PORT OF THE AMERICAS AUTHORITY
(an instrumentality of the Commonwealth of Puerto Rico)

AUDITORS' REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2009

PORT OF THE AMERICAS AUTHORITY
(an instrumentality of the Commonwealth of Puerto Rico)

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INTRODUCTION

The Port of the Americas Authority (the Authority), a public corporation and an instrumentality of the Commonwealth of Puerto Rico, was created by Act No. 171 enacted on August 11, 2002. The main purpose of the Authority is to develop a deep draft port in the Southern Region of Puerto Rico. This development is part of the Commonwealth's efforts to create a world-class public marine terminal and to stimulate large-scale industrial zone in the Southern Region of Puerto Rico.

The following Management's Discussion and Analysis (MD&A) of the Authority activities and financial performance provides an introduction to the financial statements of the Authority for the Fiscal Year ended June 30, 2009, with selected comparative information to the Fiscal Year ended June 30, 2008. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

The notes to the financial statements are essential to a full understanding of the data contained in the financial statements. This report presents certain required supplementary information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures.

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OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental accounting policy, practice and procedures fall under auspices of the Government Accounting Standards Board ("GASB"). The Authority's financial transactions and financial statements are prepared according to the GASB Statement 34 reporting model, as mandated by GASB. The purpose of the GASB 34 reporting model is to consolidate two basic forms of governmental accounting (governmental and proprietary - those entities which generate their own revenues and, therefore, are similar to a private business such as the Authority) into statements that give the reader a clearer picture of the financial position of the government as a whole. The Authority reports its financial position and results of operations as a Proprietary Fund.

The financial statements are prepared on the accrual basis of accounting, therefore, revenues are recognized when earned and expenses are recognized when incurred. The Authority's capital assets are depreciated over the estimated useful lives of the related assets using the straight-line method. Construction in progress is carried at cost during the construction stage and is not depreciated until completion of the related project. Please refer to Note 1.b in the accompanying financial statements for a summary of the Port Authority's significant accounting policies. These statements along with the MD&A are designed to provide readers with a complete understanding of the Authority's finances.

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and the notes to the financial statements. The report includes the following three basic statements: the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows.

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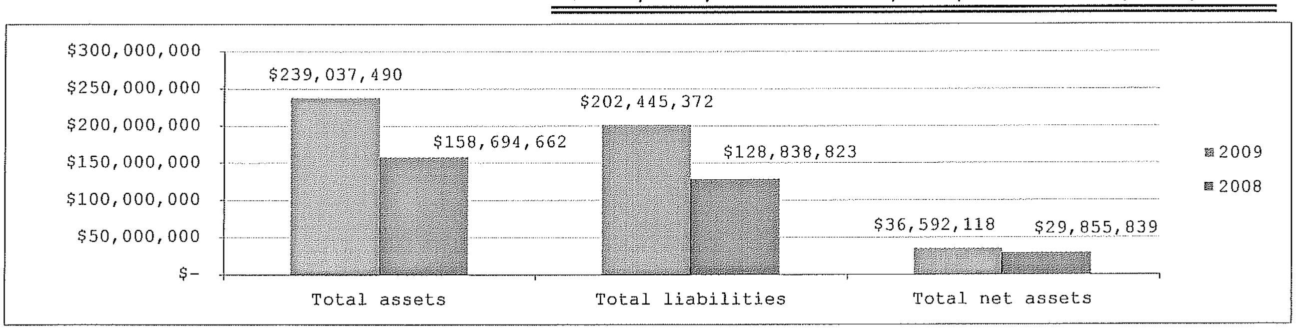
FINANCIAL POSITION SUMMARY

Statement of Net Assets

The Statement of Net Assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net Assets, the difference between total assets and total liabilities, are an indicator of the current fiscal health of the organization and the Authority's financial position over time. A summarized comparison of the Authority's assets/ liabilities, and net assets at June 30, 2009, and 2008 is as follows:

