(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, 2015

CONTENTS

Building a better working world

Ernst & Young Limited Corp.
Edificio Office One - Penthouse, Pisos 15 - 16
Calle 50 y 58 Obarrio
Panamá, República de Panamá

P.O. Box 0832-1575 W.T.C.
Tel: (507) 208-0100
Fax: (507) 214-4301
www.ey.com/centroamerica

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, 2015 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, 2015, and the operating expenses for the year then ended in the Panama Canal Expansion Program in accordance with International Financial Reporting Standards.

Ernst & Young

December 17, 2015
Panama, Republic of Panama

Autoridad del Canal de Panama
Statement of Costs of Investments in Progress
Canal Expansion Program
September 30, 2015

(In thousands of balboas B/.)

Notes			**2015**		2014
	Construction of the new locks	**B/.**	**3,466,571**	B/.	2,666,491
	Construction of channels		**547,574**		438,600
	Navigational channel improvements		**698,516**		685,937
	Water supply improvements		**12,793**		12,894
	Program management		**210,199**		175,593
8	Interests, commission, cash flow hedges and other financing expenses		**312,398**		242,642
5a	Total costs of investments in progress		**5,248,051**		4,222,157
5b	Additions to properties, plant, and equipment		**3,517**		3,313
5, 7	Total costs of investments	**B/.**	**5,251,568**	B/.	4,225,470

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, 2015
(In thousands of balboas B/.)

Notes			**2015**		2014
	Contracted services and fees	**B/.**	**461**	B/.	475
	Materials and supplies		**104**		115
	Transportation and allowances		**88**		118
	Internal support		**233**		354
	Non-capitalized equipment		**6**		60
	Other expenses		**77**		181
6, 7	Total operating expenses	**B/.**	**969**	B/.	1,303

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 statements of costs of investments in progress and operating expenses in the Panama Canal Expansion Program for the year ended September 30, 2015, were approved by the Board of Directors and authorized for issuance on December 17, 2015.

The Autoridad del Canal de Panama ("The 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 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 2014, and then by early May of this year, currently still presents a gap that has delayed the completion of the works.

The ACP expects to start commercial operations of the third set of locks in the second quarter of 2016. The delay in the completion of the third set of locks is due to several factors: contractor organizational issues, mainly at the beginning of the work; inefficiencies; contractor delays during the design and testing of concrete mixes; unilateral temporary suspension of the work; and water filtrations in the concrete sill of lock head #3 on the Pacific site, among others.

The Program has an original 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

(In thousands of balboas B/.)

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. By resolution No.103 of the National Assembly Budget Committee this estimate was modified to B/. 5,258,209 on May 7, 2015, whereby a supplemental credit requested by the ACP was approved. As a result, components and estimates were adjusted as follows:

Description		**Estimated amount**
Construction of the new locks	B/.	3,806,857
Construction of channels		565,736
Navigational channel improvements		721,514
Water supply improvements		17,099
Program management		223,571
Program contingency		9,432
Operating expenses		14,000
Total	B/.	5,358,209

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. Basis of preparation

The statements of costs of investments in progress and of operating expenses in the Panama Canal Expansion Program, including the comparatives, for the year ended September 30, 2015, have been prepared in accordance with the International Financial Reporting Standards (IFRS), disseminated by the International Accounting Standards Board (IASB).

3. Basis of preparation (continued)

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

4. Significant accounting policies

Functional currencies

The ACP maintains its accounting records in U.S. dollars (USD $), which is its functional currency, and the statements of costs of investment in progress and of operating expenses are presented in balboas (B/.). 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.

Accumulated 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 are capitalized as part of the cost of the assets, until all or practically all activities necessary to prepare the asset for its use. All other borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests 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.

4. 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.

5. Accumulated costs of investments

a. In progress

As of September 30, 2015, the accumulated costs of investments in progress of the Canal Expansion Program totaled B/.5,248,051 (2014: B/.4,222,157). These costs are included in the note 4 of the audited financial statements of the ACP as of September 30, 2015 in Properties, Plant, and Equipment - Constructions in Progress for B/.5,571,187 (2014: B/.4,547,682).

b. Additions to properties, plant, and equipment

As of September 30, 2015, B/.3,517 (2014: B/.3,313) represents investments made with funds from the Canal Expansion Program that had been completed and are currently in use.

