(Translation of financial statements originally issued in Spanish)

Autoridad del Canal de Panamá

Statement of Costs of Investments in Progress and Statement of Operating Expenses of the Panama Canal Expansion Program

September 30, 2012

CONTENTS

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF AUTORIDAD DEL CANAL DE PANAMÁ

Translation of the Independent Auditors' Report originally issued in Spanish
(See explanation in the notes to the financial statements)

We have audited the accompanying schedule of the statement of cost of investments in progress as of September 30, 2012 and statement of operating expenses for the year then ended of the Panama Canal Expansion Program and a summary of significant accounting policies and other explanatory notes (together "the financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the schedules present fairly, in all material respects, the cost of investments in progress as of September 30, 2012, and the operating expenses for the year then ended in the Panama Canal Expansion Program in accordance with International Financial Reporting Standards.

Ernst & Young

November 27, 2012
Panama, Republic of Panama

Autoridad del Canal de Panamá
Statement of Costs of Investments in Progress
Canal Expansion Program
September 30, 2012
(In thousands of balboas B/.)

Notes			**2012**		2011
	Program management	**B/.**	**117,216**	B/.	96,301
9	Interests, commissions and other financing expenses		**120,818**		67,858
	Construction of the new locks		**1,165,613**		510,984
	Construction of channels		**329,604**		268,278
	Navigational channel improvements		**602,127**		492,257
	Water supply improvements		**2,837**		2,777
6a, 8	Total costs of investment in progress		**2,338,215**		1,438,455
6b	Additions to properties, plant and equipments		**2,860**		-
	Total costs of investment	**B/.**	**2,341,075**	B/.	1,438,455

The accompanying notes are an integral part of these financial statements.

Autoridad del Canal de Panamá
Statement of Operating Expenses
Canal Expansion Program
For the year ended September 30, 2012
(In thousands of balboas B/.)

Notes			**2012**		2011
	Contracted services and fees	**B/.**	**605**	B/.	541
	Materials and supplies		**315**		460
	Transportation and allowances		**92**		86
	Internal support		**756**		647
	Non-capitalized equipment		**43**		120
	Other expenses		**126**		49
7, 8	Total operating expenses	**B/.**	**1,937**	B/.	1,903

The accompanying notes are an integral part of these financial statements.

Explanation Added for Translation into English

The accompanying financial statements have been translated from Spanish into English for international use. These financial statements are presented in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting practices applied by Panama Canal Authority which are in conformity with International Financial Reporting Standards may differ from accounting principles generally accepted in some countries where the financial statements may be used.

1. General information

The Autoridad del Canal de Panamá (ACP) is an autonomous agency of the Government of Panama, established in accordance with Article 316 of the Political Constitution of the Republic of Panama. The ACP is responsible for the administration, operation, conservation, maintenance, modernization, and other related activities of the Panama Canal (the Canal), that are necessary to ensure the safe, uninterrupted, efficient and profitable operation of the Canal in accordance with the constitutional and legal regulations in effect. The ACP has its own patrimony and the right to manage it. The ACP was organized under Law No. 19 of June 11, 1997 (Organic Law).

The ACP, in coordination with government entities designated by law, is also responsible for the management, maintenance, use and conservation of the water resources of the Canal watershed, including lakes and their tributary streams.

With the expiration of the 1977 Torrijos-Carter Treaty at noon on December 31, 1999, the Panama Canal reverted to the Republic of Panama free of debts and liens, becoming an inalienable patrimony of the Republic of Panama, open to the peaceful and uninterrupted transit of vessels of all nations, and whose use will be subject to the requirements and conditions established by the Political Constitution of Panama, the Organic Law of ACP, and its Management.

The main ACP offices are located at the Administration Building No. 101, Balboa, Republic of Panama.

(In thousands of balboas B/.)

