, 2014, the Parent Company's issued capital stock consists of 4,949,799,318 and 4,911,480,300 common shares with par value of ₱1 per share, respectively.

For the six months ended June 30, 2015, the Parent Company issued 38,319,018 common shares upon vesting of restricted shares (see Note 26).

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.

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

12. **Equity** – continued

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

	June 30, 2015 (Unaudited)	December 31, 2014 (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 June 30, 2015 and December 31, 2014, the Parent Company has 432 and 437 stockholders, respectively.

13. **Employee Benefit Expenses**

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Basic salaries, allowances and bonuses	**₱768,339**	₱328,022	**₱1,649,692**	₱472,933
Meals and other amenities expenses	**76,928**	1,843	**146,733**	1,879
Annual leave and other paid leave expenses	**53,590**	15,546	**72,721**	19,422
Share-based compensation expenses (Note 26)	**29,031**	51,917	**67,607**	93,395
Staff insurance expenses	**29,682**	2,185	**51,231**	2,738
Consultancy fee in consideration for share awards (Note 26)	**9,151**	76,988	**36,846**	149,298
Retirement costs – defined contribution plans	**26,140**	4,018	**40,304**	5,830
Other employee benefit expenses	**46,171**	37,966	**80,920**	51,257
	₱1,039,032	₱518,485	**₱2,146,054**	₱796,752

For the three months ended June 30, 2015 and 2014, total employee benefit expenses of ₱8,623 and ₱518,478, including consultancy fee in consideration for share awards of nil and ₱76,988 and share-based compensation expenses of nil and ₱51,917, respectively, were included as pre-opening costs under total operating costs and expenses as disclosed in Note 15. For the six months ended June 30, 2015 and 2014, total employee benefit expenses of ₱306,433 and ₱796,745, including consultancy fee in consideration for share awards of ₱27,695 and ₱149,298 and share-based compensation expenses of ₱38,576 and ₱93,395, respectively, were included as pre-opening costs under total operating costs and expenses as disclosed in Note 15.

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

14. **Other Expenses**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Advertising, marketing, promotional and entertainment expenses	**₱123,207**	₱17,756	**₱1,037,353**	₱32,004
Facilities expenses	**214,109**	14,449	**420,685**	24,794
Management fee expenses (Note 16)	**161,698**	47,256	**350,299**	90,787
Other gaming operations expenses	**188,738**	–	**299,921**	–
Supplies expenses	**93,896**	4,632	**196,506**	6,836
Rental expenses	**73,468**	71,350	**152,827**	135,927
Office and administrative expenses	**59,811**	25,219	**130,693**	34,161
Legal and other professional fees	**40,726**	67,290	**91,726**	70,088
Taxes and licenses	**26,829**	8,691	**46,993**	9,271
Agents commission	**20,871**	–	**32,413**	–
Operating expenses and others	**45,175**	6,331	**98,585**	13,083
	₱1,048,528	₱262,974	**₱2,858,001**	₱416,951

For the three months ended June 30, 2015 and 2014, advertising, marketing, promotional and entertainment expenses of ₱41,113 and ₱17,756 and facilities expenses of ₱4,278 and ₱14,449, respectively, were included as pre-opening costs under total operating costs and expenses as disclosed in Note 15. For the six months ended June 30, 2015 and 2014, advertising, marketing, promotional and entertainment expenses of ₱789,165 and ₱32,004 and facilities expenses of ₱60,105 and ₱24,794, respectively, were included as pre-opening costs under total operating costs and expenses as disclosed in Note 15.

15. **Total Operating Costs and Expenses**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Casino	**₱1,757,913**	₱–	**₱2,975,697**	₱–
Rooms	**70,805**	–	**146,542**	–
Food and beverage	**149,762**	–	**300,984**	–
Entertainment, retail and others	**128,022**	–	**205,862**	–
Payments to the Philippine Parties	**184,696**	–	**323,696**	–
General and administrative expenses	**919,678**	44,943	**1,825,555**	50,778
Pre-opening costs	**82,597**	736,516	**1,313,998**	1,162,925
Depreciation and amortization	**1,144,781**	28,752	**2,096,573**	48,823
	₱4,438,254	₱810,211	**₱9,188,907**	₱1,262,526

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)