(In thousands of balboas B/.)

5. 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, 2015	
a. Costs of investments in progress	**Beginning Balance**	**Increase**	**Ending Balance**
Construction of the new locks	B/. 2,666,491	B/. 800,080	B/. 3,466,571
Construction of channels	438,600	108,974	547,574
Navigational channel improvements	685,937	12,579	698,516
Water supply improvements	12,894	(101)	12,793
Program management	175,593	34,606	210,199
Interests, commission, cash flow hedges and other financing expenses	242,642	69,756	312,398
	4,222,157	**1,025,894**	**5,248,051**
b. Additions to properties, plant, and equipment	3,313	204	3,517
Total costs of investments of the Expansion Program	**B/. 4,225,470**	**B/. 1,026,098**	**B/. 5,251,568**

		Year ended September 30, 2014	
a. Costs of investments in progress	Beginning Balance	Increase	Ending Balance
Construction of the new locks	2,027,510	638,981	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, cash flow hedges 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

6. Operating expenses

Operating expenses of the Canal Expansion Program for the year ended September 30, 2015, totaled B/.969 (2014: B/.1,303) 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/.)

7. Costs and expenses of the Canal Expansion Program

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

		2015		2014
Capitalized costs as of September 30	**B/.**	**5,251,568**	B/.	4,225,470
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**		1,303
2015		**969**		-
Total capitalized costs and expenses	**B/.**	**5,263,897**	B/.	4,236,830

8. Interests, commission, cash flow hedges and other financing expenses

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

		2015		2014
Interest on loans	**B/.**	**34,762**	B/.	30,692
Commitment fees		**-**		704
Cash flow hedges		**34,948**		35,005
Other expenses		**46**		43
Total interests, commission, cash flow hedges and other financing expenses		**69,756**		66,444
Less: amount of loans' cost capitalized		**(69,756)**		(66,444)
	B/.	**-**	B/.	-

The accumulated interests, commission, cash flow hedges and other financing expenses totaled B/.312,398 as of September 30, 2015 (2014: B/.242,642).

9. Risk management

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

The ACP's capital structure consists of net debt (borrowings as detailed in note 10), compensated by cash and bank deposit balances, other cost amortized financial assets 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 to afford its costs of operation, investment, functioning, maintenance and modernization. However, on December 9, 2008 the ACP subscribed to a common term financing agreement with five development agencies, which committed to grant borrowings totaling B/.2,300 millions with the purpose of partially finance the Canal Expansion Program (see note 10), and more recently, in September 2015, when issued bonds in the international market by B/.450 millions in order to partially finance the building of the bridge on the Atlantic side of the Canal.

Financial risk management objectives

ACP’s main financial liability consists of borrowings, bonds payable and trade accounts payable. The main purpose of these financial liabilities is to finance the Canal Expansion Program and the new bridge at the Atlantic side of the Canal. The ACP also has cash, bank deposits, operations with settlement in progress, trade and other receivables, and funds invested in debt instruments with short maturities which are held until maturity. The ACP also contracts hedging instruments.

The ACP is exposed to credit, market and liquidity risks.

The ACP administration monitors the management of these risks. ACP’s Treasury coordinates the access to international financial markets, monitors and manages the financial risks related to the ACP's operations through internal risk reports, which it is analyzed the exposures depending on their degree and magnitude. These risks include market risk (including exchange risk and price risk), credit risk, liquidity risk, and interest rate risk. All the activities related to risk hedging are performed by teams of specialists with the appropriate knowledge, experience and supervision.

9. Risk management (continued)

The ACP maintains policies that provide written principles about foreign exchange risk management, interest rate risk, credit risk, and the use of hedge financial instruments and the liquidity investment. The internal auditors periodically monitor the compliance with the policies and exposure limits. The ACP does not subscribe or negotiate financial instruments for speculative purposes.