STATEMENT OF NET ASSETS

Assets	FY 2009	FY 2008	Variance
Current and other assets	$ 14,995,186	$ 11,935,770	$ 3,059,416
Capital assets - net	224,042,304	146,758,892	77,283,412
Total assets	$239,037,490	$158,694,662	$ 80,342,828
Liabilities			
Current liabilities	$ 20,584,282	$ 16,424,893	$4,159,389
Bond purchase agreement - long-term	181,861,090	112,413,930	69,447,160
Total **liabilities**	202,445,372	128,838,823	73,606,549
Net assets:			
Invested in capital assets, net	21,795,249	17,958,682	3,836,567
Restricted for payment of Interest	2,863,215	2,787,905	75,310
Unrestricted	11,933,654	9,109,252	2,824,402
Total net assets	36,592,118	29,855,839	6,736,279
Total liabilities and net assets	$239,037,490	$158,694,662	$ 80,342,828



At June 30, 2009, the Authority's capital assets increased by $77.3 million due the development of 18 acres of land adjacent to the new piers for the storage of containers as part of the Phase II, and the development of additional 19 acres of land to increase the total container handling capacity to 500 thousand TEU per year under Phase III A-3. Total liabilities increased by $73.6 million principally for the use of the three lines of credit to develop the storage containers of the Phase II and Phase III A.2 to build the Pluvial Canal for the Percon Property as well as Relocating the Portable and Wastewater Facilities. For the Fiscal Year ended June 30, 2009 the largest portion of the Authority's net assets represents its investment in capital assets, less the related debts outstanding used to acquire those capital assets.

Statements of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets are an indicator of the overall fiscal condition of the Authority that improved during the Fiscal Year 2009. Following is a summary of the Statements of Revenues, Expenses, and Changes in Net Assets:

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

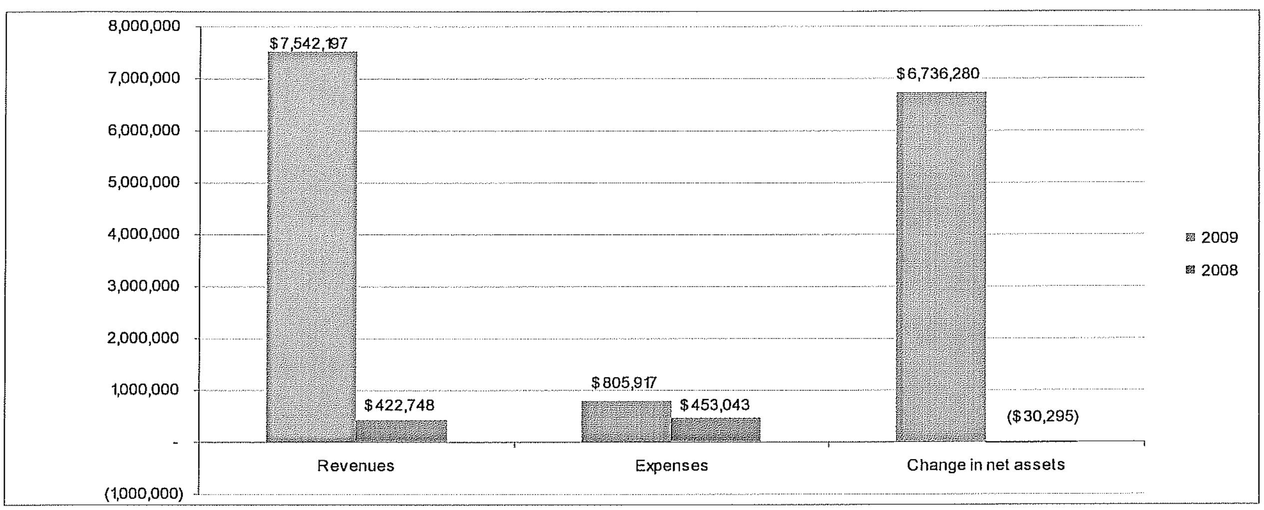
	FY 2009	FY 2008	VARIANCE
Revenues	$ 32,926	$ 64,543	$ (31,617)
Operating expenses	805,917	453,043	(352,874)
Operating loss before non-operating revenues	(772,991)	(388,500)	(384,491)
Non-operating revenues			
Contribution from the Commonwealth of Puerto Rico	7,425,659	-	7,425,659
Interest	83,612	358,205	(274,593)
Changes in net assets	6,736,280	(30,295)	6,766,575
Total net assets, beginning of year, as previously presented	29,842,636	29,872,931	(30,295)
Correction of an error	13,202	-	13,202
Total net assets, beginning of year, as restated	29,855,838	29,872,931	(17,093)
Total net assets, end of year	$ 36,592,118	$ 29,842,636	$ 6,749,482