16. **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 June 30, 2015 (Unaudited)	Amount of Transactions For the Six Months Ended June 30, 2015 (Unaudited)	Outstanding Balance (Unaudited)	Terms	Conditions
Amount due from a shareholder					
MCE Investments No.2					
Balance as of January 1, 2015 and June 30, 2015			**₱5,425**	**Repayable on demand; non-interest bearing**	**Unsecured, no impairment**
Amount due from an affiliated company					
A subsidiary of MCE					
Balance as of January 1, 2015			**₱–**		
Rooms revenue	**₱36**	**₱36**	**36**		
Balance as of June 30, 2015			**₱36**	**Repayable on demand; non-interest bearing**	**Unsecured, no impairment**
Amount due to ultimate holding company					
MCE					
Balance as of January 1, 2015			**₱58,363**		
Management fee expenses recognized as other expenses	**₱22,374**	**₱47,669**	**47,669**		
Management fee income(1)	**(10,711)**	**(28,176)**	**(28,176)**		
Settlement of payables on behalf of ultimate holding company	**(7,921)**	**(7,921)**	**(7,921)**		
Revaluation of outstanding balance			**3,578**		
Settlement of outstanding balance			**7,921**		
Balance as of June 30, 2015			**₱81,434**	**Repayable after one year; 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)

16. **Related Party Transactions** – continued

Category	Amount of Transactions For the Three Months Ended June 30, 2015 (Unaudited)	Amount of Transactions For the Six Months Ended June 30, 2015 (Unaudited)	Outstanding Balance (Unaudited)	Terms	Conditions
Amount due to immediate holding company					
MCE Investments					
Balance as of January 1, 2015			**₱889,239**		
Revaluation of outstanding balance			**11,660**		
Balance as of June 30, 2015			**₱900,899**	**Repayable after one year; non-interest bearing**	**Unsecured**
Amounts due to affiliated companies					
MCE's subsidiaries					
Balance as of January 1, 2015			**₱701,910**		
Management fee expenses capitalized in construction in progress	**₱13,633**	**₱55,485**	**55,485**		
Management fee expenses recognized as other expenses	**139,324**	**302,630**	**302,630**		
Other gaming operations expenses recognized as other expenses	**17,560**	**19,678**	**19,678**		
Advertising, marketing, promotional and entertainment expenses recognized as other expenses	**–**	**557,965**	**557,965**		
Settlement of payables on behalf of the Group	**606**	**1,219**	**1,219**		
Settlement of payables on behalf of an affiliated company	**–**	**(171)**	**(171)**		
Revaluation of outstanding balance			**30,205**		
Balance as of June 30, 2015			**₱1,668,921**	**Repayable after one year; 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)

16. **Related Party Transactions** – continued

Category	Amount of Transactions For the Three Months Ended June 30, 2015 (Unaudited)	Amount of Transactions For the Six Months Ended June 30, 2015 (Unaudited)	Outstanding Balance (Unaudited)	Terms	Conditions
Amounts due to affiliated companies – continued					
A subsidiary of Crown Resorts Limited ("Crown")[2]					
Balance as of January 1, 2015			**₱43,427**		
Acquisition of property and equipment	**₱–**	**₱1,453**	**1,453**		
Over-accrual of acquisition of property and equipment	**(2,109)**	**(2,109)**	**(2,109)**		
Consultancy fee expenses recognized as other expenses	**48**	**3,022**	**3,022**		
Facilities expenses recognized as other expenses	**3,008**	**3,008**	**3,008**		
Settlement of payables on behalf of the Group	**7,073**	**7,073**	**7,073**		
Settlement of outstanding balance			**(1,775)**		
Balance as of June 30, 2015			**₱54,099**	**Repayable on demand; non-interest bearing**	**Unsecured**
Melco International Developments Limited ("Melco")[2] and its subsidiaries					
Balance as of January 1, 2015			**₱89,047**		
Acquisition of property and equipment	**₱96,950**	**₱161,782**	**161,782**		
Settlement of payables on behalf of the Group	**449**	**1,220**	**1,220**		
Revaluation of outstanding balance			**11**		
Settlement of outstanding balance			**(251,464)**		
Balance as of June 30, 2015			**₱596**	**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 and six months ended June 30, 2015 to MCE.

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

Directors' Remuneration

For the three and six months ended June 30, 2015, the remuneration of directors of the Group was borne by MCE.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Net loss (a)	**(₱1,820,293)**	(₱1,430,315)	**(₱4,910,187)**	(₱2,400,381)
Weighted average number of common shares outstanding of legal parent (b)	**4,942,843,108**	4,463,624,608	**4,929,954,466**	4,445,067,051
Basic/Diluted loss per share (a)/(b)*1,000	**(₱0.37)**	(₱0.32)	**(₱1.00)**	(₱0.54)

For the three and six months ended June 30, 2015, 118,594,836 outstanding share options and 23,174,259 outstanding restricted shares as of June 30, 2015 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive. For the three and six months ended June 30, 2014, 125,427,218 outstanding share options and 65,021,790 outstanding restricted shares as of June 30, 2014 were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive.

