

# Instituto Costarricense de Electricidad and Subsidiaries

Consolidated Financial Statements  
September 2013



ICE Group

ICE  
RACSA  
CNFL  
CRICRSA



Dirección de Finanzas  
Proceso Contable

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

Consolidated Balance Sheet

(In millions of colones)  
As of September 30, 2013 and December 31, 2012

	<b>2013</b>	<b>2012</b>
	<b>(Without audit)</b>	<b>(Audit)</b>
		<b>Restated</b>
<b><u>Assets</u></b>		
<b>Property, machinery and equipment:</b>		
Operating assets - cost	€ 2,925,438	2,773,555
Accumulated depreciation of operating assets - cost	(1,040,470)	(916,244)
Operating assets - revalued	2,651,133	2,662,496
Accumulated depreciation of operating assets - revalued	(1,594,007)	(1,544,963)
Other operating assets - cost	399,559	374,288
Accumulated depreciation of other operating assets - cost	(238,489)	(206,770)
Other operating assets - revalued	93,937	94,591
Accumulated depreciation of other operating assets - revalued	(62,892)	(60,776)
Other operating assets under finance leases - cost	27,550	27,550
Accumulated depreciation of other operating assets under finance leases - cost	(1,998)	(1,537)
Other operating assets under finance leases - revalued	2,336	2,336
Accumulated depreciation of other operating assets under finance leases - revalued	(119)	(78)
Construction work in progress	857,951	691,771
Materials in transit for investment	107,164	155,255
Inventory for investment	125,059	161,243
<b>Total property, machinery and equipment, net</b>	<b>4,252,152</b>	<b>4,212,717</b>
<b>Long-term assets:</b>		
Long-term investments	54,661	36,626
Notes receivable	8,569	8,780
<b>Total long-term assets</b>	<b>63,230</b>	<b>45,406</b>
<b>Current assets:</b>		
Banks	13,269	8,262
Temporary investments	152,697	138,671
Valuation of investments	2,139	906
Restricted funds	2,036	10,053
Receivables for services rendered	138,069	109,619
Non-trade receivables	100,127	90,768
Allowance for doubtful accounts	(37,295)	(35,616)
Notes receivable	1,850	1,292
Operating inventory	63,351	47,146
Allowance for valuation of inventory	(3,670)	(5,976)
Materials and equipment held in custody	16,905	3,954
Materials in transit for operations	10,240	14,598
Prepaid expenses	73,469	65,251
<b>Total current assets</b>	<b>533,187</b>	<b>448,928</b>
<b>Other assets:</b>		
Non-operating assets - cost	49,448	54,034
Accumulated depreciation of non-operating assets - cost	(1,067)	(828)
Non-operating assets - revalued	15,735	15,941
Accumulated depreciation of non-operating assets - revalued	(6,361)	(6,260)
Service agreements	24,641	8,755
Project design and execution	108,045	94,773
Technical service centers	12,323	188
Amortizable items	9,077	8,098
Absorption of amortizable items	(4,123)	(3,538)
Intangible assets	80,382	72,103
Absorption of intangible assets	(49,888)	(40,075)
Securities received as guaranty deposits	6,159	5,451
Valuation of financial instruments	-	249
Guarantee and Savings Fund (restricted fund)	182,133	172,270
Transfer to Guarantee and Savings Fund	1,741	1,382
Operating inventory	25,578	23,388
<b>Total other assets</b>	<b>453,823</b>	<b>405,931</b>
	<b>€ 5,302,392</b>	<b>5,112,982</b>

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

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

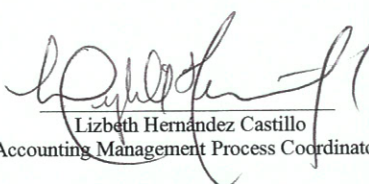
Consolidated Balance Sheet

(In millions of colones)  
As of September 30, 2013 and December 31, 2012

	<u>2013</u>	<u>2012</u>
	Without audit	Audit
<b><u>Liabilities and Equity</u></b>		
<b>Long-term liabilities:</b>		
Securities payable	¢ 1,037,464	817,572
Loans payable	558,277	663,142
Obligations derived from credit	263	4,266
Security deposits	58,675	56,552
Accounts payable	41,363	44,896
Prepaid income	4,865	5,093
<b>Total long-term liabilities</b>	<b>1,700,907</b>	<b>1,591,521</b>
<b>Short-term liabilities:</b>		
Securities payable	63,529	33,826
Loans payable	113,021	121,825
Accounts payable	110,349	145,406
Institutional accounts payable	63	-
Accrued finance expenses payable	27,459	18,313
Prepaid income	23,861	14,993
Deposits from private individuals or companies	4,248	3,861
Legal provisions	1,000	1,000
Accrued expenses for employer obligations	54,040	40,037
<b>Total short-term liabilities</b>	<b>397,570</b>	<b>379,261</b>
<b>Other liabilities:</b>		
Valuation of financial instruments	23,772	22,401
Accounts payable	4,082	4,114
Legal provisions	43,019	41,826
Guarantee and Savings Fund (restricted fund)	182,133	172,270
<b>Total other liabilities</b>	<b>253,006</b>	<b>240,611</b>
<b>Equity:</b>		
Paid-in capital	156	156
Development reserve	1,589,226	1,589,376
Asset revaluation reserve	1,152,182	1,160,942
Result of valuation of financial instruments	(13,957)	(17,481)
Legal reserve	9,074	9,074
Project development reserve	71	71
Forest development reserve	884	820
Restricted earnings from capitalization of stake in subsidiary	62,380	62,380
Retained earnings	93,575	91,629
Minority interest	4,622	4,622
Total excess of income over expenses	52,696	-
<b>Total equity and minority interest</b>	<b>2,950,909</b>	<b>2,901,589</b>
	<b>¢ 5,302,392</b>	<b>5,112,982</b>
<b>Memoranda accounts</b>	<b>¢ 335,253</b>	<b>347,734</b>

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

  
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 José Albero Retana Reyes  
 Head of Financial Planning Department

  
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 Lizbeth Hernández Castillo  
 Accounting Management Process Coordinator



INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES  
(San José, Costa Rica)  
Consolidated Statement of Changes in Equity  
For the periods ended as of September 30, 2013 and December 31, 2012  
(Without audit)  
(In millions of colones)

	Paid-in capital	Asset revaluation reserve	Result of valuation of financial instruments	Development reserve	Legal reserve	Project development reserve	Forest development reserve	Restricted earnings from capitalization of stake in subsidiaries	Retained earnings	Minority interest	Equity, net
Balance at December 31, 2012, adjusted (restated)	156	1,160,942	(17,481)	1,589,376	9,074	71	820	62,380	91,629	4,622	2,901,589
Prior period adjustments	-	-	-	(149)	-	-	-	-	-	-	(149)
Other adjustments	-	-	-	-	-	-	-	-	22	-	22
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	64	-	(64)	-	-
Profit for the period net	-	-	-	52,696	-	-	-	-	(4,153)	-	48,543
Profit for the period net, minority interest	-	-	-	-	-	-	-	-	24	-	24
Realization of asset revaluation reserve	-	(5,874)	-	-	-	-	-	-	5,874	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	2,291	-	-	-	-	-	-	-	2,291
<i>Inversiones</i>	-	-	1,233	-	-	-	-	-	-	-	1,233
Assets retirement during the period	-	(2,973)	-	-	-	-	-	-	329	-	(2,644)
Appropriation to minority interest	-	87	-	-	-	-	-	-	(87)	-	-
Balance at September 30, 2013	156	1,152,182	(13,957)	1,641,922	9,074	71	884	62,380	93,575	4,622	2,950,909

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

  
 José Alberto Retana Reyes  
 Head of Financial Planning

  
 Lizbeth Hernández Castillo  
 Accounting Management Process Coordinator

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

Consolidated Statement of Profit or Loss


(In millions of colones)

For the periods ended as of September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
	(Without audit)	(Without audit) <i>Restated</i>
<b>Operating revenues:</b>		
Electricity services	¢ 609,743	478,673
Telecom services	394,817	396,393
Institutional services	1,597	1,605
<b>Total operating revenues</b>	<u>1,006,157</u>	<u>876,671</u>
<b>Operating costs:</b>		
Operation and maintenance	189,860	173,504
Operation and maintenance of leased equipment	152,629	121,497
Depreciation of operating assets	183,211	172,282
Supplemental services and purchases	85,217	84,169
Production management	57,741	59,963
Technical service center	7,821	13,215
<b>Total operating costs</b>	<u>676,479</u>	<u>624,630</u>
<b>Gross profit</b>	<u>329,678</u>	<u>252,041</u>
<b>Operating expenses:</b>		
Administrative	63,003	62,287
Marketing	170,744	142,987
Preliminary studies	18,469	16,904
Preinvestment studies	3,707	4,648
Other operating expenses	1,730	2,326
<b>Total operating expenses</b>	<u>257,653</u>	<u>229,152</u>
<b>Operating profit (deficit)</b>	<u>72,025</u>	<u>22,889</u>
<b>Other income:</b>		
Finance income	16,337	18,866
Foreign exchange differences	32,652	49,873
Other income	32,802	52,236
<b>Total other income</b>	<u>81,791</u>	<u>120,975</u>
<b>Other expenses:</b>		
Interest	63,580	66,006
Commissions	12,822	18,210
Foreign exchange differences	4,803	12,184
Other expenses	24,044	38,318
<b>Total other expenses</b>	<u>105,249</u>	<u>134,718</u>
<b>Profit before tax and minority interest</b>	<u>48,567</u>	<u>9,146</u>
<b>Tax and minority interest:</b>		
Minority interest	(24)	64
<b>Profit net</b>	<u>¢ 48,543</u>	<u>9,210</u>

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

  
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 Head of Financial Planning Department

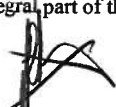
  
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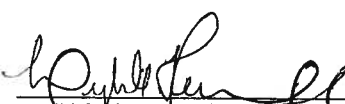
INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

Consolidated Statement of Cash Flows  
For the periods as of ended September 30  
(In millions of colones)