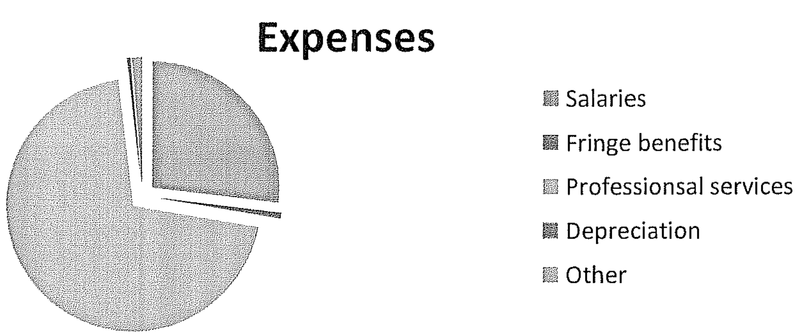
The highlights for the Statements of Revenues, Expenses and Changes in Net Assets are as follow:

- Overall increase in net assets for Fiscal Year 2009 was around $6.8 million compared to a decrease of $30 thousand in Fiscal Year 2008. The increase was mainly due to a Puerto Rico Sales Tax Financing Corp. (COFINA) bond issuance.

- Miscellaneous revenues decreased by 49% from $64 thousand in Fiscal Year 2008 to $32.9 thousand in Fiscal Year 2009. The decrease in rent revenue arose from the cancellation of rent agreements due to the development of the port facilities.

- Operating expenses increased around $353 thousand, primarily due to professional services contracted and salaries and fringe benefits paid to the former executive director of the Authority.





CAPITAL ASSETS

The Authority's capital assets consist mainly of construction in progress. Construction in progress is carried at cost during the construction stage and is not depreciated until completion of the related projects.

At the end of Fiscal Year 2009, the Authority had invested $224 million in a broad range of capital assets. This amount represents an increase of approximately $77.3 million compared to Fiscal Year 2008.

During 2009, the Authority has been negotiating to obtain a world class operator for the 500,000 TEU facilities constructed near berths 4, 5, and 6. In September, 2009 the negotiations became non exclusive, which has resulted in various other parties expressing interest in investing in the port and the value added zones.

DEBT ADMINISTRATION

As of June 30, 2009, the principal balance outstanding amounted to $182 million which is composed by Series A Bond amounting to $70 million, Series B Bond amounting to $40 million, and Series C Bond amounting to $72 million.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning this report or request for additional information should be addressed to Eng. Rhonda M. Castillo Gammill, J.D., Executive Director, Port of the Americas Authority, P.O. Box 362350, San Juan, Puerto Rico 00936-2350. Information may also be obtained on the Authority's website at www.portoftheamericas.com.

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To the Board of Directors of
Port of the Américas Authority

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of Port of the Américas Authority (the "Authority"), an instrumentality of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Port of the Américas Authority as of June 30, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 6 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Valdés, García, Marín & Martínez, LLP

San Juan, Puerto Rico
February 11, 2010

Stamp 2484226 was affixed
to the original.

