(Translation of the Schedule originally issued in Spanish)

Autoridad del Canal de Panama

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

September 30, 2014

Building a better
working world

CONTENTS

Building a better working world

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

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

We have audited the statement of cost of investments in progress as of September 30, 2014 and the 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 Schedule").

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity´s preparation and fair presentation of the Schedule 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 Schedule.

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

Opinion

In our opinion, the Schedule present fairly, in all material respects, the cost of investments in progress as of September 30, 2014, 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 24, 2014
Panama, Republic of Panama

Autoridad del Canal de Panama
Statement of Costs of Investments in Progress
Canal Expansion Program
September 30, 2014
(In thousands of balboas B/.)

Notes			**2014**		2013
	Construction of the new locks	**B/.**	**2,666,491**	B/.	2,027,510
	Construction of channels		**438,600**		364,378
	Navigational channel improvements		**685,937**		652,478
	Water supply improvements		**12,894**		9,356
	Program management		**175,593**		139,626
9	Interests, commission and other financing expenses		**242,642**		176,198
6a	Total costs of investments in progress		**4,222,157**		3,369,546
6b	Additions to properties, plant, and equipment		**3,313**		2,860
6, 8	Total costs of investments	**B/.**	**4,225,470**	B/.	3,372,406

The accompanying notes are an integral part of the Schedule.

Autoridad del Canal de Panama
Statement of Operating Expenses
Canal Expansion Program
For the year ended September 30, 2014
(In thousands of balboas B/.)

Notes			**2014**		2013
	Contracted services and fees	**B/.**	**475**	B/.	529
	Materials and supplies		**115**		246
	Transportation and allowances		**118**		145
	Internal support		**354**		547
	Non-capitalized equipment		**60**		52
	Other expenses		**181**		111
7, 8	Total operating expenses	**B/.**	**1,303**	B/.	1,630

The accompanying notes are an integral part of the Schedule.

Explanation Added for Translation into English

The accompanying Schedule has been translated from Spanish into English for international use. This Schedule is presented in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting practices applied by Autoridad del Canal de Panama which are in conformity with International Financial Reporting Standards may differ from accounting principles generally accepted in some countries where the Schedule may be used.

1. General information

The Autoridad del Canal de Panama (ACP) is an autonomous legal entity of public law established by Article 316 of Title XIV of the Constitution of the Republic of Panama and subject to special arrangements made by the provisions of that Title, of Law No. 19 of June 11, 1997 and regulations that dictates the Board of Directors as mandated by articles 319 and 323 of the same Title. This scheme provides, inter alia, that corresponds to the ACP exclusively the administration, operation, conservation, maintenance and modernization of the Canal de Panamá (the Canal) and its related activities, for which it establishes a special labor regime applicable to the ACP and its workforce, and provides it with its own patrimony and the right to its administration.

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. As part of this responsibility, the ACP optimizes these resources through the sale of water, energy and tourism related activities in the Canal.

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 the ACP and its management.

The main ACP offices are located at the Administration Building No. 101, Balboa, Corregimiento de Ancon, 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 was scheduled to begin operation in late 2014. The project for the Design and Construction of the Third Set of Locks, the main component of the Program, whose date of contractual termination should be completed by early November of the current year, presents a gap that has delayed the completion of the work.

The ACP expects to start commercial operations of the third set of locks in the first quarter of 2016. The delay in the completion of the third set of locks is due to several factors, organizational problems of the contractor, especially at the beginning of the work; inefficiencies; contractor delays in the design and testing of concrete mixes and unilateral temporary suspension of the work; among others.

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

2. General information of the project (continued)

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/.	3,627,020
Construction of channels		560,590
Navigational channel improvements		743,890
Water supply improvements		31,953
Program management		213,642
Program contingency		60,905
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.

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 statements of costs of investments in progress and of operating expenses in the Panama Canal Expansion Program, including the comparative figures, have been prepared in accordance with International Financial Reporting Standards (IFRS), disseminated by the International Accounting Standards Board (IASB).

4. Basis of presentation

The statements of costs of investments in progress and of operating expenses of the Panama Canal Expansion Program have been prepared on a historical cost basis, except for certain assets and liabilities measured at fair value.

Functional currency

The ACP maintains its accounting records in balboas (B/.), which is its monetary unit, and the statements of costs of investment in progress and of operating expenses are stated in this currency. The balboa, monetary unit of the Republic of Panama, is at par and of 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are 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 the assets 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.

5. Significant accounting policies (continued)

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, 2014, the accumulated costs of investments in progress of the Panama Canal Expansion Program totaled B/.4,222,157 (2013: B/.3,369,546). These costs are included in the note 5 of the audited financial statements of the ACP as of September 30, 2014 in Properties, Plant, and Equipment - Constructions in Progress for B/.4,547,682 (2013: B/.3,674,314).

b. Additions to properties, plant, and equipment

At September 30, 2014, B/.3,313 (2013: B/.2,860) represents investments made with funds from the Panama Canal Expansion Program that had been completed and are currently in use.