	<u>2013</u> <i>Without audit</i>	<u>2012</u> <i>(Without audit, restated)</i>
Sources (uses) of cash:		
Operating activities:		
Profit (deficit), net	¢ 48.543	9.210
Items not requiring (providing) cash:		
Depreciation	217.986	207.407
Legal provisions	10.067	8.890
Bonus	13.521	13.548
School salary	13.813	12.517
Accumulated vacations	11.731	11.909
Allowance for doubtful accounts	2.774	2.709
Allowance for valuation of inventory	25	14
Asset retirement expense	1.242	4.824
Absorption of amortizable and intangible items	9.490	7.412
Litigation	692	250
Foreign exchange differences	(26.491)	(40.698)
Valuation of financial instruments	3.911	6.340
Cash provided by operations	258.761	235.122
Cash provided by (used for) changes in:		
Committed temporary investments		
Notes and accounts receivable	(39.251)	67.565
Operating inventory	(27.130)	36.242
Other assets	(25.160)	17.164
Accounts payable	(38.622)	6.807
Security deposits	2.123	(507)
Other liabilities	(16.254)	(23.973)
Cash provided by operating activities	163.010	347.630
Investing activities:		
Increase (Decrease) in long-term investments	(18.035)	(480)
Additions to property, machinery and equipment	(263.780)	(392.363)
Increase in other assets	(28.593)	(37.303)
Increase (Decrease) committed temporary investments	(36.925)	23.454
Net cash used in investing activities	(347.333)	(406.692)
Financing activities:		
Increase in securities payable	260.737	288.953
Amortization of securities payable	(528)	(30.757)
Increase in loans payable	218.104	313.617
Amortization of loans payable	(315.896)	(362.935)
Increase in obligations derived from credit	(4.003)	(23.962)
Net cash provided by financing activities	158.414	184.916
Increase (decrease) in cash and cash equivalents	(25.909)	125.854
Cash and cash equivalents at beginning of the year	122.687	80.997
Cash and cash equivalents at end of the year	¢ 96.777	206.851

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

  
 José Alberto Retana Reyes  
 Head of Financial Planning  
 Department

  
 Lizbeth Hernández Castillo  
 Accounting Management Process Coordinator

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

September 30, 2013

## **Note 1. Reporting Entity**

The *Instituto Costarricense de Electricidad* (Costa Rican Electricity Institute) and Subsidiaries (hereinafter “ICE Group”) is an autonomous government-owned entity created by Decree – Law Number N° 449 of April 8, 1949 and Law 3226 of October 28, 1963. Its corporate address is located in Sabana Norte, district of Mata Redonda, in the city of San José.

Its main activity consists of developing energy-producing sources existing in the country, as well as the supply of electricity, with the exclusive right to generate, transmit, and distribute electricity in Costa Rica, except for a small number of authorized private companies, municipal entities, and rural cooperatives. Also, ICE Group holds a concession to develop and promote telecom services in Costa Rica and, until 2010, had the exclusive right to operate and provide mobile telecom services in the country. ICE Group offers a wide range of integrated telecom services, including fixed and mobile telecom and data transmission services (broadband access and value-added services).

Such activities are regulated by the General Comptroller of the Republic, the General Superintendence of Securities (SUGEVAL), the National Stock Exchange of Costa Rica, the Law for the Regulation of the Securities Market, the Regulatory Authority for Public Services (ARESEP), the Telecommunications Superintendence (SUTEL), and the Pensions Superintendence (SUPEN).

A significant portion of these activities has been financed through funds provided by banks, as well as through the issuance and placement of debt bonds (Bonds) in the local and international market and through the National Stock Exchange of Costa Rica.

ICE Group is a group of government-owned entities, including the *Instituto Costarricense de Electricidad* (ICE, ultimate parent company) and its subsidiaries, *Compañía Nacional de Fuerza y Luz, S.A.* (C.N.F.L.), *Radiográfica Costarricense, S.A.* (RACSA) and *Compañía Radiográfica Internacional de Costa Rica, S.A.* (CRICRSA).

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### **Compañía Nacional de Fuerza y Luz, S.A**

*Compañía Nacional de Fuerza y Luz, S.A.* (CNFL) is a corporation created under Law Number 21 of April 8, 1941, referred to as “Electrical Contract”, amended by Law Number 4977 of May 19, 1972 and current until August 8, 2008. Accordingly, CNFL is subject to the regulations established by CGR, Articles 57 and 94 of Law No. 8131 "Public Administration and Budgets," ARESEP, and the framework of the General Internal Control Law and the Law against Corruption and Illicit Enrichment, among others.

The main objective is to provide energy services to the domestic market.

#### **Radiográfica Costarricense, S.A.**

Radiográfica Costarricense, S.A. (hereinafter RACSA) is a mixed corporation established on July 27, 1964 under the laws of the Republic of Costa Rica, owned by *Instituto Costarricense de Electricidad* and *Compañía Radiográfica Internacional de Costa Rica, S.A.* (proportional interest of 50%). It was created through Law Number 3293 of June 18, 1964. It is regulated by the provisions contained in the Executive Decrees Number 7927-H and 14666-H of January 2, 1978 and May 9, 1983, respectively, contained in the Civil and Commerce Codes.

Its main activity is the exploitation of telecommunications services in Costa Rica, local connectivity and internet services, international connectivity for transmission of data and video, information services, and data centers, among others.

#### **Compañía Radiográfica Internacional de Costa Rica, S.A.**

*Compañía Radiográfica Internacional de Costa Rica, S.A.* (hereinafter CRICRSA) was created through Law Number 47 of July 25, 1921. Its main objective is the exploitation of a concession involving wireless communications. Currently, the Company does not have any officials or employees, as ICE Group provides the accounting and administrative services.

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### Composition of Capital

According to Article 16 of the Articles of Incorporation, ICE's capital is composed of:

- a) National revenue that the law allocates and earmarks for ICE.
- b) Rights acquired from the Municipality of San Jose under the Local Streetcar Agreement.
- c) Any other government-owned assets transferred to ICE.
- d) The country's water resources, which have already been or will be declared to be a national resource and any accumulated profits resulting therefrom.

### **Note 2. Basis of Preparation**

#### (a) Statement of Compliance

The accompanying interim consolidated financial statements were prepared in accordance with the accounting principles contained in ICE's Manual of Accounting Policies, accepted by the National Accounting Department of the Ministry of Finance of the Republic of Costa Rica, governing body for the National Accounting Subsystem. ICE's Accounting Policy Manual includes the accounting policies applicable to booking transactions. Such policies were formally prepared and issued using "accounting criteria" with the stewardship and binding criteria of the Financial Planning Division, the approval of General Management, and acceptance of the National Accounting Department of the Ministry of Finance.

These regulations take into consideration the conceptual framework included in the Accounting Principles applicable to the Costa Rican Public Sector, as well as the supplementary use of the International Financial Reporting Standards (IFRS). This supplementary use is subject to the fulfillment of the following:

- A supplementary use of the standard is given by exception, meaning that this situation is not normal or usual.
- If and only if it is expressly stated in ICE's Manual of Accounting Policies. This means that its application is allowed only if the applicable IFRS to be used is explicitly and specifically contained in the manual.

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

According to the decrees issued by the National Accounting of the Ministry of Finance and the current laws, ICE may use the Accounting Principles applicable to the Costa Rican Public Sector contained in Executive Decree Number 34460-H dated February 14 of the year 2008, or the legal framework that has been applied, until December 31 of the year 2013, which is the transition year towards the International Financial Reporting Standards (IFRS) by ICE.

Additionally, Executive Decree Number 35616H, issued by National Accounting and published in Official Bulletin La Gaceta Number 234 of December 2, 2009, states the following in article 8, transitory III:

*“Until the International Financial Reporting Standards are permanently implemented, each government-owned agency included in the scope of this Decree, under the leadership of the National Accounting, must continue to apply the Accounting Principles Applicable to the Costa Rican Public Sector, set forth in the Executive Decree Number 34460H of February 14, 2008, or the legal framework that has been applied.”*

As it has been set forth by ICE Group, regarding the accounting standards, the common practice is that supplementary use is expressly contained in the standard, in detail, indicating the hierarchy of the accounting standard sources applicable to regulated materials that must be observed when matters not anticipated in ICE’s Manual of Accounting Policies.

The consolidated financial statements were authorized for issuance by ICE Group’s Management on December 09, 2013.

(b) Basis for Measurement

The basis for measurement used for the initial recording of the transactions is the historical cost, pursuant to Decree Number 34460-H of February 14, 2008. However, as of the date of the accompanying consolidated financial statements, some items will be valued using other basis for measurement, as detailed in ICE’s Manual of Accounting Policies.

(c) Functional and Presentation Currency

ICE Group’s accounting records, as well as the consolidated financial statements and their respective notes, are expressed in Costa Rican colones (¢), currency of the Republic of Costa Rica and functional currency for ICE Group.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

All the financial information contained in this document is presented in millions of colones, except otherwise indicated in some notes contained in the consolidated financial statements, which refer to the currency of origin for those transactions.

#### (d) Use of Estimates and Judgments

The preparation of the attached consolidated financial statements, according to ICE's Manual of Accounting Policies and accepted by the National Accounting Department of the Ministry of Finance of the Republic of Costa Rica, requires that Management makes judgments, estimates, and assumptions that affect the application of policies and amounts of assets, liabilities, income and expenses reported. The actual results may vary from these estimates.

The relevant accounting estimates and assumptions were reviewed on a recurrent basis. The changes arising from new information or new events are adjusted affecting the results of the period in which the estimate is reviewed and in any other future period that is affected.

#### (e) Changes in Accounting Policies

This section has been restated in order to expand the qualitative aspects that contribute to a better interpretation of the Accounting Policies by their users, as applied in ICE Group's Financial Statements.

##### (i) Valuation Method for Investments in Subsidiaries.

As of January 2013, ICE Group changed the accounting policy regarding the recording the long-term investments in Subsidiaries, from the equity method to the valuation method at cost by reviewing the value of previously recognized valuations.

ICE Group considers that pursuant to the definition and nature of investments in subsidiaries, which were purchased to have a share or control of related parties, that the proper method to account for them in the ICE Group's Financial Statements is the valuation at cost, thus eliminating the use of the previously used equity method.

In compliance with the accounting standards in force, the adjustment, since it is deemed a change in the Accounting Policy, its effect must be taken retrospectively in the Consolidated Financial Statements, reversing the accounts of both the Balance Sheet and the Statement of Income and Expenses, all the previously recognized amounts (in previous periods) under the valuation methodology based on the equity method and present investments at cost, as if said policy has been used since the beginning of these transactions.

The purpose of this change is to align ICE Group's financial accounting guidelines with the best international practices on transactions related to Investments in Subsidiaries.

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### **Note 3. Significant Accounting Policies and Guide**

The accounting policies applied by ICE Group in preparing the interim consolidated financial statements corresponding to the semester ended June 30, 2013, are the same ones applied by ICE Group in preparing their consolidated financial statements as of December 31, 2012 and for the year then ended, considering the change in the Accounting Policy set forth in Note 2-e, except for the following:

#### (a) Annual Accounting Policies Not Applied for Interim Periods

ICE Group's accounting policies contain a series of guidelines that govern the Group's accounting practices and that consider the accounting treatment of an accounting period, which in the case of ICE Group's corresponds to a calendar year from January 1 to December 31.