BASIC FINANCIAL STATEMENTS

PORT OF THE AMERICAS AUTHORITY
(an instrumentality of the Commonwealth of Puerto Rico)

STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

Cash	$ 7 566 788
Contribution receivable - Commonwealth of Puerto Rico	7 425 659
Accounts receivable	2 739
Capital assets - net	224 042 304
Total assets	$239 037 490

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	
Contractors and other	$ 9 742 707
Retainage	7 967 903
Accrued interest	2 873 672
Bond purchase agreements	181 861 090
Total liabilities	202 445 372
COMMITMENT	-
NET ASSETS	
Invested in capital assets, net of related debts	21 795 249
Restricted for payment of interest	2 863 215
Unrestricted	11 933 654
	36 592 118
Total liabilities and net assets	$239 037 490

See accompanying notes to financial statements.

PORT OF THE AMERICAS AUTHORITY
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

Revenues	
Miscellaneous	$ 32 926
Operating expenses	
Salaries	216 465
Fringe benefits	7 371
Professional services	565 794
Depreciation	4 708
Other	11 579
Total operating expenses	805 917
Operating loss before non-operating revenues	(772 991)
Non-operating revenues	
Contribution from the Commonwealth of Puerto Rico (restricted funds for the payment of interest)	7 425 659
Interest	83 612
Total non-operating revenues	7 509 271
Changes in net assets	6 736 280
Total net assets, beginning of year, as previously presented	29 842 636
Correction of accounting error	13 202
Total net assets, beginning of year, as restated	29 855 838
Total net assets, end of year	$ 36 592 118

See accompanying notes to financial statements.

PORT OF THE AMERICAS AUTHORITY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:	
Cash received from rental	$ 32 926
Cash paid to suppliers and other	(568 722)
Cash paid to employees and other	(223 836)
Net cash used in operating activities	(759 632)
Cash flows from capital and related financing activities:	
Payments for capital assets	(70 268 253)
Advances from bond purchase agreements	69 447 160
Net cash used in capital and related financing activities	(821 093)
Cash flows from and net cash provided by investing activity:	
Interest received	83 612
Net decrease in cash	(1 497 113)
Cash, at beginning of year	9 063 901
Cash, at end of year	$ 7 566 788
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss before non-operating revenues and contributions	$ (772 991)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4 708
Change in liabilities:	
Increase in liabilities - other	8 651
Net cash used in operating activities	$ (759 632)

See accompanying notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Port of the Américas Authority (the "Authority") is an instrumentality of the Commonwealth of Puerto Rico, created by Law No. 171 of August 11, 2002, as amended. On June 28, 2004 the law that created the Authority was amended by Law No. 166 to change the name of the port to "Puerto de Las Américas Rafael Cordero Santiago". Also, on September 22, 2004, the Puerto Rico Legislature enacted Law No. 409 to provide a $250 million financing for the development of the project. The main purpose of the Authority is to provide an alternative to container transhipment port in the south of Puerto Rico. By law, the Puerto Rico Infrastructure Financing Authority (PRIFA) will provide administrative and other assistance to the Authority, until the Board of Directors of the Port of the Américas Authority determines, through the adoption of a resolution, that the Authority is prepared to continue operations on its own.

Basis of presentation

The Authority reports its financial position and results of operations as an enterprise fund, similar to private business enterprises on which the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of accounting

As an enterprise fund, the Authority follows the accrual method of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded as liabilities when incurred without regard to receipt or payment of cash. Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental

(Continues)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entities that Use Proprietary Accounting", the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

Accounting policies

The Authority's accounting policies are in accordance with the requirements of the law under which it was created and with accounting principles generally accepted in the United States of America.

A summary of the Authority's significant accounting policies applied in the preparation of the accompanying financial statements follows:

a. Governmental Contributions

The Authority follows the provisions of Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". This statement establishes accounting and financial reporting standards for nonexchange transactions, which includes contributions from the Commonwealth of Puerto Rico and other entities. These contributions are classified as either Government-Mandated Nonexchange Transactions or Voluntary Nonexchange Transactions and Revenues.

b. Capital assets

The Authority's capital assets consist of construction in progress, including design and planning costs, office equipment and a vehicle.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded at cost or estimated historical cost. Major renewals and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense as incurred. Upon retirement or other disposal of properties, the related cost and accumulated depreciation are removed from the accounts. Gains or losses on sale or retirement of properties are reflected in earnings.