2. General information of the project

Approval and estimated cost

In compliance with Law 28 of July 17, 2006, issued by the Executive Branch, the proposal for the construction of the Panama Canal third set of locks was approved. Subsequently, on October 22, 2006, the people of Panama approved the Canal Expansion Program (the Program) through a national referendum in accordance with the constitutional requirement. The Program has an estimated cost of B/.5,250,000, detailed as follows:

Description		**Estimated amount**
Construction of the new locks	B/.	2,730,000
Water saving basins		620,000
Construction of channels		820,000
Navigational channels improvements		290,000
Water supply improvements		260,000
Inflation during the construction period		530,000
Total	B/.	5,250,000

The group of components described above was developed for the Canal Expansion Proposal submitted in April 2006. In order to optimize the execution of the Program, a more appropriate segregation was accomplished with the completion of the design, identification of the different implementation stages and definition of the different types of contracts that apply. As a result, components and estimates were adjusted as follows:

Description		**Estimated amount**
Construction of the new locks	B/.	3,580,052
Construction of channels		477,210
Navigational channel improvements		799,991
Water supply improvements		70,813
Program management		200,518
Program contingency		109,416
Operating expenses		12,000
Total	B/.	5,250,000

The objectives of the Canal Expansion Program are: 1) to achieve long-term sustainability and growth for the Canal's contributions to Panamanian society, through the payments ACP makes to the National Treasury, 2) to maintain the Canal's international competitiveness as well as the value added by Panama's maritime route to the national economy, 3) to increase the Canal's capacity to capture the growing tonnage demand with the appropriate levels of service for each market segment and, 4) to make the Canal more productive, safe and efficient.

2. General information of the project (continued)

Execution of the Program includes the development of designs, models, specification and contracts, the pre-classification of the possible contractors and finally, contractor selection. Also part of this program includes the simultaneous construction of both locks facilities with their water recycling basins, dry excavation of the new Pacific access channel, deepening and widening of the Gatun Lake navigation channels, as the entrances from both seas and the deepening of Culebra cut channels.

3. Statement of compliance

The statement of costs of investments in progress and the statement of operating expenses in the Panama Canal Expansion Program have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

4. Basis of presentation of the financial statements

The statement of costs of investments in progress and the statement of operating expenses of the Panama Canal Expansion Program have been prepared on a historical cost basis except for hedging instruments which have been measured at fair value.

Functional currency

The ACP maintains its accounting records in balboas (B/.), which is its monetary unit, and the statement of costs of investment in progress and the statement of operating expenses are stated in this currency. The balboa, monetary unit of the Republic of Panama, is at par and is free exchange with the U.S. dollar. The Republic of Panama does not issue paper currency and instead uses the U.S. dollar as legal tender.

5. Significant accounting policies

Costs of investments in progress

Accumulated costs of investments in progress include all direct charges for materials, labor, studies, equipment, professional fees and indirect costs related to the expansion work. Once these works are concluded, the construction value will become part of the properties, plant, and equipment and its depreciation begins.

5. Significant accounting policies (continued)

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the assets until such time as are substantially ready for their intended use or sale. All other borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interest and other costs that ACP incurs in connection with the borrowing of funds.

Internal support

The costs of the internal support in the Canal Expansion Program includes: salaries, employment benefits, materials, supplies and use of equipment. The internal support directly related to investment projects in the Canal Expansion Program is capitalized. Internal support charged to operating expenses represents indirect costs that are not directly attributable to the construction of the facility. These expenses include internal resources dedicated mainly to cleaning, moving and maintenance tasks of buildings and equipment.

Operating expenses

Operating expenses comprise the expenditures that are not capitalized which primarily include service contracts, purchase of materials, supplies and acquisition of equipment that do not meet capitalization criteria and which unit cost is less than B/.10.

6. Accumulated costs of investments

a. In progress

At September 30, 2012, the accumulated costs of investments in progress of the Panama Canal Expansion Program totaled B/.2,338,215 (2011: B/.1,438,455). These costs are included in the note 5 of the audited financial statements of the ACP as of September 30, 2012 in Properties, Plant, and Equipment - Constructions in Progress for B/.2,695,222 (2011: B/.1,569,299).

b. Additions to properties, plant and equipments

At September 30, 2012, B/. 2,860 represents investments made with funds from the Panama Canal Expansion Program that had been completed and are currently in use.

The annual activity of costs of investments in progress and additions to properties, plant and equipment are detailed as follows:

(In thousands of balboas B/.)