18. **Income Tax**

The provision for income tax for the three and six months ended June 30, 2015 and 2014 consisted of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Provision for current income tax	**₱214**	₱8,325	**₱24,292**	₱12,888
Benefit from deferred income tax	**(214)**	(8,325)	**(563)**	(12,888)
	₱–	₱–	**₱23,729**	₱–

The provision for current income tax for the three and six months ended June 30, 2015 and 2014 represents the tax provided by the Group on its taxable income for the period. The benefit from deferred income tax represents the deferred tax asset. For the three and six months ended June 30, 2015, the deferred tax asset is recognized up to the amount of income tax recognized to the extent of the amount of minimum corporate income tax. For the three and six months ended June 30, 2014, the deferred tax asset is recognized up to the amount of income tax recognized to the extent of the reversing deductible temporary difference arising from share-based compensation expenses.

18. **Income Tax** – continued

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

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

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).

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) VAT zero rating on local purchase of certain eligible capital equipment in accordance with the PEZA rules and regulations.

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

19. **Obligations Under Finance Lease**

As of June 30, 2015 and December 31, 2014, 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:

	June 30, 2015 (Unaudited)		December 31, 2014 (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	**₱1,338,195**	**₱1,238,906**	₱1,120,108	₱1,041,760
In more than one year and not more than five years	**7,240,516**	**4,780,945**	6,821,344	4,540,675
In more than five years	**33,113,439**	**7,763,556**	33,693,577	7,838,293
	41,692,150	**13,783,407**	41,635,029	13,420,728
Less: Finance charges	**(27,908,743)**	**–**	(28,214,301)	–
Present value of lease obligations	**₱13,783,407**	**13,783,407**	₱13,420,728	13,420,728
Less: Current portion of obligations under finance lease		**(1,238,906)**		(1,041,760)
Noncurrent portion of obligations under finance lease		**₱12,544,501**		₱12,378,968

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

This account consists of:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Senior Notes	**₱15,000,000**	₱15,000,000
Less: Deferred financing costs, net	**(249,084)**	(279,476)
	14,750,916	14,720,524
Current portion of long-term debt	**–**	–
	₱14,750,916	₱14,720,524

(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 and six months ended June 30, 2015, there is no change to the terms of the Senior Notes as disclosed in the Group's consolidated financial statements as of December 31, 2014.

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

(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 and six months ended June 30, 2015, 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, 2014.

As of June 30, 2015 and December 31, 2014, the Shareholder Loan Facility has not been drawn.

(c) Deferred Financing Costs, Net

Direct and incremental costs of ₱333,711 incurred in connection with the issuance of the Senior Notes are capitalized as deferred financing costs. For the three months ended June 30, 2015 and 2014, deferred financing costs of ₱15,335 and ₱15,050 were amortized to the unaudited condensed consolidated statements of comprehensive income, respectively. For the six months ended June 30, 2015 and 2014, deferred financing costs of ₱30,392 and ₱26,181 were amortized to the unaudited condensed consolidated statements of comprehensive income, respectively. As of June 30, 2015 and December 31, 2014, the unamortized deferred financing costs of ₱249,084 and ₱279,476 were net off and included in the amount of long-term debt as shown in the condensed consolidated balance sheets, respectively.

Interest expenses on long-term debt consisted of interest for the Senior Notes. For the three months ended June 30, 2015 and 2014, interest expenses on long-term debt amounted to ₱234,375 and ₱231,423, respectively. For the six months ended June 30, 2015 and 2014, interest expenses on long-term debt amounted to ₱468,750 and ₱411,458, respectively. No interest on long-term debt was capitalized for the three and six months ended June 30, 2015 and 2014.

For the three and six months ended June 30, 2015 and 2014, the Group's borrowing rate was approximately 6.25% per annum, including a tax gross up impact on interest on the Senior Notes which required MCE Leisure to pay without any deduction or withholding for or on account of tax.

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. For the three months ended June 30, 2015 and 2014, other finance fees on long-term debt amounted to ₱11,958 and ₱11,719, respectively. For the six months ended June 30, 2015 and 2014, other finance fees on long-term debt amounted to ₱23,916 and ₱20,573, respectively.