(In thousands of balboas B/.)

6. Accumulated costs of investments (continued)

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

			Year ended September 30, 2014			
a. Costs of investments in progress		**Beginning Balance**		**Increase**		**Ending Balance**
Construction of the new locks	B/.	2,027,510	B/.	638,981	B/.	2,666,491
Construction of channels		364,378		74,222		438,600
Navigational channel improvements		652,478		33,459		685,937
Water supply improvements		9,356		3,538		12,894
Program management		139,626		35,967		175,593
Interests, commission and other financing expenses		176,198		66,444		242,642
		3,369,546		**852,611**		**4,222,157**
b. Additions to properties, plant, and equipment		2,860		453		3,313
Total costs of investments of the Expansion Program	**B/.**	**3,372,406**	**B/.**	**853,064**	**B/.**	**4,225,470**

			Year ended September 30, 2013			
a. Costs of investments in progress		Beginning Balance		Increase		Ending Balance
Construction of the new locks		1,165,613		861,897		2,027,510
Construction of channels		329,604		34,774		364,378
Navigational channel improvements		602,127		50,351		652,478
Water supply improvements		2,837		6,519		9,356
Program management		117,216		22,410		139,626
Interests, commission and other financing expenses		120,818		55,380		176,198
		2,338,215		1,031,331		3,369,546
b. Additions to properties, plant, and equipment		2,860		-		2,860
Total costs of investments of the Expansion Program	B/.	2,341,075	B/.	1,031,331	B/.	3,372,406

7. Operating expenses

Operating expenses of the Panama Canal Expansion Program for the year ended September 30, 2014, totaled B/.1,303 (2013: B/.1,630) as summarized in the statement of operating expenses are included in the income statement of the ACP'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 are summarized as follows:

		2014		2013
Capitalized costs as of September 30	**B/.**	**4,225,470**	B/.	3,372,406
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**		1,937
2013		**1,630**		1,630
2014		**1,303**		-
Total capitalized costs and expenses	**B/.**	**4,236,830**	B/.	3,382,463

9. Interests, commission and other financing expenses

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

		2014		2013
Interest on loans	**B/.**	**30,692**	B/.	18,883
Commitment fees		**704**		2,723
Other expenses		**35,048**		33,774
Total interests, commission and other financing expenses		**66,444**		55,380
Less: amount of loans' cost capitalized		**(66,444)**		(55,380)
	B/.	**-**	B/.	-

The accumulated interests, commission and other financing expenses totaled B/.242,642 as of September 30, 2014 (2013: B/.176,198).

10. Risk Management

Financial Risk Management

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 five development agencies to obtain borrowings totaling B/.2,300 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 that 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.

(In thousands of balboas B/.)

10. Risk Management (continued)

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:

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**			
	2014	2013		**2014**		2013		**2014**		2013
5 years or more	**4.67%**	4.67%	**B/.**	**800,000**	B/.	800,000	**B/.**	**(150,055)**	B/.	(144,573)

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, 2014, 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/.768.3. 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, 2014, the ACP expects that the Libor rate would increase its value by 30 basis points through the remaining term of the contract during fiscal year 2015, representing an equity increase of B/.23,048.

(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 had different commitments related to the Canal Expansion Program. Some of these commitments included adjustment clauses related to the main commodities that were used during construction, such as: reinforced steel, cement, structural steel, and light diesel. The clauses used, 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 on which the adjustment calculations were made.

The maximum quantities the ACP was exposed to at the signature contracts were:

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 Due date July 2014
Light diesel (Pacific access channel excavation contracts)	2,054 gallons	B/.1.7580 per gallon	Diesel's Import Parity Price from the Secretariat of Energy for Light Diesel

The ACP determined 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 for the Canal Expansion Program. This price difference was multiplied by the agreed quantities of commodities or consumed materials in order to obtain the amount over which the ACP paid or charged 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 the purchase of hedging contracts with specialized institutions, in an effort to neutralize or mitigate the risks associated with the 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.

The variation of light diesel price~~s~~ was capitalized as part of the Expansion Program.

Reinforced steel and cement

For reinforced steel and cement it was not possible to obtain financial hedge services to allow the mitigation of future cash flows risk due to price variability. For this reason, the ACP was exposed to price fluctuations, assuming the risk of price increases or benefiting from price declines.

The following table shows the quantities established in the lock design and construction contract and the estimated adjustments at the beginning of fiscal year 2014:

Commodity	Unit	Quantity	Total (in thousands)
Reinforced steel	Metric Ton	5,726	B/.1,288
Cement	Short Ton	34,597	B/.(256)

Reinforced steel

At the end of the fiscal year 2014, the scaling adjustment for reinforced steel totaled B/.691, represented B/.597 less than the estimate at the beginning of fiscal year 2014. In this fiscal year the escalation period agreed under the contract was completed, and there will be no exposure to price variations of reinforced steel for the remaining execution of the contract for the design and constructions of the locks.

