

EXPLANATORY NOTE
MCE Finance Limited's Quarterly Report
for the Three Months Ended March 31, 2014

This quarterly report serves to provide holders of MCE Finance Limited's US\$1,000,000,000 5.00% senior notes due 2021 (the "2013 Senior Notes") with MCE Finance Limited's unaudited condensed consolidated financial statements, comprising condensed consolidated balance sheets, condensed consolidated statements of operations and condensed consolidated statements of cash flows, for the three months ended March 31, 2014, together with related information, pursuant to the terms of the indenture, dated February 7, 2013, relating to the 2013 Senior Notes. MCE Finance Limited is a wholly owned subsidiary of Melco Crown Entertainment Limited.

MCE Finance Limited

Report for the First Quarter of 2014

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INTRODUCTION

In this quarterly report, unless otherwise indicated:

- “2010 Senior Notes” refers to the Initial Notes and the Exchange Notes, collectively, which were fully redeemed on March 28, 2013;
- “2011 Credit Facilities” refers to the credit facilities entered into pursuant to an amendment agreement dated June 22, 2011, as amended from time to time, between, among others, Melco Crown Macau, Deutsche Bank AG, Hong Kong Branch as agent and DB Trustees (Hong Kong) Limited as security agent, comprising a term loan facility and a revolving credit facility, for a total amount of HK\$9.36 billion (equivalent to approximately US\$1.2 billion), and which reduce and remove certain restrictions in the City of Dreams Project Facility;
- “Altira Developments Limited” refers to our subsidiary, a Macau company through which we hold the land and building for Altira Macau;
- “Altira Macau” refers to an integrated casino and hotel development that caters to Asian rolling chip customers, which opened in May 2007 and is owned by Altira Developments Limited;
- “City of Dreams” refers to a casino, hotel, retail and entertainment integrated resort located on two adjacent pieces of land in Cotai, Macau, which opened in June 2009, and currently features casino areas and three luxury hotels, including a collection of retail brands, a wet stage performance theater and other entertainment venues, and owned by Melco Crown (COD) Developments Limited;
- “City of Dreams Project Facility” refers to the project facility dated September 5, 2007 entered into between, amongst others, Melco Crown Macau as borrower and certain other subsidiaries as guarantors, for a total sum of US\$1.75 billion for the purposes of financing, among other things, certain project costs of City of Dreams, as amended and supplemented from time to time;
- “Cotai” refers to an area of reclaimed land located between the islands of Taipa and Coloane in Macau;
- “Exchange Notes” refers to approximately 99.96% of the Initial Notes which were, on December 27, 2010, exchanged for 10.25% senior notes due 2018, registered under the Securities Act of 1933;
- “HK\$” and “H.K. dollars” refer to the legal currency of Hong Kong;
- “Hong Kong” refers to the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Initial Notes” refers to the US\$600 million aggregate principal amount of 10.25% senior notes due 2018 issued by our company on May 17, 2010 and fully redeemed on March 28, 2013;

- “Macau” and “Macau SAR” refer to the Macau Special Administrative Region of the People’s Republic of China;
- “Melco Crown (COD) Developments Limited” refers to our subsidiary, a Macau company through which we hold the land and buildings for City of Dreams;
- “Melco Crown Macau” refers to our subsidiary, Melco Crown (Macau) Limited (formerly known as “Melco Crown Gaming (Macau) Limited” or “Melco PBL Gaming (Macau) Limited”), a Macau company and the holder of our gaming subconcession;
- “Mocha Clubs” collectively refers to clubs with gaming machines, the first of which opened in September 2003, and are now the largest non-casino based operations of electronic gaming machines in Macau, and operated by Melco Crown Macau;
- “Our gaming subconcession” refers to the Macau gaming subconcession held by Melco Crown Macau;
- “Patacas” and “MOP” refer to the legal currency of Macau;
- “US\$” and “U.S. dollars” refer to the legal currency of the United States;
- “U.S. GAAP” refers to the accounting principles generally accepted in the United States; and
- “we”, “us”, “our company” and “our” refer to MCE Finance Limited and, as the context requires, its predecessor entities and its consolidated subsidiaries.

This quarterly report includes our unaudited condensed consolidated financial statements for the three months ended March 31, 2014.