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

21. Cooperation Agreement, Operating Agreement and Lease Agreement

For the three and six months ended June 30, 2015, 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, 2014.

22. Commitments and Contingencies

(a) Capital Commitments

As of June 30, 2015, the Group had capital commitments contracted for but not provided mainly for the acquisition of property and equipment of City of Dreams Manila totaling ₱1,044,050.

(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.

As of June 30, 2015, minimum lease payments under non-cancellable leases are as follows:

	June 30, 2015 (Unaudited)
Year ending December 31,	
2015	**₱102,883**
2016	**197,898**
2017	**191,469**
2018	**163,019**
2019	**149,144**
Over 2019	**2,435,012**
	₱3,239,425

(c) Other Commitments and Guarantees

Under the terms of the Provisional License, PAGCOR requires, amongst other things, the Licensees to make a total investment of US$1 billion for City of Dreams Manila (the "Investment Commitment"). On January 30, 2015, MCE Leisure applied to PAGCOR for the issuance of 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.

22. **Commitments and Contingencies** – continued

(c) Other Commitments and Guarantees – continued

On May 4, 2015, 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 and is valid until July 11, 2033.

For the three and six months ended June 30, 2015, other than the fulfillment of the Investment Commitment as mentioned above, 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, 2014.

(d) Litigation

In January 2015, the Group settled the amount of ₱2,500 for full and final settlement of all outstanding claims in respect of the legal proceedings which relate to matters arising out of the ordinary course of its business as of December 31, 2014.

As of June 30, 2015, the Group is a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management does not believe that the outcome of such proceedings will have a material effect on the Group's financial position, results of operations or cash flows.

23. **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, 2014.

24. **Financial Instruments**

Fair Value of Financial Instruments

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

Security deposit 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.

24. **Financial Instruments** – continued

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 June 30, 2015 and December 31, 2014, the Group does not have financial instruments that are carried and measured at fair value. For the three and six months ended June 30, 2015 and 2014, 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.

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

(a) For the six months ended June 30, 2015, fit-out construction costs and cost of property and equipment in total of ₱1,140,074, ₱54,829 and ₱23,635 were funded through accrued expenses, other payables and other current liabilities, amounts due to affiliated companies and other noncurrent liabilities, respectively (For the six months ended June 30, 2014: ₱1,464,402, ₱32,757 and nil, respectively).

(b) For the six months ended June 30, 2015, interest expenses capitalized in fit-out construction costs of ₱79,007 were funded through obligations under finance lease (For the six months ended June 30, 2014: ₱270,100).

(c) For the six months ended June 30, 2015, other noncurrent assets of ₱19,423 were funded through accrued expenses, other payables and other current liabilities (For the six months ended June 30, 2014: nil).

(d) For the six months ended June 30, 2014, deferred financing costs of ₱9,428 and ₱622 were funded through accrued expenses, other payables and other current liabilities and amounts due to affiliated companies, respectively.

(e) For the six months ended June 30, 2014, part of the transaction costs for the issuance of shares capitalized in additional paid-in capital of ₱11,001 was funded through accrued expenses, other payables and other current liabilities.

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

26. **Share Incentive Plan**

Share Options

A summary of share options activity under the Share Incentive Plan as of June 30, 2015 and changes for the six months ended June 30, 2015 are presented below:

	Number of Share Options	Weighted Average Exercise Price per Share
Outstanding as of January 1, 2015	124,126,612	₱8.49
Forfeited	**(5,531,776)**	**8.36**
Outstanding as of June 30, 2015	**118,594,836**	**₱8.50**
Exercisable as of June 30, 2015	**75,211,560**	**₱8.41**

A summary of share options vested and expected to vest under the Share Incentive Plan as of June 30, 2015 are presented below:

	Number of Share Options	
	Vested	Expected to Vest
Exercise price per share:		
₱8.30	**73,614,311**	**40,188,753**
₱13.26	**1,597,249**	**3,194,523**
	75,211,560	**43,383,276**

Note: 75,211,560 share options vested and no share options expired for the six months ended June 30, 2015.