10. Risk Management (continued)

Cement

At the end of the fiscal year 2014, the scaling adjustment for cement resulted in a credit totaling B/.153 in favor of ACP, B/.103 less than the amount estimated at the beginning of fiscal year 2014. In this fiscal year the escalation period agreed under the contract was completed, and there will be no exposure to price variations of cement for the remaining execution of the contract of the design and construction of the locks.

Credit risk management

It refers to the risk that the borrower or issuer of a financial asset may not comply, completely and on time, with any payment to be made in accordance with the terms and conditions agreed upon when the obligation was acquired. To mitigate the credit risk, the liquidity investment policy establishes limits by industry and limits by issuer, as the result of the categorization of the Risk Assessment System adopted by the ACP, which includes the following factors: short-term risk rating, issuer leverage index, economic factor, liquidity index, and deterioration index.

Counterparty risk refers to the risk of a counterparty defaulting in the payment of a security purchase transactions. The ACP does not have counterparty risk, as it buys all of its securities using the method of payment on delivery (“delivery versus payment”) through payment systems, using a custodian account.

Credit risk refers to the risk that one of the parties does not comply with its contractual obligations, resulting in financial loss to the ACP. ACP’s policies only allow depositing funds in banking institutions and financial instruments that have more than one short-term international investment quality risk rating of at least the following: A-2 by Standard & Poors, P-2 by Moody's Bank Deposit Ratings, or F-2 by Fitch Ratings.

The ACP is not allowed to place its funds in banks or financial instruments when one of its ratings is lower than what is indicated herein, except for the Banco Nacional de Panamá (National Bank of Panama). ACP’s exposure and the credit ratings of its counterparties are reviewed continuously. The credit exposure is controlled by counterparty limits that are reviewed quarterly through the use of an own financial model called “Risk Assessment System for Banking Institutions and Financial Instruments”.

The maximum limits for funds deposits in each bank institution and financial instruments are assigned according to the assessment of the following weighted factors:

1. External rating
2. Capital coverage
3. Country risk
4. Liquidity index
5. Deterioration index
6. Performance index
7. Credit risk

(In thousands of balboas B/.)

10. Risk Management (continued)

Banking institutions are rated in three categories within the ACP's risk system:

A. Up to B/.100 millon
B. Up to B/.80 millon
C. Up to B/.60 millon

In addition to the credit risk of the treasury portfolio, the ACP maintains a credit risk from advances made to GUPCSA under the Contract for the Design and Construction of the Third Set of Locks, as explained in note 6 of the audited financial statements of the ACP as of September 30, 2014. On the B/.906,409 advance payment receivable from GUPCSA, ACP has bank and insurance guarantees, as well as withholding applied to the work in progress for approximately 75%. The unsecured balance is covered under a joint and several guarantee by each of the four companies in the consortium for B/.250,000, which make them accountable and obliges each them for the outstanding advanced balance as if they were acquired on an individual basis. The fundamental analysis applied to the four companies in the consortium indicated that one or more of these companies are able to repay the total of this obligation.

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 afterwards.

Interest and liquidity risk tables

To finance the expansion program, the ACP has a credit facility with five development financial institutions. Currently, 4.35% of the debt is contracted at fixed effective rate of 5.31%, and the remaining 95.65% is contracted at average effective rate of 3.10%. The effective rate for the financing is 3.20%.

	Weighted average effective interest rate (%)	1 month or less	1 - 3 months	1 - 5 years	More than 5 years	Total
September 30, 2014						
Variable interest loan	3.10%	B/. -	B/. -	B/. 110,000	B/. 2,090,000	B/. 2,200,000
Fixed interest loan	5.31%	-	-	5,000	95,000	100,000
		B/. -	B/. -	B/. 115,000	B/. 2,185,000	B/. 2,300,000

(In thousands of balboas B/.)

10. Risk Management (continued)

The ACP has used all the creditors financing for the Canal Expansion Program. The ACP expects to comply with its obligations with the cash flows from future operations.

