

Financial Statements

(Translation of financial statements originally issued in Spanish)

Report

Autoridad del Canal de Panama

*Year ended September 30, 2013
with Independent Auditors' Report*

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

(Translation of independent auditors' report originally issued in Spanish)
(See explanation in the notes to the financial statements)

We have audited the accompanying financial statements of the Autoridad del Canal de Panama, which comprise the statement of financial position as of September 30, 2013, and the income statement, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Autoridad del Canal de Panama as of September 30, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



November 25, 2013
Panama, Republic of Panama

Autoridad del Canal de Panama
Statement of Financial Position
September 30, 2013

(In thousands of balboas B/.)

<i>Notes</i>	2013	2012
Assets:		
Non-current assets:		
Property, plant and equipment:		
11	B/. 2,648,483	B/. 2,326,406
5	3,674,314	2,695,222
5	6,322,797	5,021,628
6	810,567	598,628
	7,133,364	5,620,256
Current assets:		
7	80,222	73,001
6, 24	34,657	42,991
8	640,912	423,443
9	15,401	15,526
10	1,525,040	2,259,770
	2,296,232	2,814,731
	B/. 9,429,596	B/. 8,434,987
Equity and liabilities:		
Equity:		
11	B/. 1,905,223	B/. 1,904,473
12	4,309,164	3,769,045
12	684,250	621,503
23	(131,845)	(227,770)
14	610,537	648,991
	7,377,329	6,716,242
Non-current liabilities:		
15	1,450,000	1,000,000
17, 24	62,319	32,456
16, 23	131,845	227,770
	1,644,164	1,260,226
Current liabilities:		
17, 24	247,952	303,069
18	16,689	20,235
	121,468	113,954
16	13,007	12,076
19	8,987	9,185
	408,103	458,519
	B/. 9,429,596	B/. 8,434,987

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

Autoridad del Canal de Panama
Income Statement
For the year ended September 30, 2013

(In thousands of balboas B/.)

<i>Notes</i>	2013	2012
Revenues:		
Toll revenues	B/. 1,849,679	B/. 1,852,379
Other Canal transit services	374,266	395,498
	<u>2,223,945</u>	<u>2,247,877</u>
Other revenues:		
Electric power sales	127,646	97,092
24 Potable water sales	28,597	26,486
Interest earned	16,693	22,787
Miscellaneous	14,404	16,639
Total other revenues	<u>187,340</u>	<u>163,004</u>
Total revenues	<u>2,411,285</u>	<u>2,410,881</u>
Expenses:		
Salaries and wages	474,099	453,643
24 Employee benefits	61,730	60,204
Materials and supplies	59,573	51,590
Fuel	115,093	101,289
Transportation and allowances	2,317	2,600
Contracted services and fees	69,502	60,768
Insurance	10,505	10,176
18 Provision for marine accidents	391	3,626
7 Provision for obsolete inventory	144	144
5 Depreciation	92,817	86,525
Other expenses	12,736	13,165
	<u>898,907</u>	<u>843,730</u>
20 Labor, materials, and other capitalized costs	(72,256)	(74,652)
Total expenses	<u>826,651</u>	<u>769,078</u>
Income before fees	1,584,634	1,641,803
14, 17, 24 Fees per net ton	(369,003)	(381,130)
14, 24 Panamanian Treasury (Tesoro Nacional) - public service fees	(2,228)	(2,218)
Net income of the year	<u>B/. 1,213,403</u>	<u>B/. 1,258,455</u>

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

Autoridad del Canal de Panama
Statement of Comprehensive Income
For the year ended September 30, 2013

(In thousands of balboas B/.)

<i>Note</i>	2013	2012
Net income of the year	<u>B/. 1,213,403</u>	<u>B/. 1,258,455</u>
Other comprehensive income:		
13 Net change on cash flows hedges	<u>95,925</u>	<u>(30,528)</u>
Total comprehensive income of the year	<u>B/. 1,309,328</u>	<u>B/. 1,227,927</u>

This statement of comprehensive income is included in compliance with the revised IAS 1, which requires presenting what would have been the net income of the year in the hypothetical event that the ACP liquidated those hedge instruments at the end of the fiscal year and at the market rate of the moment.

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

Autoridad del Canal de Panama
Statement of Changes in Equity
For the year ended September 30, 2013

(In thousands of balboas B/.)

	Contributed capital	Contribution for investment programs	Reserves	Other equity accounts - cash flows hedge	Unappropriated retained earnings	Total equity
<i>Notes</i> Balance as of September 30, 2011	B/. 1,904,473	B/. 3,167,137	B/. 613,947	B/. (197,242)	B/. 674,292	B/. 6,162,607
Net income of the year	-	-	-	-	1,258,455	1,258,455
13 Other comprehensive income:						
Cash flows hedge	-	-	-	(30,528)	-	(30,528)
Comprehensive income of the year	-	-	-	(30,528)	1,258,455	1,227,927
14 Transfer to Panamanian Treasury	-	-	-	-	(674,292)	(674,292)
12 Contributions to the investment program	-	601,908	-	-	(601,908)	-
12 Net decrease in equity reserves	-	-	7,556	-	(7,556)	-
Balance as of September 30, 2012	<u>1,904,473</u>	<u>3,769,045</u>	<u>621,503</u>	<u>(227,770)</u>	<u>648,991</u>	<u>6,716,242</u>
Net income of the year					1,213,403	1,213,403
13 Other comprehensive income:						
Cash flows hedge	-	-	-	95,925	-	95,925
Comprehensive income of the year	-	-	-	95,925	1,213,403	1,309,328
14 Transfer to Panamanian Treasury	-	-	-	-	(648,991)	(648,991)
12 Contributions to the investment program	-	540,119	-	-	(540,119)	-
12 Net increase in equity reserves	-	-	62,747	-	(62,747)	-
Properties transferred to ACP	750	-	-	-	-	750
Balance as of September 30, 2013	<u>B/. 1,905,223</u>	<u>B/. 4,309,164</u>	<u>B/. 684,250</u>	<u>B/. (131,845)</u>	<u>B/. 610,537</u>	<u>B/. 7,377,329</u>

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