Restricted Shares

A summary of the restricted shares activity under the Share Incentive Plan as of June 30, 2015 and changes for the six months ended June 30, 2015 are presented below:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2015	64,371,486	₱8.82
Vested	**(38,319,018)**	**8.58**
Forfeited	**(2,878,209)**	**8.54**
Unvested as of June 30, 2015	**23,174,259**	**₱9.25**

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

26. **Share Incentive Plan** – continued

The impact of share options and restricted shares for the three and six months ended June 30, 2015 and 2014 recognized in the unaudited condensed consolidated financial statements is as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
Share Incentive Plan:				
Share options	**₱17,269**	₱59,708	**₱47,358**	₱112,899
Restricted shares	**20,913**	69,197	**57,095**	129,794
Total share-based compensation expenses	**₱38,182**	₱128,905	**₱104,453**	₱242,693
Share-based compensation expenses	**₱29,031**	₱51,917	**₱67,607**	₱93,395
Consultancy fee in consideration for share awards	**9,151**	76,988	**36,846**	149,298
	₱38,182	₱128,905	**₱104,453**	₱242,693

27. **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 June 30, 2015, the Group operates in one geographical area, the Philippines, where it derives its revenue and represented the comparatives for the three and six months ended June 30, 2014.

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

27. **Segment Information** – continued

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

TOTAL ASSETS

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
The Philippines:		
City of Dreams Manila	**₱48,548,341**	₱47,746,744
Total Assets	**₱48,548,341**	₱47,746,744

CAPITAL EXPENDITURES

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
The Philippines:				
City of Dreams Manila	**₱936,245**	₱3,452,618	**₱4,216,645**	₱6,140,590
Total Capital Expenditures	**₱936,245**	₱3,452,618	**₱4,216,645**	₱6,140,590

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

LONG-LIVED ASSETS

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
The Philippines:	**₱35,927,160**	₱33,807,088
Total Long-lived Assets	**₱35,927,160**	₱33,807,088

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27. **Segment Information** – continued

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

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2015 (Unaudited)	2014 (Unaudited)	**2015 (Unaudited)**	2014 (Unaudited)
NET OPERATING REVENUES				
The Philippines:				
City of Dreams Manila	**₱3,339,053**	₱23,672	**₱5,679,151**	₱45,006
Total Net Operating Revenues	**₱3,339,053**	₱23,672	**₱5,679,151**	₱45,006
ADJUSTED PROPERTY EBITDA[1]				
The Philippines:				
City of Dreams Manila	**₱542,177**	(₱21,271)	**₱667,210**	(₱5,772)
OPERATING COSTS AND EXPENSES				
Payments to the Philippine Parties	**(184,696)**	–	**(323,696)**	–
Land rent to Belle	**(39,617)**	(39,617)	**(79,233)**	(79,233)
Pre-opening costs	**(82,597)**	(567,994)	**(1,247,727)**	(840,999)
Depreciation and amortization	**(1,144,781)**	(28,752)	**(2,096,573)**	(48,823)
Share-based compensation expenses	**(29,031)**	(51,917)	**(67,607)**	(93,395)
Consultancy fee in consideration for share awards	**(9,151)**	(76,988)	**(36,846)**	(149,298)
Corporate and Others expenses	**(151,505)**	–	**(325,284)**	–
Total Operating Costs and Expenses	**(1,641,378)**	(765,268)	**(4,176,966)**	(1,211,748)
OPERATING LOSS	**(1,099,201)**	(786,539)	**(3,509,756)**	(1,217,520)
NON-OPERATING INCOME (EXPENSES)				
Interest income	**3,605**	12,830	**7,774**	29,373
Interest expenses, net of capitalized interest	**(688,285)**	(515,998)	**(1,310,196)**	(1,027,224)
Amortization of deferred financing costs	**(15,335)**	(15,050)	**(30,392)**	(26,181)
Other finance fees	**(11,958)**	(11,719)	**(23,916)**	(20,573)
Foreign exchange loss, net	**(9,119)**	(113,839)	**(19,972)**	(138,256)
Total Non-operating Expenses, Net	**(721,092)**	(643,776)	**(1,376,702)**	(1,182,861)
NET LOSS BEFORE INCOME TAX	**(1,820,293)**	(1,430,315)	**(4,886,458)**	(2,400,381)
INCOME TAX EXPENSE	**–**	–	**(23,729)**	–
NET LOSS	**(₱1,820,293)**	(₱1,430,315)	**(₱4,910,187)**	(₱2,400,381)

Note:
(1) "Adjusted property 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 and Others expenses and other non-operating income and expenses. The chief operating decision maker uses Adjusted property EBITDA to measure the operating performance of City of Dreams Manila and to compare the operating performance of its property with those of its competitors.