Some of the accounting policies must be applied for the annual period, as set forth in the guidelines, given the complexity of the implicit monthly or quarterly processing for the calculation or restatement of values.

Below is a list of accounting treatments of interim periods which differ from the annual treatment conducted as of the closing date of each accounting period.

#### (i) *Asset Revaluation:*

ICE Group's accounting policies regarding asset revaluation indicate that the restatement of asset values and their respective depreciation are carried out on an annual basis; therefore, the enclosed interim consolidated financial statements do not include the pro-revaluation effect as of the last annual period presented.

The balances of operating assets and other operating assets and their respective accumulated depreciations with a cut-off date as of December 31 last year, are revalued on an annual basis using the ratios established by ICE Group for each significant type and component of the assets, except for the assets of the Telecommunications Sector indicated as "not subject to revaluation." If the variations in the values resulting from such revaluations are insignificant, such frequent revaluations are deemed unnecessary and are not recorded; or they are done every three or five years. The revaluation is done as of the second accounting period according to its recording date, using independent accounts of revalued cost and revalued accumulated depreciation.

In the cases in which pursuant to the expert criteria, revaluations are deemed unnecessary, but due to the policies set forth above, the assets were revalued, the competent technical areas must conduct a study to define if it keeps or adjusts the value of the assets.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

Moreover, the adjustments made for the allowance for asset revaluation in favor of the development allowance, resulting from the depreciation of revalued assets, are made as part of the year-end procedures and are not done in interim periods.

(ii) *Allowance for Valuation of Stock at Warehouses:*

According to the policy on the allowance for valuation of stock, the amount of the allowance for valuation of stock - an operation that must be periodically reviewed to cover the eventual obsolescence, impairment, or shortage.

The final process of accounting recording to restate this allowance entails a series of thorough tasks under the responsibility of the Logistics and Institutional Resource Management, through the coordination and governance by the Logistics Administrative Department. These tasks involve all the departments of ICE Group because inventories are kept under custody throughout the country on an annual basis; therefore, the estimate is not reviewed or modified in interim periods.

(iii) *Restatement of Balances in Foreign Currency:*

Throughout the period, all transactions in foreign currency by ICE Group are translated into the functional currency using the Costa Rican colon/US dollar exchange rate in force as of the closing date of the immediately preceding annual period according to the selling exchange rate established by the Central Bank of Costa Rica for transactions with the non-banking Public Sector. However, as of closing date of the period in force, the balances from such transactions in foreign currency at that time are translated into colones using the selling exchange rate established by the Central Bank of Costa Rica for the non-banking Public Sector corresponding to the last business day of the month of December of the current year.

Subsidiaries record foreign-currency transactions at the exchange rate in force on the transaction date. When determining the financial position and the results of operations, there is a valuation and adjustment of its assets and liabilities denominated in foreign currencies at the exchange rate in force on the date of such determination and valuation according to the operations of the non-banking Public Sector, or according to the economic reality of the transactions. The foreign exchange differences resulting from the use of this procedure are recognized in the profit and loss of the period when they take place.

For interim periods, ICE Group restates the balances in foreign currency at the closing exchange rate of such interim period, using the accounts that were used in the immediately preceding annual period as to include in such restatement the most relevant items subject to restatement.

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

(b) Subsidiaries

The consolidated financial statements include the accounts of *Instituto Costarricense de Electricidad* (ICE) and its subsidiaries. The accounts are detailed below:

<b>Subsidiaries</b>	<b>Country</b>	<b>Percentage of Participation</b>	
		<b>up to September, 30 2013</b>	<b>up to Dec. 31 2012</b>
Compañía Nacional de Fuerza y Luz (CNFL)	Costa Rica	98,6%	98,6%
Compañía Radiográfica Internacional de Costa Rica, S.A. (CRICRSA)	Costa Rica	100%	100%
Radiográfica Costarricense, S.A. (RACSA)	Costa Rica	100%	100%

Subsidiaries are those enterprises controlled by ICE (parent company). The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control starts until the date that control ceases. When necessary, the accounting policies of the subsidiaries have been revised to align them with the policies adopted by ICE Group.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 4. Operating Assets**

The operating assets at cost are detailed as follows:

Assets in operation cost	Plants, substations, lines, stations and other									
	As of December 31,									
	<u>2011</u> (Restated)	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>2012</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>As of september, 30, 2013</u>	
<b><u>ICE Electricity:</u></b>										
Hydraulic generation	¢ 569.263	9.702	(787)	(36)	578.142	3.908	751	(70)	582.731	
Thermic generation	76.762	13.863	(959)	(175)	89.491	737	-	-	90.228	
Substations (5)	106.483	23.005	610	(32)	130.066	12.862	(109)	-	142.819	
Transmission lines (4)	78.297	40.422	153	(73)	118.799	13.461	4.213	(2)	136.471	
Distribution lines (1)	131.086	23.536	(922)	(42)	153.658	38.121	(873)	(199)	190.707	
Public lighting	2.932	205	(8)	-	3.129	1.551	(38)	-	4.642	
Geothermic generation	152.430	7.047	-	-	159.477	113	-	-	159.590	
Aeolian generation	7.398	221	(22)	-	7.597	-	-	-	7.597	
Solar generation	1.873	6.849	-	-	8.722	687	-	-	9.409	
Micro generation - Hydraulic plant	166	-	-	-	166	-	-	-	166	
Control, communication and infrastructure equipment	5.673	10.722	-	-	16.395	462	-	-	16.857	
<b>Subtotal ICE Electricity</b>	<b>¢ 1.132.363</b>	<b>135.572</b>	<b>(1.935)</b>	<b>(358)</b>	<b>1.265.642</b>	<b>71.902</b>	<b>3.944</b>	<b>(271)</b>	<b>1.341.217</b>	
<b><u>ICE Telecommunications:</u></b>										
Transportation (2)	¢ 479.864	31.528	(1.287)	(169)	509.936	34.047	(45)	(25)	543.913	
Access (3)	342.082	56.244	15	(57)	398.284	21.024	(107)	-	419.201	
Civil and electromechanics (7)	179.009	31.943	63	(22)	210.993	7.535	(724)	(2)	217.802	
Platforms (6)	63.108	21.268	(56)	(26)	84.294	8.434	(98)	47	92.677	
<b>Subtotal ICE Telecommunications</b>	<b>¢ 1.064.063</b>	<b>140.983</b>	<b>(1.265)</b>	<b>(274)</b>	<b>1.203.507</b>	<b>71.040</b>	<b>(974)</b>	<b>20</b>	<b>1.273.593</b>	
<b>Subtotal ICE</b>	<b>¢ 2.196.426</b>	<b>276.555</b>	<b>(3.200)</b>	<b>(632)</b>	<b>2.469.149</b>	<b>142.942</b>	<b>2.970</b>	<b>(251)</b>	<b>2.614.810</b>	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Assets in operation cost	Plants, substations, lines, stations and other								
	As of December 31,								
	<u>2011</u> (Restated)	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>2012</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>As of september, 30, 2013</u>
<b><u>CNFL:</u></b>									
Lands	¢ 3.273	63	-	-	3.336	185	-	-	3.521
Improvements to lands	6.166	4	(15)	(88)	6.067	94	-	-	6.161
Buildings	11.869	144	(22)	(292)	11.699	317	-	-	12.016
Plants	49.730	403	-	-	50.133	283	-	-	50.416
Distribution	92.724	6.847	(354)	-	99.217	5.272	(377)	-	104.112
Transmission	2.022	-	-	-	2.022	-	-	-	2.022
Substations	13.445	432	-	(54)	13.823	287	-	-	14.110
Service connections	17.099	1.783	(60)	-	18.822	1.524	(64)	-	20.282
Equipment for road lighting	3.838	60	(32)	122	3.988	71	(64)	-	3.995
Public lighting	5.706	1.406	-	-	7.112	1.012	-	-	8.124
General equipment	24.365	2.178	(689)	(60)	25.794	789	(324)	-	26.259
Communication system	633	147	-	-	780	106	-	-	886
<b>Subtotal CNFL</b>	<b>¢ 230.870</b>	<b>13.467</b>	<b>(1.172)</b>	<b>(372)</b>	<b>242.793</b>	<b>9.940</b>	<b>(829)</b>	<b>-</b>	<b>251.904</b>
<b><u>RACSA:</u></b>									
Lands	¢ 203	-	-	-	203	-	-	-	203
Building	768	-	-	-	768	-	-	-	768
Communication equipment	36.121	1.587	(988)	-	36.720	185	(3.029)	-	33.876
General equipment	6.334	1.118	(142)	-	7.310	12	(57)	-	7.265
Submarine cable - Maya I	6.832	-	-	-	6.832	-	-	-	6.832
Submarine cable - Arcos I	2.449	-	-	-	2.449	-	-	-	2.449
Submarine cable - Costa Rican pacific coast	7.331	-	-	-	7.331	-	-	-	7.331
<b>Subtotal RACSA</b>	<b>¢ 60.038</b>	<b>2.705</b>	<b>(1.130)</b>	<b>-</b>	<b>61.613</b>	<b>197</b>	<b>(3.086)</b>	<b>-</b>	<b>58.724</b>
<b>Total Group ICE</b>	<b>¢ 2.487.334</b>	<b>292.727</b>	<b>(5.502)</b>	<b>(1.004)</b>	<b>2.773.555</b>	<b>153.079</b>	<b>(945)</b>	<b>(251)</b>	<b>2.925.438</b>

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### **(1) Distribution Lines**

As of September 30, 2013, the distribution line group presents additions as a result of capitalizations in the component of civil works: distribution and street lighting, for a sum of ¢14.729, and in electric works: distribution and lighting, for the sum of ¢23.392.

### **(2) Telecom Transportation**

In transportation, the Telecom Sector presents additions for ¢34.047, as a result of capitalizations, mainly in the components of transmission, optical cabling, switches, control and registration system equipment, and distributors.

### **(3) Access**

As of September 30, 2013, operating assets in the Access category of the Telecom Sector present additions for ¢21.024, mainly in the elements of the copper network, package network, radio bases, and multiservice access platforms.

### **(4) Transmission Lines**

Capitalizations for ¢13.461, are made, and they result mainly from the expansion of the Cachí-Moín Transmission Line.

### **(5) Substations**

There are additions in the substation group of the Electricity Sector amounting to ¢12.862, mainly in the modules of distribution lines, transmission, common electromechanical installations, and step-down transformers.