The ACP's treasury quarterly updates the Board of Directors Finance Committee and follows up the risks and the implemented policies to mitigate risk exposure. The Office of Inspector General periodically audits treasury operations and reports to the Board of Directors.

The Board of Directors revises and approves the policies for managing each of the following risks:

Interest rate risk management

The ACP is exposed to interest rate risk because it borrowed funds at both fixed and floating interest rates. The risk is managed by the ACP through the use of interest rate swap contracts. Given market conditions, hedging activities are evaluated regularly to consider interest rate volatility and risk tolerance, ensuring that the most conservative hedging strategies are applied.

Interest rate swap contracts

Since March 2010, the ACP established interest rate swap contracts, without collateral, to fix the interest rate on the B/.800,000 variable rate loan. Of these 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. Semi-annual 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 agreed 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 part 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/.)

9. Risk management (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	
	2015	2014	**2015**	2014	**2015**	2014
5 years or more	**4.67%**	4.67%	**B/. 800,000**	B/. 800,000	**B/. (184,021)**	B/. (150,055)

The interest rate swaps are paid semi-annually. 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, 2015, 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/.732.6. 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.

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.

9. Risk management (continued)

Counterparty risk refers to the risk of a counterparty defaulting in the payment of a security purchase transaction. 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. To address this risk, 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 not less than 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

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

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

9. Risk management (continued)

In addition to the credit risk of the treasury portfolio, the ACP maintains a credit risk from advances payments made to GUPCSA under the Contract for the Design and Construction of the Third Set of Locks, as explained in note 5. On the B/.863,375 advance payment receivable from GUPCSA, ACP has bank and insurance guarantees of B/.577,959, which account for 67% of the exposure. The remaining unsecured balance is covered under a joint and several guarantee issued by each of the four companies in the consortium for B/.199,073, which make these companies accountable and obliges each of them for the outstanding advanced balances as if they were acquired on an individual basis. Furthermore, the ACP holds a Joint and Several Guarantee issued by Sacyr, Impregilo, Jan De Nul and CUSA and a Parent Company Guarantee signed by SOFIDRA, parent company of Jan De Nul, which were submitted to the ACP as part of its requirements to give its consent for the assignment of the contract from the consortium Grupo Unidos por el Canal (GUPC) to the corporation Grupo Unidos por el Canal, S.A. (GUPCSA), current contractor. Under these guarantees, the companies mentioned above, undertake before ACP, the joint and several liability, as main debtor, to guarantee to the ACP the compliance of all obligations, guarantees and commitments assumed by the Contractor (GUPCSA) in accordance with the terms and conditions of the contract. 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. Subsequently, in September 2015, the ACP issued bonds in the capital markets in order to partially finance the new bridge across the Canal at the Atlantic Side. 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 Common Terms Agreement of credit facilities with five development financial institutions. Currently 4.35% of the debt is contracted at fixed effective rate of 5.31%, and the remaining 95.7% shows a moving average effective rate of 2.57%. The effective rate for the financing is 2.69%.

(In thousands of balboas B/.)

9. Risk Management (continued)

	Weighted average effective interest rate (%)	1 month or less	1 - 3 months	1 - 5 years	More than 5 years	Total
September 30, 2015						
Variable interest loan	2.57%	B/. -	B/. -	B/. 330,000	B/. 1,870,000	B/. 2,200,000
Fixed interest loan	5.31%	-	-	15,000	85,000	100,000
		B/. -	B/. -	B/. 345,000	B/. 1,955,000	B/. 2,300,000

The ACP has used all the creditors financing for the Canal Expansion Program.

All subscribed contracts with the different ACP 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.

10. Borrowings

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

	2015	2014
Japan Bank for International Cooperation (JBIC)	**B/. 800,000**	B/. 800,000
European Investment Bank (EIB)	**500,000**	500,000
Inter-American Development Bank (IADB)	**400,000**	400,000
CAF Development Bank of Latin America (CAF)	**300,000**	300,000
International Finance Corporation (IFC)	**300,000**	300,000
Balance at the end of the year	**B/. 2,300,000**	B/. 2,300,000

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.