6. Accumulated costs of investments (continued)

	Year ended September 30, 2012		
a. Costs of investments in progress	**Beginning Balance**	**Increase**	**Ending Balance**
Program management	B/. 96,301	B/. 20,915	B/. 117,216
Interests, commissions and other financing expenses	67,858	52,960	120,818
Construction of the new locks	510,984	654,629	1,165,613
Construction of channels	268,278	61,326	329,604
Navigational channel improvements	492,257	109,870	602,127
Water supply improvements	2,777	60	2,837
	1,438,455	**899,760**	**2,338,215**
b. Additions to properties, plant and equipments	**-**	2,860	2,860
Total costs of investment of the Expansion Program	**B/. 1,438,455**	**B/. 902,620**	**B/. 2,341,075**

	Year ended September 30, 2011		
a. Costs of investments in progress	Beginning Balance	Increase	Ending Balance
Program management	B/. 72,788	B/. 23,513	B/. 96,301
Interests, commissions and other financing expenses	26,924	40,934	67,858
Construction of the new locks	179,836	331,148	510,984
Construction of channels	148,470	119,808	268,278
Navigational channel improvements	305,981	186,276	492,257
Water supply improvements	598	2,179	2,777
Total costs of investment of the Expansion Program	B/. 734,597	B/. 703,858	B/. 1,438,455

7. Operating expenses

Operating expenses of the Panama Canal Expansion Program for the year ended September 30, 2012, totaled B/.1,937 (2011: B/.1,903) as summarized in the statement of operating expenses are included in the income statement of the PCA’s audited financial statements.

(In thousands of balboas B/.)

8. Costs and expenses of the Panama Canal Expansion Program

Costs and expenses of the Panama Canal Expansion Program as of September 30, 2012 are summarized as follows:

		2012		2011
Capitalized costs as of September 30	**B/.**	**2,341,075**	B/.	1,438,455
Expenses:				
2007		**821**		821
2008		**524**		524
2009		**1,971**		1,971
2010		**1,271**		1,271
2011		**1,903**		1,903
2012		**1,937**		-
Total capitalized costs and expenses	**B/.**	**2,349,502**	B/.	1,444,945

9. Interests, commissions and other financing expenses

The interests, commissions and other financing expenses for the year ended September 30, 2012 are detailed as follows:

		2012		2011
Interest on loans	**B/.**	**17,063**	B/.	12,613
Commitment fees		**3,240**		3,616
Other expenses		**32,657**		24,705
Total interests, commissions and other financing expenses		**52,960**		40,934
Less: amount of loans´ cost capitalized		**(52,960)**		(40,934)
	B/.	**-**	B/.	-

The accumulated interests, commissions and other financing expenses totaled B/.120,818 as of September 30, 2012 (2011: B/.67,858).

10. Risk Management

Financial Risk Management

The ACP maintains a conservative financial policy, designed to protect its capital and generate optimal performance with low risk, for which various risk management activities that include: analysis, evaluation and risk mitigation, are performed throughout the year. This allows management to plan and make decisions that enhance the economic contribution and operational excellence, improving the chances of achieving strategic goals.

The ACP's capital structure consists of net debt (borrowings as detailed in note 11), compensated by cash and bank deposit balances, and equity of the enterprise (consisting of contributed capital, reserves, other equity accounts, and unappropriated retained earnings).

Historically, the ACP has operated with its own resources due to its high levels of cash generated by its operations, however, on December 9, 2008, the ACP subscribed to a common term agreement with multilateral and bilateral agencies, which committed to grant borrowings with the purpose of partially finance the Canal Expansion Program (see note 11).

Interest rate risk management

The ACP is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the ACP through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rates and the defined risk tolerance, ensuring the most cost-effective hedging strategies are applied.

Interest rate swap contracts

Since March 2010, the ACP established interest rate swap contracts, without collateral, to fix the floating interest rate of the B/.800,000 variable rate loan. Of the B/.800,000, B/.200,000 were disbursed on March 1, 2010; B/.300,000 on October 29, 2010, and B/.300,000 on April 13, 2011. Biannual amortizations of B/.40,000 are programmed to start on May 15, 2019 until loan maturity on November 15, 2028.