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements that relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition, all of which are largely based on our current expectations and projections. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Moreover, because we operate in a heavily regulated and evolving industry, may become highly leveraged, and operate in Macau, a market that has recently experienced extremely rapid growth and intense competition, new risk factors may emerge from time to time. It is not possible for our management to predict all risk factors, nor can we assess the impact of these factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed or implied in any forward-looking statement. Forward-looking statements involve inherent risks and uncertainties, and a number of factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to, (i) growth of the gaming market and visitation in Macau, (ii) capital and credit market volatility, (iii) local and global economic conditions, (iv) our anticipated growth strategies, and (v) our future business development, results of operations and financial condition. In some cases, forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “target”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to” or other similar expressions.

The forward-looking statements made in this quarterly report relate only to events or information as of the date on which the statements are made in this quarterly report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this quarterly report with the understanding that our actual future results may be materially different from what we expect.

GLOSSARY

“cage”	a secure room within a casino with a facility that allows patrons to exchange cash for chips required to participate in gaming activities, or to exchange chips for cash
“chip”	round token that is used on casino gaming tables in lieu of cash
“concession”	a government grant for the operation of games of fortune and chance in casinos in Macau under an administrative contract pursuant to which a concessionaire, or the entity holding the concession, is authorized to operate games of fortune and chance in casinos in Macau
“drop”	the amount of cash to purchase gaming chips and promotional vouchers that are deposited in a gaming table’s drop box, plus gaming chips purchased at the casino cage
“electronic table games”	electronic multiple-player gaming machine seats
“gaming machine”	slot machine and/or electronic table games
“gaming machine handle”	the total amount wagered in gaming machines
“gaming promoter”	an individual or corporate entity who, for the purpose of promoting rolling chip and other gaming activities, arranges customer transportation and accommodation, provides credit in its sole discretion if authorized by a gaming operator, and arranges food and beverage services and entertainment in exchange for commissions or other compensation from a gaming operator
“integrated resort”	a resort which provides customers with a combination of hotel accommodations, casinos or gaming areas, retail and dining facilities, MICE space, entertainment venues and spas
“junket player”	a player sourced by gaming promoters to play in the VIP gaming rooms or areas
“mass market patron”	a customer who plays in the mass market segment
“mass market segment”	consists of both table games and gaming machines played on public mass gaming floors by mass market patrons for cash stakes that are typically lower than those in the rolling chip segment
“mass market table games drop”	the amount of table games drop in the mass market table games segment

“mass market table games hold percentage”	mass market table games win as a percentage of mass market table games drop
“mass market table games segment”	the mass market segment consisting of mass market patrons who play table games
“MICE”	Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or specific purpose
“non-negotiable chip”	promotional casino chip that is not to be exchanged for cash
“premium direct player”	a rolling chip player who is a direct customer of the concessionaires or subconcessionaires and is attracted to the casino through direct marketing efforts and relationships with the gaming operator
“rolling chip”	non-negotiable chip primarily used by rolling chip patrons to make wagers
“rolling chip patron”	a player who is primarily a VIP player and typically receives various forms of complimentary services from the gaming promoters or concessionaires or subconcessionaires
“rolling chip segment”	consists of table games played in private VIP gaming rooms or areas by rolling chip patrons who are either premium direct players or junket players
“rolling chip volume”	the amount of non-negotiable chips wagered and lost by the rolling chip market segment
“rolling chip win rate”	rolling chip table games win (calculated before discounts and commissions) as a percentage of rolling chip volume
“slot machine”	traditional slot or electronic gaming machine operated by a single player
“subconcession”	an agreement for the operation of games of fortune and chance in casinos between the entity holding the concession, or the concessionaire, a subconcessionaire and the Macau government, pursuant to which the subconcessionaire is authorized to operate games of fortune and chance in casinos in Macau
“table games win”	the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues

“VIP gaming room”	gaming rooms or areas that have restricted access to rolling chip patrons and typically offer more personalized service than the general mass market gaming areas
“wet stage performance theater”	the approximately 2,000-seat theater specifically designed to stage <i>The House of Dancing Water</i> show

EXCHANGE RATE INFORMATION

Although we will have certain expenses and revenues denominated in Patacas, our revenues and expenses will be denominated predominantly in H.K. dollars and in connection with a portion of our indebtedness and certain expenses, U.S. dollars. Unless otherwise noted, all translations from H.K. dollars to U.S. dollars and from U.S. dollars to H.K. dollars in this quarterly report were made at a rate of HK\$7.78 to US\$1.00.

The H.K. dollar is freely convertible into other currencies (including the U.S. dollar). Since October 17, 1983, the H.K. dollar has been officially linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The market exchange rate has not deviated materially from the level of HK\$7.80 to US\$1.00 since the peg was first established. However, in May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has stated its intention to maintain the link at that rate, and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar or at all.