### **(6) Platforms**

Additions are recognized in the amount of ¢8.434, as a result of capitalizations, mainly in platforms for rendering prepayment services.

### **(7) Civil and Electromechanical**

Additions are recognized in the amount of ¢7.535, mainly in the civil and electromechanical components as a result of the acquisition of durable goods.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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The accumulated depreciation of the operating assets at cost is detailed as follows:

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	As of December 31,									
	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>As of september, 30, 2013</u>	
<b>ICE Electricity:</b>										
Hydraulic generation	¢ 58.096	14.763	(402)	191	72.648	11.645	(191)	(22)	84.080	
Thermic generation	16.896	3.829	(216)	(12)	20.497	3.235	-	30	23.762	
Substations	25.075	5.474	148	(36)	30.661	5.098	(29)	(84)	35.646	
Transmission lines	10.642	3.015	21	775	14.453	3.434	-	(280)	17.607	
Distribution lines	43.975	10.338	(465)	(752)	53.096	8.886	(264)	(5)	61.713	
Public lighting	2.074	80	(7)	-	2.147	93	(33)	-	2.207	
Geothermic generation	36.523	5.477	-	(265)	41.735	4.091	-	-	45.826	
Aeolian generation	2.538	444	(8)	-	2.974	343	-	-	3.317	
Solar generation	492	114	-	-	606	358	-	-	964	
Micro generation - Hydraulic plant	13	6	-	-	19	4	-	-	23	
Control, communication and infrastructure equipment	3.129	1.102	-	-	4.231	976	-	-	5.207	
<b>Subtotal ICE Electricity</b>	<b>¢ 199.453</b>	<b>44.642</b>	<b>(929)</b>	<b>(99)</b>	<b>243.067</b>	<b>38.163</b>	<b>(517)</b>	<b>(361)</b>	<b>280.352</b>	
<b>ICE Telecommunications:</b>										
Transportation	¢ 225.604	41.715	(781)	(9)	266.529	29.856	-	117	296.502	
Access	134.491	31.278	7	11	165.787	27.350	52	20	193.209	
Civil and electromechanics	105.929	11.779	5	7	117.720	10.328	(38)	(305)	127.705	
Platforms	17.745	10.678	(33)	1.533	29.923	12.020	-	437	42.380	
<b>Subtotal ICE Telecommunications</b>	<b>¢ 483.769</b>	<b>95.450</b>	<b>(802)</b>	<b>1.542</b>	<b>579.959</b>	<b>79.554</b>	<b>14</b>	<b>269</b>	<b>659.796</b>	
<b>Subtotal ICE</b>	<b>¢ 683.222</b>	<b>140.092</b>	<b>(1.731)</b>	<b>1.443</b>	<b>823.026</b>	<b>117.717</b>	<b>(503)</b>	<b>(92)</b>	<b>940.148</b>	



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	As of December 31,					2012	Depreciation	Withdraw and transfers	Adjust. and reclassify	As of september, 30, 2013
	2011	Depreciation	Withdraw and transfers	Adjust. and reclassify	2012					
<b>CNFL:</b>										
Improvement to lands	¢	879	135	(3)	1	1.012	100	2	-	1.114
Buildings		1.767	215	(5)	23	2.000	165	15	-	2.180
Plants		8.091	1.248	-	56	9.395	980	-	-	10.375
Distribution		18.410	3.036	(109)	361	21.698	2.684	(136)	-	24.246
Transmission		344	68	-	2	414	52	-	-	466
Substations		2.769	447	-	43	3.259	373	-	-	3.632
Service connections		3.273	599	(17)	19	3.874	496	(19)	-	4.351
Equipment for road lighting		626	124	(32)	128	846	111	(62)	-	895
Public lighting		836	216	-	63	1.115	193	-	-	1.308
General equipment		10.625	1.437	(538)	909	12.433	1.048	442	-	13.923
Communication systems		80	22	-	-	102	21	-	-	123
<b>Subtotal CNFL</b>	<b>¢</b>	<b>47.700</b>	<b>7.547</b>	<b>(704)</b>	<b>1.605</b>	<b>56.148</b>	<b>6.223</b>	<b>242</b>	<b>-</b>	<b>62.613</b>
<b>RACSA:</b>										
Building	¢	212	24	-	-	236	18	-	-	254
Communication equipment		26.977	3.458	(981)	-	29.454	2.426	(3.025)	-	28.855
General equipment		2.147	611	(141)	-	2.617	541	(56)	-	3.102
Submarine cable - Maya I		1.418	382	-	-	1.800	287	-	-	2.087
Submarine cable - Arcos I		778	109	-	-	887	82	-	-	969
Submarine cable - Costa Rican pacific coast		1.586	490	-	-	2.076	366	-	-	2.442
<b>Subtotal RACSA</b>	<b>¢</b>	<b>33.118</b>	<b>5.074</b>	<b>(1.122)</b>	<b>-</b>	<b>37.070</b>	<b>3.720</b>	<b>(3.081)</b>	<b>-</b>	<b>37.709</b>
<b>Total Grupo ICE</b>	<b>¢</b>	<b>764.040</b>	<b>152.713</b>	<b>(3.557)</b>	<b>3.048</b>	<b>916.244</b>	<b>127.660</b>	<b>(3.342)</b>	<b>(92)</b>	<b>1.040.470</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The operating assets expressed at revaluation value are detailed as follows:

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other As of December 31,						
	<u>2011</u> (Restated)	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2012</u>	Withdraw and transfers	<u>As of september, 30, 2013</u>
<b><u>ICE Electricity:</u></b>							
Hydraulic generation	¢ 1.131.853	27.941	(8.255)	-	1.151.539	(7.448)	1.144.091
Thermic generation	88.580	3.363	(1.164)	-	90.779	-	90.779
Substations	152.025	5.922	(199)	-	157.748	(210)	157.538
Transmission lines	90.289	4.682	-	-	94.971	149	95.120
Distribution lines	244.125	7.991	(6.258)	-	245.858	(844)	245.014
Public lighting	4.450	175	(13)	-	4.612	(79)	4.533
Geothermic generation	303.522	10.760	-	-	314.282	-	314.282
Aeolian generation	4.435	228	(11)	-	4.652	-	4.652
Solar generation	1.379	72	-	-	1.451	-	1.451
Micro generation hydraulic plants	(2)	3	-	-	1	-	1
Control, communication and infrastructure equipment	7.197	380	-	-	7.577	-	7.577
<b>Subtotal ICE Electricity</b>	<b>¢ 2.027.853</b>	<b>61.517</b>	<b>(15.900)</b>	<b>-</b>	<b>2.073.470</b>	<b>(8.432)</b>	<b>2.065.038</b>
<b><u>ICE Telecommunications:</u></b>							
Transportation	¢ 38.386	-	-	(304)	38.082	-	38.082
Access	141.604	-	-	-	141.604	-	141.604
Civil and electro mechanics	84.602	4.730	-	-	89.332	-	89.332
<b>Subtotal ICE Telecommunications</b>	<b>¢ 264.592</b>	<b>4.730</b>	<b>-</b>	<b>(304)</b>	<b>269.018</b>	<b>-</b>	<b>269.018</b>
<b>Subtotal ICE</b>	<b>¢ 2.292.445</b>	<b>66.247</b>	<b>(15.900)</b>	<b>(304)</b>	<b>2.342.488</b>	<b>(8.432)</b>	<b>2.334.056</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other As of December 31,						
	<u>2011</u> (Restated)	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2012</u>	Withdraw and transfers	<u>As of september, 30, 2013</u>
<b><u>CNFL:</u></b>							
Lands	¢ 14.834	633	-	215	15.682	-	15.682
Improvement to lands	7.437	598	(21)	(126)	7.888	-	7.888
Buildings	17.786	1.142	(36)	(230)	18.662	-	18.662
Plants	66.761	3.668	2	-	70.431	-	70.431
Distribution	118.427	7.407	(1.023)	-	124.811	(1.024)	123.787
Transmission	1.523	133	(1)	-	1.655	-	1.655
Substations	19.620	1.127	-	(30)	20.717	-	20.717
Service connections	28.381	1.169	(142)	-	29.408	(104)	29.304
Public lighting	11.015	724	(77)	135	11.797	(109)	11.688
General equipment	5.546	-	(354)	(2)	5.190	(127)	5.063
Communication system	230	6	-	1	237	-	237
<b>Subtotal CNFL</b>	<b>¢ 291.560</b>	<b>16.607</b>	<b>(1.652)</b>	<b>(37)</b>	<b>306.478</b>	<b>(1.364)</b>	<b>305.114</b>
<b><u>RACSA:</u></b>							
Lands	11	-	-	-	11	-	11
Buildings	2.287	-	-	-	2.287	-	2.287
Communication equipment	10.189	-	(456)	-	9.733	(1.524)	8.209
General equipment	1.609	-	(110)	-	1.499	(43)	1.456
<b>Subtotal RACSA</b>	<b>¢ 14.096</b>	<b>-</b>	<b>(566)</b>	<b>-</b>	<b>13.530</b>	<b>(1.567)</b>	<b>11.963</b>
<b>Total Group ICE</b>	<b>¢ 2.598.101</b>	<b>82.854</b>	<b>(18.118)</b>	<b>(341)</b>	<b>2.662.496</b>	<b>(11.363)</b>	<b>2.651.133</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The accumulated depreciation corresponding to revalued operating assets is as follows:

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other								
	As of December 31,					2012	Depreciation	Withdraw and transfers	As of september, 30, 2013
	2011 (Restated)	Depreciation	Withdraw and transfers	Adjust. and reclassify	Depreciation				
<b>ICE Electricity:</b>									
Hydraulic generation	¢	637.029	28.719	(5.428)	10.426	670.746	21.508	(5.155)	687.099
Thermic generation		51.785	1.920	(639)	2.055	55.121	1.528	-	56.649
Substations		95.079	5.155	(167)	2.764	102.831	4.035	(131)	106.735
Transmission lines		62.160	2.577	-	1.474	66.211	1.653	-	67.864
Distribution lines		146.194	8.819	(3.814)	4.014	155.213	6.741	(527)	161.427
Public lighting		4.232	26	(13)	148	4.393	18	(78)	4.333
Geothermic generation		110.014	9.973	-	3.420	123.407	7.769	-	131.176
Aeolian generation		1.618	235	(5)	81	1.929	187	-	2.116
Solar generation		434	54	-	21	509	43	-	552
Micro generation - Hydraulic plant		-	-	-	(2)	(2)	-	-	(2)
Control, communication and infrastructure equipment		5.658	478	-	258	6.394	411	-	6.805
<b>Subtotal ICE Electricidad</b>	<b>¢</b>	<b>1.114.203</b>	<b>57.956</b>	<b>(10.066)</b>	<b>24.659</b>	<b>1.186.752</b>	<b>43.893</b>	<b>(5.891)</b>	<b>1.224.754</b>
<b>ICE Telecommunications:</b>									
Transportation	¢	29.523	11.074	-	(9.643)	30.954	1.162	-	32.116
Access		104.191	7.892	-	(1.509)	110.574	4.611	-	115.185
Civil and electromechanics		55.541	8.131	-	(3.191)	60.481	1.962	-	62.443
Platforms		-	193	-	(193)	-	-	-	-
<b>Subtotal ICE Telecomunicaciones</b>	<b>¢</b>	<b>189.255</b>	<b>27.290</b>	<b>-</b>	<b>(14.536)</b>	<b>202.009</b>	<b>7.735</b>	<b>-</b>	<b>209.744</b>
<b>Subtotal ICE</b>	<b>¢</b>	<b>1.303.458</b>	<b>85.246</b>	<b>(10.066)</b>	<b>10.123</b>	<b>1.388.761</b>	<b>51.628</b>	<b>(5.891)</b>	<b>1.434.498</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other								
	As of December 31,								
	<u>2011</u> (Restated)	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	<u>As of september, 30, 2013</u>	
<b><u>CNFL:</u></b>									
Improvement to lands	¢	1.964	150	(3)	112	2.223	117	-	2.340
Buildings		6.963	305	35	273	7.576	208	30	7.814
Plants		21.080	1.675	-	838	23.593	1.374	-	24.967
Distribution		63.141	3.927	(774)	2.112	68.406	2.717	(742)	70.381
Transmission		524	50	-	31	605	44	-	649
Substations		8.942	659	-	331	9.932	501	-	10.433
Service connections		19.311	949	(109)	174	20.325	471	(72)	20.724
Public lighting		6.347	375	(74)	286	6.934	233	(105)	7.062
General equipment		4.535	124	(241)	-	4.418	55	(76)	4.397
Communication systems		80	8	-	(2)	86	6	-	92
<b>Subtotal CNFL</b>	<b>¢</b>	<b>132.887</b>	<b>8.222</b>	<b>(1.166)</b>	<b>4.155</b>	<b>144.098</b>	<b>5.726</b>	<b>(965)</b>	<b>148.859</b>
<b><u>RACSA:</u></b>									
Building	¢	1.116	48	-	-	1.164	37	-	1.201
Communication equipment		10.094	78	(455)	-	9.717	15	(1.524)	8.208
General equipment		1.260	73	(110)	-	1.223	61	(43)	1.241
<b>Subtotal RACSA</b>	<b>¢</b>	<b>12.470</b>	<b>199</b>	<b>(565)</b>	<b>-</b>	<b>12.104</b>	<b>113</b>	<b>(1.567)</b>	<b>10.650</b>
<b>Total Grupo ICE</b>	<b>¢</b>	<b>1.448.815</b>	<b>93.667</b>	<b>(11.797)</b>	<b>14.278</b>	<b>1.544.963</b>	<b>57.467</b>	<b>(8.423)</b>	<b>1.594.007</b>



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 5. Other Operating Assets**

Other operating assets at cost are detailed as follows:

Other assets in operation cost	As of December 31,								As of September 30, 2013
	2011 (Restated)	Additions	Adjustments y reclassifications	Withdraw y transfers	2012	Additions	Adjustments y reclassifications	Withdraw y transfers	
Lands	¢ 2.603	(524)	-	(41)	2.038	-	-	-	2.038
Land communication ways	1.760	-	-	-	1.760	-	-	-	1.760
Buildings	23.691	7.252	-	(5)	30.938	4.983	160	-	36.081
Machinery and equipment for production	2.236	96	24	146	2.502	965	927	-	4.394
Equipment for construction	49.591	23.295	-	1.271	74.157	6.777	4	(141)	80.797
Transportation equipment	78.952	3.934	-	(573)	82.313	4.058	160	(853)	85.678
Communication equipment	12.524	1.031	-	(1.082)	12.473	2.227	35	(525)	14.210
Furniture and office equipment	7.947	1.007	-	(394)	8.560	308	(11)	(152)	8.705
Equipment and computer programs	65.825	7.032	-	(3.080)	69.777	2.439	(227)	(1.691)	70.298
Sanitary equipment for laboratory and investigation	27.700	5.687	-	(1.021)	32.366	3.752	132	(701)	35.549
Educational, sport and recreational equipment and furniture	863	84	-	(282)	665	39	5	(2)	707
Diverse machinery and equipment	14.336	3.373	-	17	17.726	1.015	19	(215)	18.545
Maintenance machinery and equipment	31.378	4.213	-	(283)	35.308	2.051	96	(378)	37.077
Equipment for photography, video and publications	3.404	1.757	-	(1.456)	3.705	32	10	(27)	3.720
Livestock	5	-	-	(5)	-	-	-	-	-
<b>Total Group ICE</b>	<b>¢ 322.815</b>	<b>58.237</b>	<b>24</b>	<b>(6.788)</b>	<b>374.288</b>	<b>28.646</b>	<b>1.310</b>	<b>(4.685)</b>	<b>399.559</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Accumulated depreciation of other operating assets at cost is detailed as follows:

Depreciation accumulated - other assets in operation - cost	As of December 31,						
	2011 (Restated)	Depreciation	Withdraw and transfers	2012	Depreciation	Withdraw and transfers	As of September 30, 2013
Buildings	€ 3.374	590	(1)	3.963	577	-	4.540
Machinery and equipment for production	902	81	(324)	659	422	-	1.081
Construction equipment	25.853	8.426	(95)	34.184	9.270	(108)	43.346
Transportation equipment	56.968	8.128	(470)	64.626	5.218	(782)	69.062
Communication equipment	5.629	1.534	(935)	6.228	1.173	(335)	7.066
Office furniture and equipment	3.229	716	(198)	3.747	539	(104)	4.182
Equipment and computer programs	40.183	11.745	(2.460)	49.468	8.543	(1.638)	56.373
Sanitary equipment for laboratory and investigation	12.863	3.267	(1.017)	15.113	2.843	(435)	17.521
Educational, sport and recreational equip. and furniture	391	67	(223)	235	53	(2)	286
Diverse machinery and equipment	6.464	2.309	(133)	8.640	1.849	(156)	10.333
Maintenance machinery and equipment	12.333	5.778	(239)	17.872	4.587	(253)	22.206
Equipment for photography, video and publications	1.470	729	(164)	2.035	481	(23)	2.493
Livestock	3	-	(3)	-	-	-	-
<b>Total Group ICE</b>	<b>€ 169.662</b>	<b>43.370</b>	<b>(6.262)</b>	<b>206.770</b>	<b>35.555</b>	<b>(3.836)</b>	<b>238.489</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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Other operating assets expressed at their revalued value are detailed as follows:

Other assets in operation - revaluation	As of December 31,					
	2011 (Restated)	Revaluation	Withdraw and transfers	2012	Withdraw and transfers	As of September 30, 2013
Lands	¢ 6.572	309	(37)	6.844	-	6.844
Buildings	44.140	2.505	-	46.645	(5)	46.640
Machinery and equipment for production	1.835	116	(206)	1.745	206	1.951
Construction equipment	9.855	1.488	(177)	11.166	(70)	11.096
Transportation equipment	14.296	1.390	(272)	15.414	(373)	15.041
Office furniture and equipment	2.045	258	(134)	2.169	(70)	2.099
Equipment y programs de computer	-	(1)	1	-	-	-
Sanitary equipment for laboratory and investigation	5.237	878	(914)	5.201	(195)	5.006
Educational, sport and recreational equipment and furniture	80	19	(36)	63	(1)	62
Diverse machinery and equipment	1.030	308	(27)	1.311	(26)	1.285
Machinery and equipment for maintenance	2.755	1.013	(46)	3.722	(117)	3.605
Equipment for photography, video and publications	218	106	(13)	311	(3)	308
<b>Total Group ICE</b>	<b>¢ 88.063</b>	<b>8.389</b>	<b>(1.861)</b>	<b>94.591</b>	<b>(654)</b>	<b>93.937</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The accumulated depreciation corresponding to revaluated operating assets is detailed as follows:

Deprec. accumulated others assets in operat. - revaluation	As of December 31,							
	<u>2011 (Restated)</u>	<u>Depreciation</u>	<u>Revaluation</u>	<u>Withdraw and transfers</u>	<u>2012</u>	<u>Depreciation</u>	<u>Withdraw and transfers</u>	<u>As of September 30, 2013</u>
Buildings	¢ 24.819	958	1.097	-	26.874	763	(2)	27.635
Machinery and equipment for production	1.022	98	61	(63)	1.118	148	-	1.266
Construction equipment	8.824	407	502	(175)	9.558	555	(67)	10.046
Transportation equipment	12.677	796	528	(271)	13.730	589	(373)	13.946
Communication equipment	(10)	(2)	(1)	13	-	-	-	-
Office furniture and equipment	1.683	90	72	(126)	1.719	68	(63)	1.724
Equipment and computer programs	1	-	(2)	1	(0)	(1)	1	(0)
Sanitary equipment for laboratory and investigation	4.278	286	284	(902)	3.946	304	(177)	4.073
Educational, sport and recreational equipment and furniture	63	3	3	(33)	36	4	(1)	39
Diverse machinery and equipment	760	106	95	(26)	935	117	(22)	1.030
Maintenance machinery and equipment	2.238	207	258	(41)	2.662	346	(114)	2.894
Equipment for photography, video and publications	144	35	33	(14)	198	44	(3)	239
<b>Total ICE</b>	<b>¢ 56.499</b>	<b>2.984</b>	<b>2.930</b>	<b>(1.637)</b>	<b>60.776</b>	<b>2.937</b>	<b>(821)</b>	<b>62.892</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 6. Other Operating Assets under Financial Lease**

Other operating assets under financial lease are detailed as follows:

		<u>As of September</u> <u>30, 2013</u>	<u>As of December</u> <u>31, 2012</u>
Lands	¢	1.151	1.151
Buildings		25.315	25.315
Office furniture and equipment		1.084	1.084
<b>Total Group ICE</b>	<b>¢</b>	<b>27.550</b>	<b>27.550</b>

The accumulated depreciation corresponding to other operating assets under financial lease is detailed as follows:

		<u>As to</u> <u>September 30,</u> <u>2013</u>	<u>As to December</u> <u>31, 2012</u>
Buildings	¢	1.647	1.267
Office furniture and equipment		351	270
<b>Total Group ICE</b>	<b>¢</b>	<b>1.998</b>	<b>1.537</b>

On January 29, 2010, Banco de Costa Rica (BCR) and ICE agreed to use a structure called “Securitization Trust”, which consists of the creation of a trust contract in which ICE acts as the trustor and beneficiary and BCR acts as trustee. The general goal of this contract is the independent generation and management of the resources necessary to acquire the property called Centro Empresarial La Sabana. This property is an office building located in San José, Sabana Sur, where the Telecommunications Sector administrative offices are located. The trust may obtain financial resources through commercial loans and the issuance, placement and management of debt bonds as a result of the securitization process. Currently, the trust is authorized to issue public debt securities, and as of September 30, 2013 and 2012 it records liabilities for this concept. The trust, acting as owner of Centro Empresarial La Sabana, leases the property to ICE for a term of 12 years, and at the end of which ICE may exercise the option to purchase, which has been established in the amount of US\$1 (one dollar). The lease has been classified by ICE as a financial lease. According to our accounting policies, the trust is not part of the entities to be included in the consolidated financial statements of ICE Group.