According to interest rate swap contracts, the ACP agrees to swap the difference between the fixed and floating interest rate amounts calculated on the agreed notional principal amounts. Such contracts allow the ACP to mitigate the risk of interest rate changes over the cash flow of the hedged debt agreed at a floating interest rate. The fair value of interest rate swaps at the end of the reporting period is determined by discounting future cash flows using the curves at the end of the period in question and the inherent credit risk in the contract, as it is detailed further ahead.

The following table details the notional principal amounts and the remaining terms of the outstanding interest rate swap contracts at the end of the reporting period.

(In thousands of balboas B/.)

10. Risk Management (continued)

Interest rate risk management (continued)

Interest rate swap contracts (continued)

Cash flow hedges
(Effective date: May 15, 2010, maturity: Nov 15, 2028)

Contracts with floating interest rates and outstanding fixed payment rates	**Average contracted fixed interest rate**		**Notional principal value**		**Fair value**	
	2012	2011	**2012**	2011	**2012**	2011
5 years or more	**4.67%**	4.67%	**B/. 800,000**	B/. 800,000	**B/. (239,582)**	B/. (215,714)

The interest rate swaps are paid biannually. The floating rate on the interest rate swaps is at 6-month Libor rate. The ACP will pay or receive the difference between the floating and the fixed interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the ACP's cash flow exposure resulting from floating interest rates on borrowings.

Interest rate sensitivity analysis

The following sensitivity analyses have been determined based on the financial instruments exposure to interest rates at the end of the reporting period.

As of September 30, 2012, for each basis point increase/decrease in the Libor rate curve through the remaining term of the contract, the unrealized loss on the interest rate swap contract would decrease/increase by B/.1,004.5. This amount was calculated based on the DV01 indicator generated by Bloomberg’s valuation model tool used in the valuation of interest rate swap contracts.

As of September 30, 2012, the ACP expects that the Libor would maintain its value through the remaining term of the contract during fiscal 2013.

(In thousands of balboas B/.)

10. Risk Management (continued)

Price risk on adjustment clauses in contracts related to the Canal Expansion Program

As mentioned in note 12, the ACP has different commitments related to the Canal Expansion Program. These commitments include adjustment clauses related to the main commodities that will be used during construction, such as: reinforced steel, cement, structural steel, and light diesel. The clauses use, as adjustment references, representative price indexes of the commodities' fair value, a fixed reference price for each commodity, the quantities or maximum volume, and the target dates for adjustment calculations.

The maximum quantities to which the ACP is exposed to when contracts were signed, are as follows:

Commodity	Agreed volume (thousands)	Fixed reference price	Fair value reference index
Reinforced steel	279.0 metric tons	B/.575 per metric ton	"Reinforcing Bar - Platts Steel Market Daily"
Structural steel	67.2 metric tons	B/.1,000 per metric ton	"Plate - Platts Steel Market Daily"
Cement	1,278.6 short tons	B/.100 per short ton	"Portland and Other Cements, Commodity Code 13220161" from the US Bureau of Labor Statistics
Light Diesel (Third Set of Locks contract)	60,000 gallons	B/.1.40 per gallon	US Gulf Coast Diesel No.2 Oil from Platts Latin American Wire
Light Diesel (Pacific access channel excavation contract)	2,054 gallons	B/.1.7580 per gallon	Diesel's Import Parity Price from the Secretariat of Energy for Light Diesel

During the life of the project, the ACP shall determine the fair value of the commodities and consumed materials among periods established in the proposal in order to define the difference with the fixed referenced price. This price difference shall be multiplied by the agreed quantities of commodities or consumed materials in order to obtain the amount over which the ACP must pay or charge the contractor during periodic payments for work progress made. Additionally, the locks construction contract allows compensation for a portion of the incremental local labor cost, as it was considered to cover exclusively over costs in Panamanian labor costs.

10. Risk Management (continued)

Sensitivity to price risk on adjustment clauses in contracts related to the Canal Expansion Program

The ACP´s internal policies allow to award hedging contracts with specialized institutions, in an effort to neutralize or mitigate the risks associated with price fluctuation of the commodities procured by the ACP, in regards to the functioning, maintenance, operations, modernization, and expansion of the Canal.