The noon buying rate on March 31, 2014 in New York City for cable transfers in H.K. dollar per U.S. dollar, as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board of the United States, or the Federal Reserve Board, was HK\$7.7567 to US\$1.00. On May 16, 2014, the noon buying rate was HK\$7.7520 to US\$1.00. We make no representation that any H.K. dollar or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or H.K. dollars, as the case may be, at any particular rate or at all.

The Pataca is pegged to the H.K. dollar at a rate of HK\$1.00 = MOP1.03. All translations from Patacas to U.S. dollars in this quarterly report were made at the exchange rate of MOP8.0134 = US\$1.00. The Federal Reserve Board does not certify for customs purposes a noon buying rate for cable transfers in Patacas.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in connection with our unaudited condensed consolidated financial statements included elsewhere in this quarterly report. Our unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The historical results are not necessarily indicative of the results of operations to be expected in the future. Certain statements in this “Financial Condition and Results of Operations” are forward-looking statements.

Summary of Financial Results

For the first quarter of 2014, our total net revenues were US\$1.38 billion, an increase of 19.2% from US\$1.15 billion of net revenues for the first quarter of 2013. Net income for the first quarter of 2014 was US\$252.6 million, as compared to US\$103.4 million for the first quarter of 2013. The increase in net revenue was primarily attributable to improved group-wide revenues across all gaming segments, particularly in the mass market table games segment.

Net income for the first quarter of 2014 was US\$252.6 million, compared with net income of US\$103.4 million in the first quarter of 2013. The year-over-year increase in net income was primarily attributable to the significant growth in group-wide operating performance and the one-off charge on extinguishment and modification of debt relating to the refinancing of the 2010 Senior Notes in the first quarter of 2013.

The following summarizes the results of our operations:

	Three Months Ended March 31,	
	2014	2013
	(In thousands of US\$)	
Net revenues	\$ 1,376,193	\$ 1,154,051
Total operating costs and expenses	\$ (1,104,833)	\$ (966,506)
Operating income	\$ 271,360	\$ 187,545
Net income	\$ 252,591	\$ 103,397

Results of Operations

City of Dreams First Quarter Results

For the first quarter of 2014, net revenue at City of Dreams was US\$1,075.0 million compared to US\$837.9 million in the first quarter of 2013. The strong year-over-year improvement in net revenue was primarily driven by the 44.4% year-over-year improvement in mass table games gross gaming revenue, together with an increase in rolling chip volumes and a higher rolling chip win rate.

Rolling chip volume totaled US\$24.6 billion for the first quarter of 2014 versus US\$23.8 billion in the first quarter of 2013. The rolling chip win rate was 3.0% in the first quarter of 2014 versus 2.7% in the first quarter of 2013. The expected rolling chip win rate range is 2.7%–3.0%.

Mass market table games drop increased 25% to US\$1,299.1 million compared with US\$1,038.4 million in the first quarter of 2013. The mass market table games hold percentage was 37.5% in the first quarter of 2014, an increase from 32.5% in the first quarter of 2013.

Gaming machine handle for the quarter ended March 31, 2014 was US\$1,489.7 million, up 45.1% from US\$1,026.6 million generated in the quarter ended March 31, 2013.

Total non-gaming revenue at City of Dreams in the first quarter of 2014 was US\$71.4 million, up from US\$65.2 million in the first quarter of 2013.

Altira Macau First Quarter Results

For the quarter ended March 31, 2014, net revenue at Altira Macau was US\$229.9 million compared to US\$265.2 million in the first quarter of 2013. The year-over-year decrease in net revenue was primarily driven by lower rolling chip volume, partially offset by higher mass market table games revenues.

Rolling chip volume totaled US\$10.1 billion in the first quarter of 2014 versus US\$11.8 billion in the first quarter of 2013. The rolling chip win rate remained stable at 2.9% in the first quarter of 2014 and 2013. The expected rolling chip win rate range is 2.7%–3.0%.

In the mass market table games segment, drop totaled US\$203.8 million in the first quarter of 2014, an increase of 23.7% from US\$164.8 million generated in the comparable period in 2013. The mass market table games hold percentage was 13.3% in the first quarter of 2014 compared with 15.0% in the first quarter of 2013.

Total non-gaming revenue at Altira Macau in the first quarter of 2014 was US\$9.5 million, up from US\$9.2 million in the first quarter of 2013.

Mocha Clubs First Quarter Results

Net revenue from Mocha Clubs totaled US\$39.5 million in the first quarter of 2014, up 16.1% from US\$34.0 million in the first quarter of 2013.