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

Financing disbursed and available:

		2014		2013
Amount disbursed				
Japan Bank for International Cooperation (JBIC)	**B/.**	**800,000**	B/.	800,000
European Investment Bank (EIB)		**500,000**		200,000
Inter-American Development Bank (IADB)		**400,000**		400,000
CAF Development Bank of Latin America (CAF)		**300,000**		50,000
International Finance Corporation (IFC)		**300,000**		-
		2,300,000		1,450,000
Available amount				
European Investment Bank (EIB)		**-**		300,000
International Finance Corporation (IFC)		**-**		300,000
CAF Development Bank of Latin America (CAF)		**-**		250,000
		-		850,000
	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, is detailed as follows:

		2014		2013
Japan Bank for International Cooperation (JBIC)	**B/.**	**800,000**	B/.	800,000
European Investment Bank (EIB)		**500,000**		200,000
Inter-American Development Bank (IADB)		**400,000**		400,000
CAF Development Bank of Latin America (CAF)		**300,000**		50,000
International Finance Corporation (IFC)		**300,000**		-
Balance at the end of the year	**B/.**	**2,300,000**	B/.	1,450,000

11. Borrowings (continued)

Financing from JBIC, IADB, CAF, IFC and a tranche of EIB are subscribed at a floating rate (6-month Libor plus margin), and a tranche of EIB is subscribed at a fixed rate; all with semi-annual payments to principal beginning on May 15, 2019, and ending in November 2028.

The ACP complies with reporting to the five development agencies about the financial obligations of the Common Terms Agreement concerning the verification of the financial covenants over this debt related to two debt indicators to be maintained: Total Debt to EBITDA Ratio and the Debt Service Coverage Ratio.

12. Commitments

The commitment for the construction in progress contracts and outstanding purchase orders for the Canal Expansion Program amounts to B/.941,744 (2013: B/.1,525,000).

Total commitments include the Panama Canal expansion program contracts awarded during the fiscal year totaling B/.21,015 (2013: B/.22,343).

Contracts awarded during fiscal year 2014, include extension of insurance period coverage for Third Set of Locks granted to insurance broker Willis Limited for B/.1,807, cleaning of unexploded ordnance at Cerro Valdes Borrow site on the west side of the Canal to Fatutto for B/.2,433 and legal services for Canal Expansion Program to Mayer Brown LLP for B/.11,114.

Contracts awarded during fiscal year 2013, include miter gate hydraulic cylinders to IHC Vremac Cylinders BV for B/.3,602, procurement of medium voltage cables for the third set of locks to Conductores Monterrey S.A. de C.V for B/.3,848 and construction of 25 range towers in Gatun Lakes to Ingenieria Continental, S.A. for B/.6,455.

Fiscal year 2014 balance includes the design-build contract for the Canal Expansion Program's major component, the third set of locks, to Grupo Unidos por el Canal, S.A. (GUPCSA) of B/.830,277 (2013: B/.1,408,126).

13. Contingent liabilities

At September 30, 2014, the ACP has received claims from GUPCSA for a total of B/.1,690,000. 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. Two of these claims concerning concrete mix and aggregates were denied by the ACP. As at September 30, 2014, GUPCSA had referred these claims for B/.464,000 to the Dispute Adjudication Board (DAB) for their resolution. Consequently, hearings were scheduled between the end of September and the beginning of October 2014 from which it is expected to have a DAB decision by the end of 2014. The ACP has also received another claim for the amount of B/.898,000 due to the alleged disruption and delay, as a result of various circumstances, which is still under valuation by the ACP after additional information and evidence submitted by GUPCSA. GUPCSA also submitted other claims for an aggregate amount of B/.92,000 which have been denied by the ACP. Some of these claims could be submitted to the DAB for its decision within the next few months.

13. Contingent liabilities (continued)

The contractor submitted claims for B/.138,000 which were rejected entirely by the DAB. GUPCSA has submitted a notice of dissatisfaction before the DAB following the denial of its claim concerning the Pacific temporary cofferdam. That claim has now been referred to the International Court of Arbitration of the International Chamber of Commerce in December 2013 for an amount of B/.180,000 which its final hearing has been programed for December 2015.

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 ACP.

14. Events that occurred after the reporting period

Panama Canal Expansion Program was scheduled to begin operations in late 2014. The project of the Design and Construction of the Third Set of Locks, the main component of the Program, whose contractual completion date should be completed by early November of the current year, has a gap that has delayed the completion of the works until early 2016. Consequently, on November 13, 2014, the ACP gave the contractor GUPCSA, a formal notice of claim regarding the completion of the works after the contractual period, therefore the Contractor shall pay to the ACP the sum of B/.300 for each day that elapses between the contractual date of completion of the work and the date specified in the certificate of acceptance of the work, up to a maximum of B/.54.600. In that same notice of claim, the ACP clarifies that because the parties agreed by a variation to the Contract under the "Delay Damages Dispute Procedure", that the contractor will not be deducted these amounts until an arbitration decision, under procedures of the International Chamber of Commerce (ICC), exist. However, the ACP will maintain the right to claim the full amounts for damages and/or delay damages to which it is entitled to.

15. Approval

The statements of costs of investments in progress and of operating expenses of the of the Panama Canal Expansion Program for the period ended as of September 30, 2014, were approved by the Administration and authorized for issuance on November 24, 2014.