Light diesel

On April 18, 2012, ACP conducted a hedging transaction for 18.1 million gallons of light diesel to cover the risk of variability in future cash flows attributable to variability in the diesel price index from April 26, 2012 to July 25, 2014. The instrument was set at a swap price of B/.3.1347/gal.

On April 22, 2010, ACP conducted a hedging transaction for 36.5 million gallons of light diesel to cover the risk of variability in future cash flows attributable to variability in the diesel price index from April 26, 2010 to April 25, 2012 (first two years of the project). The instrument was set at a swap price of B/.2.4396/gal.

The variation of light diesel prices will not affect the ACP's income statement or its equity, as it is capitalized as part of the expansion program.

Reinforced steel and cement

For these commodities, under market conditions, it has not been feasible to obtain financial hedge services to allow the mitigation of future cash flows risk due to price variability.

The following table shows the quantities established in the lock design and construction contract and the estimated adjustments at the beginning of fiscal year 2012:

Commodity	Unit	Quantity	Total (in thousands)
Reinforced Steel	Metric Ton	143,307	B/. 33,054
Cement	Short Ton	788,253	(B/. 7,575)

Reinforced Steel

During fiscal year 2012, the scaling adjustment for reinforced steel resulted in a B/.31,978, it was B/.1,076 lower than the B/.33,054 estimated at the beginning of fiscal year 2012. As of September 30, 2012 the reinforced steel price (moving average as stipulated in the contract) was B/.757.58 per metric ton, which is B/.182.58 over the reference price of B/.575.00 per metric ton. If the average price remains unchanged for fiscal year 2013, for the established volume of 82,890 metric tons, ACP's exposure shall be B/.15,134.

(In thousands of balboas B/.)

10. Risk Management (continued)

Reinforced steel and cement (continued)

Cement

During fiscal year 2012, the scaling adjustment for cement resulted in a credit of B/.7,774 in favor of ACP; it was B/.199 higher than the estimated amount at the beginning of fiscal year 2012. As of September 30, 2012 the price was B/.90.02 per short ton. For fiscal year 2013, if the average price remains unchanged and with an established consumption of 455,750 short tons, the margin between the reference price and the current price would represent a credit of B/.4.548 in favor of ACP.

The variation in price in these commodities will not affect the ACP's income statement nor its equity, as it is capitalized as part of the Canal expansion project.

Liquidity risk management

The ACP manages the liquidity risk through continuous monitoring of the forecasted and actual cash flows, and reconciling the maturity profiles for the financial assets and liabilities. Historically, the cash generated by the ACP´s operations has been enough to cope with its operations and the requirements of its investments program, while generating adequate returns to the ACP. However, since 2008, the ACP faced the necessity to obtain financing for a portion of the Canal Expansion Program. The credit facilities available to the ACP to reduce the liquidity risk are detailed as follows:

To finance the expansion program, the ACP has a credit facility with various financial institutions. Currently, 10 percent of the debt is contracted at fixed effective rate of 5.196 percent, and the remaining 90 percent shows a moving average effective rate of 2.611 percent, calculated based on undiscounted cash flows to the date in which the ACP shall make the payments.

	Weighted average effective interest rate (%)	**1 month or less**	**1 - 3 months**	**1 - 5 years**	**More than 5 years**	**Total**
September 30, 2012 (2011)						
Variable interest loan	**2.611** (1.22191)	B/. -	B/. -	B/. -	B/. 900,000	B/. 900,000
Fixed interest rate loan	**5.196** (5.196)	-	-	-	100,000	100,000
		B/. -	B/. -	B/. -	B/. 1,000,000	B/. 1,000,000

(In thousands of balboas B/.)

10. Risk Management (continued)

Liquidity risk management (continued)

The ACP has access to financing facilities, as described afterward, of which USD 1,300,000 were not utilized at the end of the 2012 period. The ACP expects to comply with its other obligations with the cash flows from its operations and from the maturity of financial assets.

All subscribed contracts with the different counterparties have a clause that prevents the ACP from having to provide collateral guarantees for any unrealized loss resulting from the periodic valuations of these financial instruments.