The number of gaming machines in operation at Mocha Clubs averaged approximately 1,400 in the first quarter of 2014, compared to approximately 2,000 in the comparable period in 2013 due to the closure of three clubs offset by a new club opened in late 2013. The net win per gaming machine per day was US\$316 in the quarter ended March 31, 2014 as compared with US\$214 in the comparable period in 2013, an increase of 47.7%.

Other Factors Affecting Earnings

Total net non-operating expenses for the first quarter of 2014 were US\$18.3 million, which mainly included an interest income of US\$2.3 million and interest expenses, net of capitalized interest, of US\$14.8 million and other finance costs of US\$4.6 million, as compared to a total net non-operating expenses of US\$84.3 million for the first quarter of 2013, which mainly included an interest income of US\$1.1 million and interest expenses, net of capitalized interest, of US\$19.0 million, other finance costs of US\$3.8 million and a US\$60.8 million one-off charge associated with the extinguishment and modification of debt relating to the refinancing of 2010 Senior Notes. The year-on-year decrease in net non-operating expenses of US\$66.0 million was primarily due to the one-off charge on extinguishment and modification of debt in the first quarter of 2013, lower interest expenses upon our repayment of revolving credit facility and the scheduled repayments of the term loan under the 2011 Credit Facilities and refinancing of 2010 Senior Notes as well as higher capitalized interest in the current quarter.

Depreciation and amortization costs of US\$82.1 million were recorded in the first quarter of 2014, of which US\$14.3 million was related to the amortization of our gaming subconcession and US\$5.2 million was related to the amortization of land use rights.

Liquidity and Capital Resources

We have relied and intend in the future to rely on our cash generated from our operations and our debt and equity financings to meet our financing needs and repay our indebtedness, as the case may be.

As of March 31, 2014, we held cash and cash equivalents and bank deposits with original maturity over three months of US\$1,244.1 million and US\$410.6 million, respectively, and HK\$3.12 billion (equivalent to approximately US\$401.1 million) of the 2011 Credit Facilities remained available for future drawdown.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
	(In thousands of US\$)	
Net cash provided by operating activities	\$ 275,429	\$ 220,594
Net cash provided by (used in) investing activities	61,208	(542,127)
Net cash (used in) provided by financing activities	<u>(257,179)</u>	<u>69,248</u>
Net increase (decrease) in cash and cash equivalents	79,458	(252,285)
Cash and cash equivalents at beginning of period	<u>1,164,682</u>	<u>1,516,952</u>
Cash and cash equivalents at end of period	<u>\$ 1,244,140</u>	<u>\$ 1,264,667</u>

Operating Activities

Operating cash flows are generally affected by changes in operating income and accounts receivable with VIP table games play and hotel operations conducted on a cash and credit basis and the remainder of the business, including mass market table games play, gaming machine play, food and beverage, and entertainment are conducted primarily on a cash basis.

Net cash provided by operating activities was US\$275.4 million for the first quarter of 2014, compared to US\$220.6 million for the first quarter of 2013. The year-over-year increase in net cash provided by operating activities for both periods were mainly attributable to strong growth in underlying operating performance as described in the foregoing section.

Investing Activities

Net cash provided by investing activities was US\$61.2 million for the first quarter of 2014, compared to net cash used in investing activities of US\$542.1 million for the first quarter of 2013, primarily due to the transfer of US\$176.5 million from bank deposits with original maturity over three months to cash and cash equivalents upon maturity, partially offset by our advance to shareholder of US\$76.8 million, capital expenditure payments of US\$36.8 million and deposits for acquisition of property and equipment of US\$1.4 million.

Our advance to shareholder amounted to US\$76.8 million and US\$501.5 million for the first quarter of 2014 and 2013, respectively.

Our total capital expenditure payments for the first quarter of 2014 were US\$36.8 million, as compared to US\$28.5 million for the first quarter of 2013. Such capital expenditures for both periods were mainly associated with enhancements to our integrated resort offerings.

As of March 31, 2014, we have placed bank deposits of US\$410.6 million with their original maturity over three months for a better yield.

Financing Activities

Net cash used in financing activities amounted to US\$257.2 million for the first quarter of 2014 primarily represented the dividends payment of US\$193.0 million and the scheduled repayment of the term loan under 2011 Credit facilities of US\$64.2 million.