The Authority's capital assets are depreciated over the estimated useful lives of the related assets using the straight-line method. Construction in progress is carried at cost during the construction stage and is not depreciated until completion of the related project.

Estimated useful lives of office equipment and a vehicle are three and five years, respectively.

The Authority capitalized interest in the amount of approximately $7,824,000 during the year ended June 30, 2009.

c. Use of estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to the unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from those estimates.

(Continues)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Net assets

Net assets represent the difference between assets and liabilities and are presented in three components, when applicable, as follows:

1. Invested in capital assets, net of related debts - Consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

2. Restricted net assets - Represents net assets (restricted assets net of related debt) that are subject to restrictions beyond the Authority's control. These include restrictions that are externally imposed (by creditors, grantors, contributors, or laws and regulations of other governments) or restrictions imposed by the law through constitutional provisions or enabling legislation (including enabling legislation passed by the government itself).

3. Unrestricted net assets - Consist of all other assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debts".

e. Risk management

The Authority is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, errors and omissions, employee injuries and illnesses, natural disasters, environmental and other losses. The Authority is covered with adequate insurance for these risks.

(Continues)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Long-lived assets

The Authority reviews the carrying value of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Any long-lived assets held for disposal are reported at the lower of their carrying amounts or fair value less cost to sell. The Authority has not identified any significant impairment of its long-lived assets as of June 30, 2009.

g. Future adoption of accounting pronouncements

The GASB has issued the following statements, which the Authority has not yet adopted:

	Statement	To be adopted in Fiscal year ending
43	Financial Reporting for Post-employment Benefits Plans other than Pension Plans	June 30, 2010
45	Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions	June 30, 2010
51	Accounting and Financial Reporting for Intangible Assets	June 30, 2010
53	Accounting and Financial Reporting For Derivative Instruments	June 30, 2010
54	Fund Balance Reporting and Governmental Fund Type Definition	June 30, 2011
57	OPEB Measurements by Agent Employers And Agent Multiple-Employer Plans	June 30, 2012
58	Accounting and Financial Reporting For Chapter 9 Bankruptcies	June 30, 2010

The Authority's management has concluded that the adoption of these statements will not have a significant impact on the Authority's basic financial statements. At present, the Authority is not part of the government's retirement system.

NOTE 2 CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority maintains all cash deposits in governmental banks located in Puerto Rico.

Deposits in governmental bank accounts are uninsured and uncollateralized. The cash and deposits in the Government Development Bank are excluded from the requirements of Law No. 69 of August 14, 1991, "Law regulating the deposit of public funds and to provide about security", and the Authority does not have a deposit policy on these deposits. At June 30, 2009 the Authority's bank balance in the governmental bank accounts were $7,647,901.

NOTE 3 CAPITAL ASSETS

Information about capital assets as of June 30, 2009 is as follows:

	June 30, 2008	Additions	Retirements	June 30, 2009
Being depreciated:				
Office equipment	$ 1 893	$ -	$ (63)	$ 1 830
Vehicle	22 018	-	-	22 018
	23 911	-	(63)	23 848
Less: accumulated depreciation	(12 565)	(4 708)	31	(17 242)
	11 346	(4 708)	(32)	6 606
Not depreciated:				
Construction in progress	146 747 546	77 288 152	-	224 035 698
	$146 758 892	$77 283 444	$ (32)	$224 042 304

(Continues)

NOTE 3 CAPITAL ASSETS (CONTINUED)

Port of the Américas Authority is developing a deep draft port in the southern coast of Puerto Rico (Municipality of Ponce) with a terminal at Ponce Harbor. The terminal required federal authorizations under Section 10 of the Rivers and Harbors Act as well as under Section 404 of the Clean Water Act (Section 10 and Section 404 Permits). An additional permit under Section 103 of the Marine Protection, Research and Sanctuaries Act (Section 103 Permit) also was required for the Ponce Harbor navigation channel, where dredging and ocean disposal of the dredged material has been completed. The Authority obtained all the necessary permits from the federal government.

