



Panama Canal Authority

**Interim Financial Statements – Unaudited
December 31, 2010
I Quarter**



Panama Canal Authority
Balance sheet
December 31, 2010
(In thousands of balboas – at par with US\$)

	December 31, 2010 (unaudited)	September 30, 2010 (audited)
Assets		
Non-current assets:		
Properties, plant and equipment, net	3,244,033	3,073,853
Accounts receivable	400,481	400,481
Total non-current assets	3,644,514	3,474,334
Current assets:		
Cash, cash equivalents, and bank deposits	2,022,073	2,119,074
Investments in securities (held to maturity)	537,634	545,103
Hedge instrument	14,314	16,158
Accounts receivable	33,590	33,476
Inventories, net	62,163	61,041
Accrued interest receivable and other assets	23,334	22,617
Total current assets	2,693,108	2,797,469
Total assets	6,337,622	6,271,803
Equity and liabilities		
Equity:		
Contributed capital	1,904,473	1,904,473
Retained earnings:		
Reserved	3,370,905	3,225,942
Unappropriated	157,598	470,603
Adjustment for hedge instrument valuation	(72,741)	(150,226)
Total equity	5,360,235	5,450,792
Non-current liabilities:		
Financial institutions	600,000	300,000
Hedge instrument	76,161	150,871
Total non-current liabilities	676,161	450,871
Current liabilities:		
Accounts payable	178,814	221,345
Provision for marine accident claims	33,246	32,693
Accrued salaries and vacation pay	81,904	107,918
Hedge instrument	2,699	3,056
Other liabilities	4,563	5,128
Total current liabilities	301,226	370,140
Total equity and liabilities	6,337,622	6,271,803



Panama Canal Authority
Income statement – Unaudited
For the three months ended December 31, 2010
(In thousands of balboas – at par with US\$)

	December 31, 2010	December 31, 2009
Revenues:		
Toll revenues	417,714	388,895
Vessel-transit-related services	108,399	82,136
	<u>526,113</u>	<u>471,031</u>
Other revenues:		
Electric power sales	20,905	33,160
Potable water sales	6,314	5,155
Interest income	5,950	5,279
Miscellaneous	2,475	4,476
	<u>35,644</u>	<u>48,070</u>
Total other revenues	<u>35,644</u>	<u>48,070</u>
Total revenues	<u>561,757</u>	<u>519,101</u>
Expenses:		
Salaries and wages	105,374	93,039
Employee benefits	16,275	14,270
Materials and supplies	9,673	11,750
Fuel	14,088	23,108
Transportation and allowances	560	401
Contracted services and fees	7,738	5,674
Insurance	2,337	2,585
Provision for marine accidents	1,858	(99)
Provision for obsolete inventory	99	90
Depreciation	18,996	18,511
Other expenses	1,528	1,470
	<u>178,526</u>	<u>170,799</u>
Capitalized labor and materials	<u>(16,806)</u>	<u>(10,477)</u>
Total expenses	<u>161,720</u>	<u>160,322</u>
Income before fees and depreciation	400,037	358,779
Fees per net ton	(97,047)	(91,313)
Panamanian Treasury (Tesoro Nacional) – public service fees	<u>(429)</u>	<u>(515)</u>
Net income	<u>302,561</u>	<u>266,951</u>



Panama Canal Authority
Cash flows statement – Unaudited
For the three months ended December 31, 2010
(In thousands of balboas – at par with US\$)

	December 31, 2010	December 31, 2009
Cash flows from operating activities:		
Net income	B/. 302,561	B/. 266,951
Adjustments for:		
Depreciation	18,662	18,210
Loss on disposal of fixed asset	2	-
Provision for obsolete inventory	99	90
Provision for marine accidents	1,858	(99)
Changes in operating assets and liabilities:		
Accounts receivable	(114)	1,606
Inventories	(1,220)	1,529
Accrued interest receivable and other assets	2,347	1,693
Current liabilities	<u>(70,772)</u>	<u>(29,668)</u>
Net cash provided by operating activities	<u>253,423</u>	<u>260,312</u>
Cash flows from investing activities:		
Net increase of fixed asset	(188,845)	(49,791)
Net (increase) decrease in investments	7,470	(99,160)
Net decrease in time deposits, over 90 days	607,241	768,165
Net decrease in hedge instrument	<u>1,554</u>	<u>(212)</u>
Net cash used in investing activities	<u>427,420</u>	<u>619,002</u>
Cash flows from financing activities:		
Increase in non-current liabilities	300,000	-
Transfer to Panamanian Treasury	<u>(470,603)</u>	<u>(434,120)</u>
Net cash used in financing activities	<u>(170,603)</u>	<u>(434,120)</u>
Net increase in cash and cash equivalents	510,240	445,194
Cash and cash equivalents at beginning of the period	<u>192,945</u>	<u>212,225</u>
Cash and cash equivalents at end of the period	<u>B/. 703,185</u>	<u>B/. 657,419</u>
Investing activities that did not represent cash outflows		
Fixed assets – capitalized depreciation	<u>B/. (334)</u>	<u>B/. (301)</u>

Francisco J. Miguez P.
Executive Vicepresident
Administration and Finance
Chief Financial Officer