Net cash provided by financing activities amounted to US\$69.2 million for the first quarter of 2013, primarily from proceeds of the issuance of 2013 Senior Notes of US\$1.0 billion, partially offset by the early redemption of 2010 Senior Notes of US\$600.0 million and the associated redemption costs of US\$102.5 million, the repayment of the drawn revolving credit facility under 2011 Credit facilities of US\$212.5 million, and the payment of debt issuance cost associated with 2013 Senior Notes of US\$15.8 million.

Indebtedness

The following table presents a summary of our indebtedness as of March 31, 2014:

	As of March 31, 2014 (In thousands of US\$)
2013 Senior Notes	\$ 1,000,000
2011 Credit Facilities	\$ 609,704
	<u>\$ 1,609,704</u>

Except for the scheduled repayment of the term loan under the 2011 Credit Facilities of US\$64.2 million during the first quarter of 2014, there was no other change in our indebtedness as of March 31, 2014 as compared to December 31, 2013.

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For the Three Months Ended March 31, 2014

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MCE Finance Limited
Condensed Consolidated Balance Sheets
(In thousands of U.S. dollars, except share and per share data)

	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,244,140	\$ 1,164,682
Bank deposits with original maturity over three months	410,616	587,094
Accounts receivable, net	257,103	287,880
Amounts due from affiliated companies	279,457	273,018
Inventories	18,034	18,169
Prepaid expenses and other current assets	52,928	46,092
Total current assets	2,262,278	2,376,935
PROPERTY AND EQUIPMENT, NET	2,198,693	2,205,257
GAMING SUBCONCESSION, NET	470,722	485,031
INTANGIBLE ASSETS, NET	4,220	4,220
GOODWILL	81,915	81,915
LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS	64,650	64,839
ADVANCE TO SHAREHOLDER	186,737	109,856
DEFERRED FINANCING COSTS	90,854	94,785
LAND USE RIGHTS, NET	391,350	396,585
TOTAL ASSETS	\$ 5,751,419	\$ 5,819,423

	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 10,169	\$ 9,825
Accrued expenses and other current liabilities	940,639	768,007
Income tax payable	709	5,601
Capital lease obligations, due within one year	41	—
Current portion of long-term debt	256,717	256,717
Amount due to shareholder	19,908	19,940
Amounts due to affiliated companies	10,817	12,179
Total current liabilities	1,239,000	1,072,269
LONG-TERM DEBT	1,352,987	1,417,166
OTHER LONG-TERM LIABILITIES	6,932	6,418
DEFERRED TAX LIABILITIES	16,386	16,582
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR	141	—
LAND USE RIGHT PAYABLE	7,484	11,090
SHAREHOLDER'S EQUITY		
Ordinary shares ⁽¹⁾	—	—
Additional paid-in capital	1,841,725	2,261,725
Accumulated other comprehensive income	2,635	2,635
Retained earnings	1,284,129	1,031,538
Total shareholder's equity	3,128,489	3,295,898
TOTAL LIABILITIES AND EQUITY	\$ 5,751,419	\$ 5,819,423

(1) The authorized share capital of MCE Finance Limited was 5,000,000 shares of US\$0.01 par value per share, as of March 31, 2014 and December 31, 2013, 1,202 shares of US\$0.01 par value per share were issued and fully paid.

MCE Finance Limited
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2014	2013
OPERATING REVENUES		
Casino	\$ 1,320,139	\$ 1,110,443
Rooms	33,615	31,193
Food and beverage	21,713	20,260
Entertainment, retail and others	45,419	31,267
Gross revenues	1,420,886	1,193,163
Less: promotional allowances	(44,693)	(39,112)
Net revenues	1,376,193	1,154,051
OPERATING COSTS AND EXPENSES		
Casino	(913,518)	(790,095)
Rooms	(3,139)	(3,128)
Food and beverage	(5,913)	(8,017)
Entertainment, retail and others	(14,342)	(15,979)
General and administrative	(83,393)	(66,757)
Pre-opening costs	(730)	—
Amortization of gaming subconcession	(14,309)	(14,309)
Amortization of land use rights	(5,235)	(5,042)
Depreciation and amortization	(62,562)	(62,955)
Property charges and others	(1,692)	(224)
Total operating costs and expenses	(1,104,833)	(966,506)
OPERATING INCOME	271,360	187,545
NON-OPERATING INCOME (EXPENSES)		
Interest income	2,302	1,101
Interest expenses, net of capitalized interest	(14,767)	(18,966)
Other finance costs	(4,623)	(3,826)
Foreign exchange loss, net	(1,177)	(1,858)
Loss on extinguishment of debt	—	(50,256)
Costs associated with debt modification	—	(10,538)
Total non-operating expenses, net	(18,265)	(84,343)
INCOME BEFORE INCOME TAX	253,095	103,202
INCOME TAX (EXPENSE) CREDIT	(504)	195
NET INCOME	\$ 252,591	\$ 103,397