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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The main clauses contained in the Securitization Trust are summarized as follows:

- The objectives of the trust are:
  - a) Acquire the products and services necessary for the operation and maintenance of the building object of the contract, according to the purchasing plans provided by the Trust, as applicable.
  - b) Lease the equipped building to ICE, manage the cash flows to repay financing and provide preventive and corrective maintenance to the facilities, under the agreed terms.
  - c) Become a vehicle to issue and place securities, pursuant to the conditions and characteristics set forth in the issuance prospect and the current contract, upon prior authorization of the General Superintendence of Securities (SUGEVAL), regulatory entity for the issuance of debt securities. Issuance and placement of the securities may be performed at different intervals, according to payment, terms and conditions projected. Also, it may execute credit contracts to obtain the necessary resources for financing, in accordance with the financial conditions present in the market.
- With the amount received by the Trust for the lease of the property, the loan and yields from the securities placed in the stock market will be paid, as well as those private securities issued, and national and international bank loans.
- The term of this Trust will be of 30 years.
- The Trust's assets will be used solely and exclusively to comply with and accomplish the objectives of the Trust agreement.

Established useful lives for each group of other operating assets under financial lease are the following:

<b>Others assets in operation under financial leasing</b>	<b>Use ful life (in years)</b>	
	<b>10</b>	<b>50</b>
Buildings		<b>x</b>
Office furniture and equipment	<b>x</b>	

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Other operating assets under financial lease-revaluation are detailed as follows:

<b>Other assets in operation under financial leasing - revaluation</b>	<b><u>As of September 30, 2013</u></b>	<b><u>As of December 31, 2012</u></b>
Lands	¢ 90	90
Buildings	2.152	2.152
Office furniture and equipment	94	94
<b>Total Group ICE</b>	<b>¢ 2.336</b>	<b>2.336</b>

The accumulated depreciation corresponding to other revalued operating assets under financial lease is as follows:

<b>Deprec. accumulated others assets in operation under financial leasing - revaluation</b>	<b><u>As of September 30, 2013</u></b>	<b><u>As of December 31, 2012</u></b>
Buildings	¢ 97	64
Office furniture and equipment	22	14
<b>Total Group ICE</b>	<b>¢ 119</b>	<b>78</b>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 7. Works in Progress, Material in Transit, and Inventory for Investment**

The following chart indicates the movements during 2013 and 2012 regarding works in progress, material in transit, and inventory - investment:

Account	As of December 31, 2011 (Restated)	Additions	Capitalizations	Interest and commissions	Warehoused	Adjustments and reclassifications	Used in works	Prior period adjustments	As of December 31, 2012 (Restated)	Additions	Capitalizations	Interest and commissions	warehoused	Adjustments and reclassifications	Used in works	As of september 30, 2013
<b>ICE:</b>																
Major construction work in progress	230.877	178.189	(64.860)	20.071	-	650	-	-	364.927	121.794	(21.887)	19.766	-	(2.070)	-	482.530
Other construction work in progress	224.996	207.502	(200.399)	5.169	-	(4.665)	-	-	232.603	134.238	(120.025)	6.689	-	(14.836)	-	238.669
Elimination of institutional services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(310)
<b>Subtotal construction work in progress</b>	<b>455.873</b>	<b>385.691</b>	<b>(265.259)</b>	<b>25.240</b>	<b>-</b>	<b>(4.015)</b>	<b>-</b>	<b>-</b>	<b>597.530</b>	<b>256.032</b>	<b>(141.912)</b>	<b>26.455</b>	<b>-</b>	<b>(16.906)</b>	<b>-</b>	<b>720.889</b>
Materials in transit for investment	174.698	41.411	-	-	(42.915)	-	(17.940)	-	155.219	(27.099)	-	-	(20.945)	(122)	-	107.053
Inventory for investment	138.636	34.019	-	-	119.422	26.676	(161.227)	-	157.526	(4.069)	-	-	53.802	(23.054)	(62.361)	121.844
<b>Subtotal ICE</b>	<b>769.207</b>	<b>461.121</b>	<b>(265.259)</b>	<b>25.240</b>	<b>76.507</b>	<b>22.626</b>	<b>(179.167)</b>	<b>-</b>	<b>910.275</b>	<b>224.864</b>	<b>(141.912)</b>	<b>26.455</b>	<b>32.857</b>	<b>(40.082)</b>	<b>(62.361)</b>	<b>949.786</b>
<b>CNFL:</b>																
Construction work in progress	41.053	64.934	(11.044)	-	-	6.070	-	(6.939)	94.074	57.394	(8.595)	-	-	(6.069)	-	136.804
Inventory and materials for investment	4.496	-	-	-	-	-	(779)	-	3.717	-	-	-	-	-	(502)	3.215
<b>Subtotal CNFL</b>	<b>45.549</b>	<b>64.934</b>	<b>(11.044)</b>	<b>-</b>	<b>-</b>	<b>6.070</b>	<b>(779)</b>	<b>(6.939)</b>	<b>97.791</b>	<b>57.394</b>	<b>(8.595)</b>	<b>-</b>	<b>-</b>	<b>(6.069)</b>	<b>(502)</b>	<b>140.019</b>
<b>RACSA:</b>																
Construction work in progress	540	167	(556)	-	-	16	-	-	167	182	(91)	-	-	-	-	258
Materials in transit for investment	718	18	(700)	-	-	-	-	-	36	112	(31)	-	-	(6)	-	111
<b>Subtotal RACSA</b>	<b>1.258</b>	<b>185</b>	<b>(1.256)</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>203</b>	<b>294</b>	<b>(122)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>369</b>
<b>Total ICE Group</b>	<b>816.014</b>	<b>526.240</b>	<b>(277.559)</b>	<b>25.240</b>	<b>76.507</b>	<b>28.712</b>	<b>(179.946)</b>	<b>(6.939)</b>	<b>1.008.269</b>	<b>282.552</b>	<b>(150.629)</b>	<b>26.455</b>	<b>32.857</b>	<b>(46.157)</b>	<b>(62.863)</b>	<b>1.090.174</b>
<b>ICE GROUP:</b>																
Major construction work in progress	272.470	243.290	(76.460)	20.071	-	6.736	-	(6.939)	459.168	179.370	(30.573)	19.766	-	(8.139)	-	619.592
Other construction work in progress	224.996	207.502	(200.399)	5.169	-	(4.665)	-	-	232.603	134.238	(120.025)	6.689	-	(14.836)	-	238.669
Elimination of institutional services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(310)
<b>Subtotal construction work in progress</b>	<b>497.466</b>	<b>450.792</b>	<b>(276.859)</b>	<b>25.240</b>	<b>-</b>	<b>2.071</b>	<b>-</b>	<b>(6.939)</b>	<b>691.771</b>	<b>313.608</b>	<b>(150.598)</b>	<b>26.455</b>	<b>-</b>	<b>(22.975)</b>	<b>-</b>	<b>857.951</b>
Materials in transit for investment	175.416	41.429	(700)	-	(42.915)	(35)	(17.940)	-	155.255	(26.987)	(31)	-	(20.945)	(128)	-	107.164
Inventory for investment	143.132	34.019	-	-	119.422	26.676	(162.006)	-	161.243	(4.069)	-	-	53.802	(23.054)	(62.863)	125.059
<b>Total ICE Group</b>	<b>816.014</b>	<b>526.240</b>	<b>(277.559)</b>	<b>25.240</b>	<b>76.507</b>	<b>28.712</b>	<b>(179.946)</b>	<b>(6.939)</b>	<b>1.008.269</b>	<b>282.552</b>	<b>(150.629)</b>	<b>26.455</b>	<b>32.857</b>	<b>(46.157)</b>	<b>(62.863)</b>	<b>1.090.174</b>

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The detail of movement of works in progress and other works in progress as of September 30, 2013, is presented as follows:

Works under construction and other works under construction	As of december, 31, 2012	Additions	Capitalizations	Interests capitalized to work	Adjustments and Reclassifications	As of september, 30, 2013
<b>ICE</b>						
Reventazón Hydroelectric Project	228.928	70.902	-	10.060	-	309.890
Cachí Hydroelectric Project	33.132	21.101	(224)	3.859	(1.797)	56.071
P.E.S.S.O	41.687	867	(1.637)	1.058	-	41.975
Advanced mobile services	24.677	23.991	(9.313)	-	(190)	39.165
Peñas Blancas-Garita transmission line	21.552	1.974	-	1.212	-	24.738
Río Macho Hydroelectric Project	8.208	15.361	-	1.037	(1.188)	23.418
Cariblanco-Trapiche transmission line	11.517	6.640	-	1.137	253	19.547
Creation and restoration of civil and metal structures	19.888	-	(2.122)	97	(2.223)	15.640
Management of network elements	653	15.906	(1.048)	6	-	15.517
Toro San Miguel Deviation	11.606	13	-	2	-	11.621
Advanced Cell Evolution	337	11.971	(740)	-	-	11.568
Miravalles II Geothermal Project	1.155	8.046	(57)	834	-	9.978
Expansion and modernization of the system	23.837	11.000	(25.617)	598	-	9.818
Expansion of mobile telephone service	12.668	710	(4.496)	294	-	9.176
Continuous quality improvement (distribution)	13.254	6.324	(11.305)	680	-	8.953
Fiber optics of advanced connectivity (FOCA)	9.541	2.738	(4.640)	-	(43)	7.596
Las Pailas Geothermal Project	5.245	1.866	-	471	-	7.582
Technical services for distribution projects	10.785	3.064	(7.201)	438	(11)	7.075
Coronado transmission	5.609	1.326	-	94	-	7.029
Cóbano transmission	5.190	1.181	-	297	-	6.668
Network development	19.077	7.540	(20.484)	353	-	6.486
Venecia transmission	5.240	315	-	44	32	5.631
Río Macho t.s. modernization	4.726	609	-	253	-	5.588
Expansion of platform and renewal of technological infrastructure	4.398	353	-	85	-	4.836
Reinforcement of the distribution system	466	4.269	-	82	-	4.817
Improvements telecommunications in transportation networks	2.891	9.169	(7.901)	1	(7)	4.153
Sustainability and growth of the telecommunication sector income	256	3.641	35	-	-	3.932
Technological infrastructure	2.517	983	(111)	395	-	3.784
Energy transformation	5.016	399	(1.912)	195	(11)	3.687
Permanent investment in transmission works	3.311	851	(703)	80	-	3.539
Improvements in electricity transportation network	3.674	2.310	(3.107)	351	(125)	3.103
Interconnection - Ingenio El Viejo	2.510	1	-	182	-	2.693
New energy control center	1.340	574	-	72	-	1.986
Siepect Transmission - transmission lines	854	771	-	37	-	1.662
Medium voltage connections	1.179	483	(182)	111	-	1.591
Anillo Sur transmission	1.018	336	-	140	12	1.506
Sustainability and soundproofing of the infrastructure	3.652	2.630	(4.788)	(1)	-	1.493
Auxiliary rods	4.423	510	(3.732)	262	-	1.463
Modernization of lightning, tests	729	669	-	29	-	1.427
Public lightning	2.038	784	(1.477)	53	-	1.398
Corobicí Hydroelectric Project	1.041	385	(274)	113	-	1.265
Barranca Thermal Project	1	1.215	-	25	-	1.241
Power transformers Renewal	-	1.470	(371)	7	-	1.106
Sundry projects	37.704	10.784	(28.505)	1.412	(11.608)	9.787
<b>Subtotal</b>	<b>597.530</b>	<b>256.032</b>	<b>(141.912)</b>	<b>26.455</b>	<b>(16.906)</b>	<b>721.199</b>
Elimination of institutional services	-	-	-	-	-	(310)
<b>Subtotal ICE</b>	<b>597.530</b>	<b>256.032</b>	<b>(141.912)</b>	<b>26.455</b>	<b>(16.906)</b>	<b>720.889</b>
<b>CNFL:</b>						
Balsa Inferior Hydroelectric Project	88.737	48.402	-	-	(6.069)	131.070
Anonos Hydroelectric Project	1.742	(274)	-	-	-	1.468
San Buenaventura Eolic Project	800	94	-	-	-	894
Others	2.795	9.172	(8.595)	-	-	3.372
<b>Subtotal CNFL</b>	<b>94.074</b>	<b>57.394</b>	<b>(8.595)</b>	<b>-</b>	<b>(6.069)</b>	<b>136.804</b>
<b>RACSA:</b>						
Forestry projects	-	64	-	-	-	64
300 Km fiber optics network	76	118	-	-	-	194
Virtualization of JES servers	91	-	(91)	-	-	-
<b>Subtotal RACSA</b>	<b>167</b>	<b>182</b>	<b>( 91)</b>	<b>-</b>	<b>-</b>	<b>258</b>
<b>Total ICE Group</b>	<b>691.771</b>	<b>313.608</b>	<b>(150.598)</b>	<b>26.455</b>	<b>(22.975)</b>	<b>857.951</b>

(Continues)

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

A brief description of the main construction projects is described as follows:

### **(1) Reventazón Hydroelectric Plant**

This Project is located in the middle basin of the Reventazón River, in Limón, Costa Rica, with an electric generation capacity of 305 MW. It is estimated to start operating during the second semester of year 2016. This project will be financed with ICE's funds and with funds from other financing schemes subscribed by ICE.

During the 2013 period, there was an approximate increase for the sum of ¢70.902 in additions, which correspond mainly to the acquisition of materials and supplies.

As of September 30, 2013, this Project presents a 60% progress of the total works.

### **(2) Cachí Hydroelectric Project**

*Cachí hydroelectric plant is the second water resource management of the medium basin of Reventazón River. The powerhouse is located 4km south of Juan Villas in the district of Tucurrique, canton of Jiménez and the reservoir and dam are located in the district of Cachí, in the canton of Paraíso, both in the province of Cartago.*

The whole project consists of the construction of an additional tunnel for re-energizing the plant with 20 additional mega, an oscillation tank and two inspection windows, as well as the expansion of the existing powerhouse. It is expected that construction be completed by the second semester of 2014.

Additions amount to ¢21.101, which correspond mainly to the acquisition of materials and supplies

As of September 30, 2013, this Project presents a 60% progress of the total works.

### **(3) Plan for the Evolution of the Business Operation Support System (P.E.S.S.O.)**

The scope of this project consists of replacing all the current applications to latest generation applications that support the operations of the telecommunication business, based on the best industry practices and the TOM Model (a framework which identifies the business processes; a reference guide that classifies all the business activities of a service provider and presents them at different levels or views, a communications tool), at a cost not exceeding US\$155.2 million.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### **(4) Advanced Mobile Service**

This project involves the acquisition of a 3G Advanced Mobile Service communication system with a capacity of nine hundred and fifty thousand solutions to address the growing demand for mobile connection services and to expand service coverage.

The additions for ¢23.991, correspond to the added value of the works to expand the mobile network traffic through the SMA-3G technology and its corresponding installation. This will ensure the growth and optimization of service platforms linked to the UMT (Universal Mobile Telecommunications System).

The capitalizations of this project as of September 30, 2013 amount to ¢ 9.313.

#### **(5) Peñas Blancas-Garita Transmission**

This project consists of reinforcing the energy transmission network in the northern region of the country, with the goal of increasing the necessary reliability and safety for carrying energy production.

It will serve as an alternate connection point between the Peñas Blancas Hydroelectric Project and the National Energy System (SEN).

#### **(6) Río Macho Hydroelectric Plant**

The scope of this project is the comprehensive substitution of the five generating units and their respective ancillary systems, water intakes, reservoir, substation, and the engineering and environmental feasibility to repair the tunnel that feeds El Llano reservoir.

Río Macho Production Center is located in Valle de Orosi, within Río Reventazón watershed in the Atlantic basin.

Such works are estimated to become operational on December 31, 2017.

The additions of this project as of September 30, 2013 amount to ¢15.361, mainly corresponding to the purchase of materials and durable goods.

As of September 30, 2013, this Project presents a 51% progress of the total works.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### (7) Cariblanco-Trapiche Transmission

This project consists of the construction of the Cariblanco-General Transmission Line located between the Cariblanco Hydroelectric Plant to the substation of the General Hydroelectric Project covering Puente de Piedra and Río Cuarto in Grecia, La Virgen, Puerto Viejo, and Horquetas in Sarapiquí. The transmission line has 274 structures (including towers and poles.) It is 76.5 Km. long (approx. 47 miles); its voltage is 230 KW. It has a 20 meter-wide easement (65 ft.-wide).

The project involves the reconstruction of the Trapiche Transmission Line and the construction of the Trapiche and General Transmission Systems.

#### (8) Creation and Restoration of Civil and Metal Structures

The objective of this project consists of providing support to the various energy generation and transmission projects, through the creation of metal and civil structures, according to needs.

#### (9) Management of Network Elements

This project is composed of the following two sub-projects:

**Management Platform of the RAI (Advanced Internet Network):** consisting of the implementation of a new management system for the Advanced Internet Network (RAI) in order to monitor and analyze the quality and service parameters of clients and all the transported services that use the Advanced Internet Network (RAI). The estimated cost of this project amounts to US\$12 million.

**Logic Safety Management System for the Advanced Internet Network:** consisting of the implementation of the Logic Safety for the Advanced Internet Network of ICE Group towards the National Telecommunications System, in order to ensure transport services for sensitive information, such as banking transactions, IPTV, VoIP, national and international VPN, VoD, and managed Services, and avoid possible attacks and vulnerability existing in the internal and external environment of the IP network. The estimated cost of this project is US\$18,50 million.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### **(10) Toro - San Miguel Diversion**

The Toro - San Miguel Diversion Project is located in San Rafael de Vara Blanca, Heredia, and San Miguel, Sarapiquí, Alajuela. This project involves the diversion of a 17 km section of the Cariblanco — San Miguel transmission line, which was damaged during the earthquake that struck Cinchona in 2009.

#### **(11) Evolution of the Advanced Mobile Service**

This Project consists of the implementation of more sophisticated systems enabling a greater data management capacity, which trends show an increase in the speed of Internet interconnection and in the mobile telephony broadband.

The additions of this project as of September 30, 2013 amount to ¢11.971, corresponding mainly to the purchase of materials and durable goods.

#### **(12) Expansion and Modernization of ICE's Transportation Service**

The scope of the project is to meet the transportation requirements of the telecommunication system. The estimated cost of the project by 2015 is approximately US\$105 million.

Additions in the amount of ¢11.000, mainly correspond to the purchase of materials and supplies.

The capitalizations of this project as of September 30, 2013 amount to ¢25 617.

#### **(13) Continuous Quality Improvement (energy distribution)**

The objective of this project is to improve the infrastructure, installation and remote operation of the energy distribution equipment, through modern maintenance practices that constantly and permanently promote quality improvement and continuity of the energy supply, and support competitiveness of the economic processes of the country, such as industry, tourism, commerce and services.

The capitalizations of this project as of September 30, 2013 amount to ¢ 11.305.

(Continues)



## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### **(14) Technical Services for Distribution Projects**

This project consists of the support given to all the distribution works implemented by the SBU Proyectos y Servicios Asociados (PySA), as well as the control and follow-up required by such works.

The capitalizations of this project in 2013 amount to ¢7.201.

#### **(15) Network Development**

The Distribution System Network development project aims at increasing the energy distribution coverage through the construction of lines to benefit the electric supply to citizens not receiving this service yet.

The capitalizations of this project as of September 30, 2013 amount to ¢ 20.484.

#### **(16) Improvements of the Telecom Transportation Network**

The objective of this Project is to design and perform works in the areas of interest for the institution, giving short-term solutions.

The capitalizations of this project in 2013 amount to ¢7.901.

#### **(17) Balsa Inferior Hydroelectric Plant**

The Balsa Inferior Hydroelectric Plant will have an installed capacity of 37.5 MW for an average annual output of 122 GWH. This hydroelectric project is located in Santa Rita de Florencia, canton of San Carlos in the province of Alajuela.