Financing Structure

Used and available borrowing amounts until 2014:

		2012		2011
Amount used				
Japan Bank for International Cooperation (JBIC)	**B/.**	**800,000**	B/.	800,000
European Investment Bank (EIB)		**100,000**		100,000
Inter-American Development Bank (IADB)		**100,000**		-
Available amount				
European Investment Bank (EIB)		**400,000**		400,000
Inter-American Development Bank (IADB)		**300,000**		400,000
International Finance Corporation (IFC)		**300,000**		300,000
Andean Development Corporation (ADC)		**300,000**		300,000
	B/.	**2,300,000**	B/.	2,300,000

11. Borrowings

Financing received for the Canal Expansion Investment Program, presented at amortized cost as of September 30, 2012, is detailed as follows:

		2012		2011
Japan Bank for International Cooperation (JBIC)	**B/.**	**800,000**	B/.	800,000
European Investment Bank (EIB)		**100,000**		100,000
Inter-American Development Bank (IADB)		**100,000**		-
Balance at the end of the year	**B/.**	**1,000,000**	B/.	900,000

11. Borrowings (continued)

Financing from JBIC and IADB was subscribed at a floating rate (6-month Libor plus margin), with semiannual payments to principal beginning on May 15, 2019, and ending in November 2028. Financing from EIB was subscribed at a fixed rate with equal semiannual payments beginning on May 15, 2019, and ending in November 2028.

The ACP complies with the semiannual verification of the financial restrictions over this debt which consist of Total Debt to EBITDA Ratio and the Debt Service Coverage Ratio.

12. Commitments

Total commitments include the Panama Canal expansion program contracts awarded during the fiscal year totaling B/.30,271 (2011: B/.18,332).

During fiscal year 2012, the most significant contracts were awarded to: Celmec, S.A., for modifications to the Agua Clara substation on the Atlantic, East Side of the Canal for B/.3,797; Howard Group, S.A., for realignment of the Limon Highway, new Telfers Road and improvements to the Bolivar Avenue at the Atlantic Side for B/.5,777; and J. Aron & Co. for the diesel swap hedging contract to cover the Panama Canal expansion program for B/.9,227.

During fiscal year 2011, the most significant contracts were awarded to: Fattuto, S.A, for cleaning unexploded ordinances for B/.2,248; Sociedad Española de Montajes Industriales for range towers at San Pablo and Tabernilla reach for B/.2,000; and Howard Group, S.A. for drainage channels in Marieta and Cocoli for B/.1,588.

Fiscal year 2012 balance includes the design-construction contract for the Canal Expansion Program of the third set of locks, to Grupo Unidos por el Canal, S.A. (GUPCSA) of B/.2,205,906 (2011: B/.2,823,744).

13. Contingent liabilities

During 2012, the contractor GUPCSA submitted to the ACP several claims, including one for B/.586,000. These claims are at different stages of the dispute resolution process provided for in the contract for the design and construction of the third set of locks. In some cases, this process has not begun because GUPCSA has not submitted the information to support the alleged costs and additional time claimed, and in others, the information presented is not sufficient to make a proper assessment of claims. As the contractor GUPCSA presents additional information regarding such claims, ACP analyzes and proceeds to evaluate it. This is an interactive process involving constant communication with the contractor until the information submitted is complete, in order to follow the dispute resolution process set out in the Contract and issue a determination as appropriate.

13. Contingent liabilities (continued)

The ACP has received other claims from GUPCSA for an aggregate amount of B/.180,182, which have been denied by ACP, stating that the contractor has submitted these claims to the Dispute Adjudication Board (DAB) for its decision. Two other minor claims were received, that were already submitted to the DAB, and for which the DAB had ruled in favor of the contractor as to merit but not in regards to quantum by which the definition of the amount payable is being discussed by the parties.

The notes contained herein relating to claims against the ACP cannot and should not be considered as support or evidence of acceptance of responsibility on the part of the ACP. In the opinion of the Administration and its General Counsel, the outcome of these actions will not have significant adverse effects on the financial position of the ACP.

14. Approval of financial statements

These financial statements for the period ended as of September 30, 2012, were approved by the Board of Directors and authorized for issuance on November 27, 2012.

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