MCE Finance Limited
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	\$ 275,429	\$ 220,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to shareholder	(76,832)	(501,500)
Payment for acquisition of property and equipment	(36,836)	(28,542)
Deposits for acquisition of property and equipment	(1,445)	(1,723)
Payment for entertainment production costs	(167)	(2,102)
Proceeds from sale of property and equipment	10	21
Change in bank deposits with original maturity over three months	176,478	—
Payment for land use rights	—	(8,281)
Net cash provided by (used in) investing activities	61,208	(542,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(193,000)	—
Principal payments on long-term debt	(64,179)	(812,487)
Payment of deferred financing costs	—	(118,265)
Proceeds from long-term debt	—	1,000,000
Net cash (used in) provided by financing activities	(257,179)	69,248
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,458	(252,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,164,682	1,516,952
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,244,140	\$ 1,264,667
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Cash paid for interest (net of capitalized interest)	\$ (27,303)	\$ (19,773)
Cash paid for tax	\$ (5,591)	\$ —
NON-CASH INVESTING ACTIVITIES		
Construction costs and property and equipment funded through accrued expenses and other current liabilities	\$ 25,490	\$ 4,882
Land use rights costs funded through accrued expenses and other current liabilities and land use right payable	\$ —	\$ 25,793

MCE Finance Limited — Restricted Subsidiaries Group
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	March 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,244,140	\$ 1,164,682
Bank deposits with original maturity over three months	410,616	587,094
Accounts receivable, net	257,103	287,880
Amounts due from affiliated companies	279,459	273,020
Amounts due from unconsolidated subsidiaries	2	2
Inventories	18,034	18,169
Prepaid expenses and other current assets	52,928	46,092
Total current assets	2,262,282	2,376,939
PROPERTY AND EQUIPMENT, NET	2,198,693	2,205,257
GAMING SUBCONCESSION, NET	470,722	485,031
INTANGIBLE ASSETS, NET	4,220	4,220
GOODWILL	81,915	81,915
LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS	64,650	64,839
INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES	1,219,037	1,142,205
DEFERRED FINANCING COSTS	90,854	94,785
LAND USE RIGHTS, NET	391,350	396,585
TOTAL ASSETS	\$ 6,783,723	\$ 6,851,776

	March 31, 2014	December 31, 2013
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 10,169	\$ 9,825
Accrued expenses and other current liabilities	940,637	768,005
Income tax payable	709	5,601
Capital lease obligations, due within one year	41	—
Current portion of long-term debt	256,717	256,717
Amount due to shareholder	19,904	19,936
Amounts due to affiliated companies	10,817	12,179
Total current liabilities	<u>1,238,994</u>	<u>1,072,263</u>
LONG-TERM DEBT	1,352,987	1,417,166
OTHER LONG-TERM LIABILITIES	6,932	6,418
DEFERRED TAX LIABILITIES	16,386	16,582
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR	141	—
LAND USE RIGHT PAYABLE	7,484	11,090
ADVANCE FROM SHAREHOLDER	1,032,294	1,032,343
SHAREHOLDER'S EQUITY		
Ordinary shares ⁽¹⁾	—	—
Additional paid-in capital	1,841,725	2,261,725
Accumulated other comprehensive income	2,635	2,635
Retained earnings	<u>1,284,145</u>	<u>1,031,554</u>
Total shareholder's equity	<u>3,128,505</u>	<u>3,295,914</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 6,783,723</u>	<u>\$ 6,851,776</u>

(1) The authorized share capital of MCE Finance Limited was 5,000,000 shares of US\$0.01 par value per share, as of March 31, 2014 and December 31, 2013, 1,202 shares of US\$0.01 par value per share were issued and fully paid.