As the responsible Federal official, the District Engineer for the Jacksonville District determined that the activity constitutes a major federal action that affects the quality of the human environment, hence requiring the preparation of a Final Environmental Impact Statement (FEIS) as mandated by the National Environmental Policy Act. The Authority, as the lead agency for the Commonwealth responsible for obtaining all the required permits and endorsements for the Project, provided information and assisted the U.S. Army Corps of Engineers (USACE) in the preparation of the FEIS. All permits were issued by USACE to the Authority on February 4, 2005.

During the fiscal year ended June 30, 2009 the Authority paid approximately $20.3 million for the construction of two units of ship-to-shore cranes contracted in July 2008 with Shanghai Zhenhua Port Machinery Co., Ltd. for approximately $22.6 million. Refer to Note 10.

NOTE 4 LAND FACILITIES

Large portions of the land and related facilities where the Authority is developing the port is owned by the Municipality of Ponce. The Authority has an agreement with the Municipality, which is currently being extended, for the full use and exploitation of the facilities under certain terms and conditions.

NOTE 5 BOND PURCHASE AGREEMENTS

On April 20, 2005 the Authority entered into a bond purchase agreement with the Government Development Bank for Puerto Rico (GDB), whereby GDB agreed to disburse the Authority from time to time certain bond principal advances up to a maximum aggregate principal amount of $70 million (Port of the Américas Authority 2005 Series A Bond). The proceeds of the bonds are to be used to finance the cost of development and construction of the Port of the Américas. The aggregate unpaid principal balance of all outstanding bond principal advances shall be payable in full on January 1, 2015. The principal amount may be paid with any of the following: (1) a long-term bond issue once the project is completed, (2) other revenue of the Port of the Américas Authority, or (3) legislative appropriations as established in Act No 409 of September 22, 2004 (Act No. 409). Principal and interest payments are guaranteed by the Commonwealth of Puerto Rico by Act No. 409. As of June 30, 2009, the principal outstanding under this bond purchase agreement amounted to $70 million.

On August 31, 2005 and November 10, 2005, the Authority entered into additional bond purchase agreements with GDB whereby GDB agreed to disburse the Authority from time-to-time certain bond principal advances up to a maximum aggregate principal amount of $40 million (Port of the Americas Authority 2005 Series B Bond) and $140 million (Port of the Américas Authority 2005 Series C Bond), respectively, with the following terms:

- The aggregate unpaid principal balance of all outstanding bond principal advances shall be payable on January 15, 2015.

- The principal amount should be paid with any of the following: (1) a long-term bond issue once the project is completed, (2) other revenue of the Authority, or (3) legislative appropriations as established in Act No. 409.

(Continues)

NOTE 5 BOND PURCHASE AGREEMENTS (CONTINUED)

As of June 30, 2009, the principal balance outstanding under Series B Bond amounted to $40 million, and under Series C Bond amounted to $71,861,090, respectively. Refer to Note 10.

The following summarizes activity in bond purchase agreements for the fiscal year ended June 30, 2009:

Balance as of June 30, 2008	$112 413 930
Advances	69 447 160
Balance as of June 30, 2009	$181 861 090

NOTE 6 NET ASSETS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBTS

In accordance with the requirements of GASB Statement No. 34, net assets classification "invested in capital assets" as of June 30, 2009 is disclosed as follows:

Capital assets, net of accumulated depreciation	$224 042 304
Bond purchase agreements attributable to the acquisition, construction or improvements of capital assets	(181 861 090)
Other liabilities	(20 385 965)
	$ 21 795 249

NOTE 7 CONSTRUCTION AGREEMENTS

The Authority has entered into various construction agreements to develop the Port, as follows:

a. Construction of Phase II - On April 20, 2006 the Authority contracted the services of Del Valle Group, S.P. (Del Valle) to build Phase II, rehabilitation of a container yard adjacent to Piers 4, 5 and 6. The contract amount, including amendments through February 9, 2009, is $43,455,254. Construction costs totaling $15,580,734 were paid to Del Valle during the year ended June 30, 2009. The balance of the contract payable is $5,492,219 as of June 30, 2009, including retainage payable of $4,345,525 and construction costs of $1,146,694.