	2015	2014
Total Debt to EBITDA Ratio	**1.9**	1.6
Debt Service Coverage Ratio	**107.2**	110.6

10. Borrowings (continued)

- Total Debt to EBITDA Ratio, prior to the Expansion Program Completion Date, should maintain, as of the end of each Semi-Annual Fiscal Period of the Borrower, a ratio ending of less than 3.0 for such Measurement Period.
- Debt Service Coverage Ratio, prior to the Expansion Program Completion Date, should maintain, as of the end of each Semi-Annual Fiscal Period of the Borrower, a ratio of not less than 5.0 for such Measurement Period. Debt service means, for any period or at any time, as the context may require, the sum of regularly scheduled interest payable on and amortization of debt discount in respect of all debt for borrowed money plus regularly scheduled principal amounts of all debt for borrowed money payable.

As of September 30, 2015, the ACP was in compliance with the aforementioned restrictive financial covenants.

11. Commitments

Commitments as a result of construction in progress contracts and undelivered purchase orders for the Canal Expansion Program amounted to B/.315,678 (2014: B/.941,744).

Total commitments include the Canal Expansion Program contracts awarded during the fiscal year totaling B/.18,832 (2014: B/.21,015).

Contracts awarded during fiscal year 2015, include installation of bank lights for the third set of locks access channel at the Atlantic site to Celmec, S. A. for B/.1,828, engineering services for Borinquen 1E Dam to URS Holdings Inc. for B/.3,500 and pumping equipment rental services for the Third Set of Locks, Pacific Side to Xylem Water Solutions Panama S de R L for B/.6,904.

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 (UXO) 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.

Fiscal year 2015 balance includes the design-build contract for the Canal Expansion Program's major component, the third set of locks, to GUPCSA of B/.295,778 (2014: B/.830,277).

12. Contingent liabilities

GUPCSA:

As of September 30, 2015, the ACP has received GUPCSA claims for a total of B/.3,480,788 in relation to the Third Set of Locks Project. These claims are at different stages of the dispute resolution process established in the Contract for the Design and Construction of the Third Set of Locks. Below is some general information in relation to the status of these claims.

Two of these claims, concerning concrete mixtures and aggregates, were denied by the ACP and subsequently submitted to the Dispute Adjudication Board (DAB), which ordered that of the B/.463,935 claimed by GUPCSA, ACP pays B/.233,234 plus interest in December 2014. This amount was paid by the ACP, and both sides have referred this dispute to arbitration under the International Chamber of Commerce (ICC) Arbitration Rules in March 2015, in two separate arbitrations. GUPCSA is seeking a total of B/.577,109 from the ACP, and the ACP is in turn calling for the return of the amount that was paid pursuant to that DAB decision. These two arbitrations are at the stage of constitution of the arbitral court.

Regarding the temporary cofferdam at the Pacific entrance, the claims submitted against ACP, have been denied by the DAB. GUPCSA presented a notice of dissatisfaction and an ICC arbitration was commenced in December 2013. The amount of the dispute is currently valued at B/.218,158. GUPCSA requested the arbitral tribunal that final hearing that was scheduled for December 2015, was rescheduled. The arbitral tribunal rescheduled the hearing for July 2016.

During 2015, GUPCSA also presented other claims for an aggregate amount of B/.310,420. The majority of these claims have been denied by the ACP and subsequently submitted to the DAB by GUPCSA between March and June 2015.

Others:

The ACP has received claims regarding other investments projects from the Canal Expansion Program for an overall amount of B/.13,224 which are at different stages. Some of them have been denied in their entirety by the ACP while others are awaiting a resolution from the ACP Contracting Officer.

On November 18, 2015, the ACP received a new claim regarding the excavation of the Pacific access channel (PAC4) for an amount of B/.24,629, which is being evaluated by the Contracting Officer.

12. Contingent liabilities (continued)

The notes contained herein relate to claims against the ACP and cannot, nor should not, be considered as support or proof of acceptance of responsibility on the part of the ACP. In the opinion of the Administration and its legal counsel, the determination of these matters will not have adverse effects of a significant nature on the financial position of the ACP.