MCE Finance Limited — Restricted Subsidiaries Group
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2014	2013
OPERATING REVENUES		
Casino	\$ 1,320,139	\$ 1,110,443
Rooms	33,615	31,193
Food and beverage	21,713	20,260
Entertainment, retail and others	45,419	31,267
Gross revenues	1,420,886	1,193,163
Less: promotional allowances	(44,693)	(39,112)
Net revenues	1,376,193	1,154,051
OPERATING COSTS AND EXPENSES		
Casino	(913,518)	(790,095)
Rooms	(3,139)	(3,128)
Food and beverage	(5,913)	(8,017)
Entertainment, retail and others	(14,342)	(15,979)
General and administrative	(83,393)	(66,757)
Pre-opening costs	(730)	—
Amortization of gaming subconcession	(14,309)	(14,309)
Amortization of land use rights	(5,235)	(5,042)
Depreciation and amortization	(62,562)	(62,955)
Property charges and others	(1,692)	(224)
Total operating costs and expenses	(1,104,833)	(966,506)
OPERATING INCOME	271,360	187,545
NON-OPERATING INCOME (EXPENSES)		
Interest income	2,302	1,101
Interest expenses, net of capitalized interest	(14,767)	(18,966)
Other finance costs	(4,623)	(3,826)
Foreign exchange loss, net	(1,177)	(1,858)
Loss on extinguishment of debt	—	(50,256)
Costs associated with debt modification	—	(10,538)
Total non-operating expenses, net	(18,265)	(84,343)
INCOME BEFORE INCOME TAX	253,095	103,202
INCOME TAX (EXPENSE) CREDIT	(504)	195
NET INCOME	\$ 252,591	\$ 103,397

MCE Finance Limited — Restricted Subsidiaries Group
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	\$ 275,429	\$ 220,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to unconsolidated subsidiary	(76,832)	(501,500)
Payment for acquisition of property and equipment	(36,836)	(28,542)
Deposits for acquisition of property and equipment	(1,445)	(1,723)
Payment for entertainment production costs	(167)	(2,102)
Proceeds from sale of property and equipment	10	21
Change in bank deposits with original maturity over three months	176,478	—
Payment for land use rights	—	(8,281)
Net cash provided by (used in) investing activities	61,208	(542,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(193,000)	—
Principal payments on long-term debt	(64,179)	(812,487)
Payment of deferred financing costs	—	(118,265)
Proceeds from long-term debt	—	1,000,000
Net cash (used in) provided by financing activities	(257,179)	69,248
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,458	(252,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,164,682	1,516,952
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,244,140	\$ 1,264,667
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Cash paid for interest (net of capitalized interest)	\$ (27,303)	\$ (19,773)
Cash paid for tax	\$ (5,591)	\$ —
NON-CASH INVESTING ACTIVITIES		
Construction costs and property and equipment funded through accrued expenses and other current liabilities	\$ 25,490	\$ 4,882
Land use rights costs funded through accrued expenses and other current liabilities and land use right payable	\$ —	\$ 25,793

MCE Finance Limited
Unaudited Reconciliation of Financial Condition and Results of Operations
of MCE Finance Limited — Restricted Subsidiaries Group to MCE Finance Limited
For the Three Months Ended March 31, 2014
(In thousands of U.S. dollars, except share and per share data)

	Consolidated Total for MCE Finance Limited — Restricted Subsidiaries Group	Unrestricted Subsidiaries			Consolidated Total for MCE Finance Limited
		Melco Crown (Macau Peninsula) Hotel Limited	Melco Crown (Macau Peninsula) Developments Limited	Elimination	
Condensed Consolidated Balance Sheets					
(Unaudited)					
As of March 31, 2014					
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,244,140	\$	\$	\$	\$ 1,244,140
Bank deposits with original maturity over three months	410,616				410,616
Accounts receivable, net	257,103				257,103
Amounts due from affiliated companies	279,459	(1)	(1)		279,457
Amounts due from (to) group companies	—	(1)	(1)	2	—
Amounts due from unconsolidated subsidiaries	2			(2)	—
Inventories	18,034				18,034
Prepaid expenses and other current assets	52,928				52,928
Total current assets	2,262,282	(2)	(2)	—	2,262,278
PROPERTY AND EQUIPMENT, NET	2,198,693				2,198,693
GAMING SUBCONCESSION, NET	470,722				470,722
INTANGIBLE ASSETS, NET	4,220				4,220
GOODWILL	81,915				81,915
LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS	64,650				64,650
INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES	1,219,037			(1,219,037)	—
ADVANCE TO SHAREHOLDER	—			186,737	186,737
DEFERRED FINANCING COSTS	90,854				90,854
LAND USE RIGHTS, NET	391,350				391,350
TOTAL ASSETS	<u>\$ 6,783,723</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (1,032,300)</u>	<u>\$ 5,751,419</u>