b. Dredging project - On May 18, 2005 the Authority contracted the services of Weeks de Puerto Rico, Inc. (Weeks) for the dredging project of the Ponce Bay. The contract amount, including amendments through October 2008, is $13,287,333. The balance of the contract is the retainage payable of $132,873 as of June 30, 2009.

c. Construction manager - On May 9, 2005 the Authority contracted the services of Iglesias Vázquez & Associates, P.S.C. (Iglesias) to perform the designing of the Port, and any inspections, evaluation, experiments, analyses and others. The contract amount, including amendments through June 30, 2009, is $11,225,277. Construction costs totaling $689,047 were paid to Iglesias during the year ended June 30, 2009. The balance of the contract is $1,798,489, including construction costs payable of $887,741 as of June 30, 2009.

(Continues)

NOTE 7 CONSTRUCTION AGREEMENTS (CONTINUED)

d. Construction of Phase III - On March 12, 2007 the Authority contracted the services of Del Valle Group, SP to build Phase III, an improvement to the entrance of the Port. The contract amount, as amended through October 31, 2009, was $4,670,021. Construction costs totaling $1,618,467 were paid to Del Valle during the year ended June 30, 2009. The balance of the contract is the retainage payable of $467,002 as of June 30, 2009.

e. Construction of Phase III A.2 - On July 2, 2007 the Authority contracted the services of Del Valle Group, SP to build the "Canal Pluvial de la Finca Percon, Relocalización del Sistema de Distribución de Agua, Troncal Sanitaria y Distribución Eléctrica". The contract amount, as amended on December 29, 2008, is $82,806,964. Construction costs totaling $20,054,381 were paid during the year ended June 30, 2009. Also, construction costs totaling $7,147,981 were payable as of June 30, 2009. The balance of the contract is $58,627,054, including retainage payable of $3,022,452 as of June 30, 2009.

f. Inter-agency contract - On August 29, 2007 the Authority signed an agreement with the Aqueduct and Sewer Authority (AAA) in which the latter agreed to reimburse the Authority up to $4 million to build a "Canal de navegación con puertas periferales hacia tierra". The cost of this construction is estimated at approximately $10.4 million.

NOTE 8 BEGINNING NET ASSETS RESTATEMENT

The beginning balance of the net assets has been restated by $13,202 to properly present the previously reported net assets at June 30, 2008. The restatement is mainly to correct the accrued liabilities beginning balance.

NOTE 9 COMMITMENT

On May 19, 2009, the Authority entered into an on-site party quality assurance and progress monitoring service agreement with Leader Firm International Limited (LF). Under the agreement LF will provide all supervision, labor, materials, supplies, services, tools, equipment and facilities for the on-site inspection for the fabrication, assembly, erection process and commissioning of the ship-to-share cranes being built by Shanghai Zhenhua Port Machinery Co., Ltd. for the Port of the Americas in Ponce, Puerto Rico. The contracted services amounted to $120,000 payable in monthly installments of $12,000.

NOTE 10 SUBSEQUENT EVENTS

In November 2009, the Government Development Bank for Puerto Rico increased the Authority's access to the line of credit by $15.4 million for a total authorized access of $210.4 million under a total approved line of credit of $250 million.

In December 2009, the Authority paid to Shanghai Zhenhua Port Machinery Co, Ltd. (ZPMC) the amount of $1,131,230 for the delivery of two units of ship-to-shore cranes acquired from ZPMC. The contract for the construction of the ship-to-shore cranes has a balance of $1,131,230 that has not been billed by ZPMC. Also, in 2010 APA paid to Luis Ayala Colón Sucrs., Inc. the amount of $411,950 to assist to the personnel of ZPMC in the delivery of the cranes. This amount will be claimed to ZPMC.

In January 2010, the Authority paid the amount of $99,715 for custom duties and bond required to import the cranes.