	Consolidated Total for MCE Finance Limited — Restricted Subsidiaries Group	Unrestricted Subsidiaries			Consolidated Total for MCE Finance Limited
		Melco Crown (Macau Peninsula) Hotel Limited	Melco Crown (Macau Peninsula) Developments Limited	Elimination	
LIABILITIES AND SHAREHOLDER'S EQUITY					
CURRENT LIABILITIES					
Accounts payable	\$ 10,169	\$	\$	\$	\$ 10,169
Accrued expenses and other current liabilities	940,637	1	1		940,639
Income tax payable	709				709
Capital lease obligations, due within one year	41				41
Current portion of long-term debt	256,717				256,717
Amount due to shareholder	19,904	2	2		19,908
Amounts due to affiliated companies	10,817				10,817
Total current liabilities	1,238,994	3	3	—	1,239,000
LONG-TERM DEBT	1,352,987				1,352,987
OTHER LONG-TERM LIABILITIES	6,932				6,932
DEFERRED TAX LIABILITIES	16,386				16,386
CAPITAL LEASE OBLIGATIONS, DUE AFTER ONE YEAR	141				141
LAND USE RIGHT PAYABLE	7,484				7,484
ADVANCE FROM (TO) GROUP COMPANIES	—		1,219,031	(1,219,031)	—
ADVANCE FROM (TO) SHAREHOLDER	1,032,294		(1,219,031)	186,737	—
SHAREHOLDER'S EQUITY					
Ordinary shares ⁽¹⁾	—	3	3	(6)	—
Additional paid-in capital	1,841,725				1,841,725
Accumulated other comprehensive income	2,635				2,635
Retained earnings	1,284,145	(8)	(8)		1,284,129
Total shareholder's equity	3,128,505	(5)	(5)	(6)	3,128,489
TOTAL LIABILITIES AND EQUITY	\$ 6,783,723	\$ (2)	\$ (2)	\$ (1,032,300)	\$ 5,751,419

(1) The authorized share capital of MCE Finance Limited was 5,000,000 shares of US\$0.01 par value per share, as of March 31, 2014, 1,202 shares of US\$0.01 par value per share was issued and fully paid.

MCE Finance Limited
Unaudited Reconciliation of Financial Condition and Results of Operations
of MCE Finance Limited — Restricted Subsidiaries Group to MCE Finance Limited
For the Three Months Ended March 31, 2014
(In thousands of U.S. dollars)

	Consolidated Total for MCE Finance Limited — Restricted Subsidiaries Group	Unrestricted Subsidiaries			Consolidated Total for MCE Finance Limited
		Melco Crown (Macau Peninsula) Hotel Limited	Melco Crown (Macau Peninsula) Developments Limited	Elimination	
Condensed Consolidated Statements of Operations (Unaudited) For the Three Months Ended March 31, 2014					
OPERATING REVENUES					
Casino	\$ 1,320,139	\$	\$	\$	\$ 1,320,139
Rooms	33,615				33,615
Food and beverage	21,713				21,713
Entertainment, retail and others	45,419				45,419
	<u>1,420,886</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,420,886</u>
Gross revenues	1,420,886	—	—	—	1,420,886
Less: promotional allowances	(44,693)				(44,693)
	<u>1,376,193</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,376,193</u>
OPERATING COSTS AND EXPENSES					
Casino	(913,518)				(913,518)
Rooms	(3,139)				(3,139)
Food and beverage	(5,913)				(5,913)
Entertainment, retail and others	(14,342)				(14,342)
General and administrative	(83,393)				(83,393)
Pre-opening costs	(730)				(730)
Amortization of gaming subconcession	(14,309)				(14,309)
Amortization of land use rights	(5,235)				(5,235)
Depreciation and amortization	(62,562)				(62,562)
Property charges and others	(1,692)				(1,692)
	<u>(1,104,833)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,104,833)</u>
Total operating costs and expenses	(1,104,833)	—	—	—	(1,104,833)
OPERATING INCOME	<u>\$ 271,360</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 271,360</u>

	Consolidated Total for MCE Finance Limited — Restricted Subsidiaries Group	Unrestricted Subsidiaries			Consolidated Total for MCE Finance Limited
		Melco Crown (Macau Peninsula) Hotel Limited	Melco Crown (Macau Peninsula) Developments Limited	Elimination	
NON-OPERATING INCOME (EXPENSES)					
Interest income	\$ 2,302	\$	\$	\$	\$ 2,302
Interest expenses, net of capitalized interest	(14,767)				(14,767)
Other finance costs	(4,623)				(4,623)
Foreign exchange loss, net	(1,177)				(1,177)
Total non-operating expenses, net	(18,265)	—	—	—	(18,265)
INCOME BEFORE INCOME TAX	253,095	—	—	—	253,095
INCOME TAX EXPENSE	(504)				(504)
NET INCOME	<u>\$ 252,591</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 252,591</u>