The total investment for the development of the project is estimated at about US\$185 million, and the contract with Consorcio OAS-Engevix amounts to US\$81 million for the structures of the Reservoir/Water Intake and the Powerhouse and with ICE US\$104 million for the construction of the remaining works of the project.

The investments have been funded with resources of CNFL and internal debt.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

ICE - Electricity Sector

As of September 30, 2013, the main works in progress, detailed by source of financing, which remain under construction, are detailed as follows.

Works in Progress	Financing Source																			As of september 30, 2013
	Domestic	IADB 796	JBIC	CABEI Pirris	Bonds A Placement	Bonds B Placement	CABEI Electric Services 2007	CABEI (additional)	C.A.F. (Corporación Andina Fomento)	Local banks	CLIPP	Multilateral banking	Issue of international bonds	Issue of local bonds 2009	Issue of local bonds 2010	33 Banco Europeo de Inversion	CABEI	Third party services	Other international development organizations	
<b>Hydraulic Generation - Hydroelectric Project:</b>																				
Río Macho HP	4.958	-	-	-	-	-	-	1	-	-	9.925	-	2.852	141	4.409	-	-	-	-	22.286
Cachí HP	12.095	-	-	-	-	-	-	-	2	-	-	-	535	167	15.748	-	27.525	-	-	56.072
Pirris HP	(142.724)	-	6.650	52.886	-	723	6.714	-	10.119	-	(533)	-	20.064	42.691	-	-	-	59	3.350	(1)
Reventazón HP	167.844	-	-	-	-	-	-	9	15	7.242	-	12	133.112	1.123	522	10	-	-	-	309.889
<b>Subtotal hydraulic generation</b>	<b>42.173</b>	<b>-</b>	<b>6.650</b>	<b>52.886</b>	<b>-</b>	<b>723</b>	<b>6.714</b>	<b>10</b>	<b>10.136</b>	<b>7.242</b>	<b>9.925</b>	<b>(521)</b>	<b>136.499</b>	<b>21.495</b>	<b>63.370</b>	<b>10</b>	<b>27.525</b>	<b>59</b>	<b>3.350</b>	<b>388.246</b>
<b>Substations:</b>																				
Río Macho - Moín Transmission	348	-	-	-	-	-	-	-	-	-	-	-	1	-	287	-	-	-	-	636
Cariblanco-Trapiche Transmission	1.702	7	-	-	-	-	-	-	-	-	569	-	1.050	1	1.632	-	-	-	-	4.961
Peñas Blancas-Garita Transmission	1.260	291	-	-	-	-	-	110	3	52	-	-	2	29	1.866	-	-	-	-	3.613
Coronado Transmission	1.359	-	-	-	-	-	-	-	-	114	5.555	-	-	-	1	-	-	-	-	7.029
Support program - Quin 03-07 transformers	1.891	141	-	-	-	-	15	-	-	481	-	-	423	63	673	-	-	-	-	3.687
Mid tension Connections	695	-	-	-	-	-	19	-	1	189	-	-	81	3	602	-	-	-	-	1.590
PH Pirris Transmission	(2.147)	-	(56)	1.484	-	2	(8)	-	-	-	-	-	-	159	566	-	-	-	-	-
Anillo Sur Transmission	364	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	364
High tension rods	196	6	-	-	-	-	155	-	(635)	84	13	-	109	95	1.440	-	-	-	-	1.463
Ingenio El Viejo interconnection	1.495	25	-	-	-	-	1	-	208	273	-	-	1	366	324	-	-	-	-	2.693
Río Macho S.T. modernization	2.272	-	-	-	-	-	-	-	-	212	1.298	-	87	-	1.720	-	-	-	-	5.589
Venecia Transmission	5.290	-	-	-	-	-	-	-	-	3	-	-	1	-	337	-	-	-	-	5.631
<b>Subtotal, substations</b>	<b>14.725</b>	<b>470</b>	<b>(56)</b>	<b>1.484</b>	<b>-</b>	<b>2</b>	<b>182</b>	<b>110</b>	<b>(423)</b>	<b>1.408</b>	<b>7.435</b>	<b>-</b>	<b>1.755</b>	<b>716</b>	<b>9.448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.256</b>
<b>Transmission Lines:</b>																				
Cariblanco-Trapiche Transmission	3.657	(51)	-	-	-	16	220	36	202	-	-	-	4.571	305	5.628	-	-	-	-	14.584
Parrita Transmission	74	1	-	-	-	-	-	-	3	-	-	-	-	-	59	-	-	-	-	137
Podís Transmission	(76)	141	-	-	1	16	2	-	-	-	-	-	-	-	-	-	-	-	-	84
Peñas Blanca-Garita Transmission	8.982	(360)	-	-	49	10	504	2.823	1.809	-	-	-	1.342	18	5.948	-	-	1	-	21.126
Cóbano Transmission	3.619	-	-	-	-	-	-	-	-	-	-	-	592	-	2.458	-	-	-	-	6.669
Siepac Transmission Lines	1.260	-	-	-	(27)	(99)	23	-	39	-	-	-	35	-	432	-	-	-	-	1.663
Anillo Sur Transmission	135	-	-	-	-	-	-	-	-	-	-	-	4	-	1.004	-	-	-	-	1.143
Toro San Miguel Diversion	11.596	-	-	-	-	-	-	-	-	-	-	-	-	-	25	-	-	-	-	11.621
<b>Subtotal, transmission lines</b>	<b>29.247</b>	<b>(269)</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>(57)</b>	<b>749</b>	<b>2.859</b>	<b>2.053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.544</b>	<b>323</b>	<b>15.554</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>57.027</b>
<b>Geothermal Generation:</b>																				
Las Pailas GP	(7.538)	-	-	-	-	47	1.065	-	28	-	-	-	-	1.422	4.977	-	-	-	-	1
<b>Subtotal generación geotérmica</b>	<b>(7.538)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>1.065</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.422</b>	<b>4.977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total works in progress</b>	<b>78.607</b>	<b>201</b>	<b>6.594</b>	<b>54.370</b>	<b>23</b>	<b>715</b>	<b>8.710</b>	<b>2.979</b>	<b>11.794</b>	<b>8.650</b>	<b>17.360</b>	<b>(521)</b>	<b>144.798</b>	<b>23.956</b>	<b>93.349</b>	<b>10</b>	<b>27.525</b>	<b>60</b>	<b>3.350</b>	<b>482.530</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 8. Long-Term Investments**

Long-term investments are detailed as follows:

	As of September, 30 2013	As of December 31, 2012
<b>ICE:</b>		
<b>Investments in shares valued at cost:</b>		
Toro III Hydroelectric Power Project Trust (2) ¢	11.203	11.203
Empresa Propietaria de la Red, S.A. (1)	2.871	2.872
Red centroamericana de fibras opticas S.A.	142	-
Cooperativa de Electrificación Rural	44	43
<b>Subtotal</b>	<b>14.260</b>	<b>14.118</b>
<b>Long term financial investments:</b>		
Government (External Debt Bonds)	16.913	9.780
Central Bank of Costa Rica (Bond)	2.095	1.765
Banco de San José (BAC)	1.500	500
Mutual Cartago de Ahorro y Préstamo	1.431	1.413
Costa Rican Oil Refinery (RECOPE)	756	509
Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	666	316
Banco Hipotecario de la Vivienda (Bond)	500	500
Florida Ice and Farm Company, S.A. (FIFCO)	900	500
Instituto Nacional de Cemento	350	350
Banco Promerica	300	300
Banco Crédito Agrícola de Cartago	252	-
Banco BCT	250	-
Banco de Costa Rica	-	1.000
	<b>25.913</b>	<b>16.933</b>
<b>Subtotal ICE</b>	<b>40.173</b>	<b>31.051</b>
<b>CNFL:</b>		
Eólico Valle Central, S.A. (3)	14.226	5.322
Empresa Propietaria de la Red, S.A.	252	253
Red Centroamericana Telecomunicaciones S.A.	10	-
<b>Subtotal CNFL</b>	<b>14.488</b>	<b>5.575</b>
<b>Total long term investments - Group ICE</b> ¢	<b>54.661</b>	<b>36.626</b>

**(1) Empresa Propietaria de la Red S.A.**

ICE Group holds shares in Empresa Propietaria de la Red, S.A. (EPR), which was appointed to perform the Electric Interconnection System for Central American Countries (SIEPAC).

(Continues)

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### (2) Toro III Hydroelectric Project Trust

In 2012, ICE, as trustor, made a Capital Contribution to the Toro III Hydroelectric Project Trust for the sum of ¢11.203 (equivalent to US\$22 million), to finance part of the project's construction.

### (3) Valle Central Wind Power Plant

ICE Group was assigned the construction of the Valle Central Wind Power Plant through a company established by the Central American Bank for Economic Integration (CABEI) and the subsidiary Compañía Nacional de Fuerza y Luz (CNFL).

It is a special-purpose company organized in accordance with the Code of Commerce and the provisions established in the Wind Power Project Management Agreement. It is domiciled in San Pedro de Montes de Oca, at the Central American Bank for Economic Integration. The specific purpose of this company is the planning, designing, financing, building, operation, maintenance and commercial exploitation of the Valle Central Wind Power Plant.

The Company's capital stock amounts to US\$ 100,000.00 (one hundred thousand dollars with 00/100 gross) and is comprised of 1,000 common and nominative shares of one hundred dollars each. CNFL owns 40% of the shares and CABEI 60%. Further, the company agreed to issue 1,000 capital certificates of US\$25,688.03 (twenty-five thousand six hundred eighty-eight dollars with three cents) each, for a total of US\$ 25.7 million. Each capital certificate represents an indissoluble unit and the common share bears the same number as the capital certificate; accordingly, one may not be transferred without the other. Capital certificates do not entitle their holders to corporate or equity rights, since any right or benefit derives exclusively from shares.

During Meeting # 2340, article 2, subparagraph c9, held on June 30, 2013, the Board reached an agreement to authorize Management to request a syndicated loan from BNCR and BCR amounting to US\$ 70 million, of which US\$ 44,3 million were allocated to the purchase of equity interest of CABEI in Valle Central Wind Plant and the advance payment of EVCSA's debt with such an entity. The difference was used for the partial financing of Balsa Inferior Hydroelectric Plant.

During Meeting # 2344 of the Board held on September 30, 2013, article 2, subparagraph a), an agreement was reached that once the total control of EVCSA is taken over, the following actions will be taken:

- a) Terminate any business relationships and activities, such as the trust with Banco de Costa Rica and the lease with CNFL.
- b) Lay off and give severance pay to EVCSA's employees if needed.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
*(In millions of colones)*

- c) Pay any debts and tax and legal obligations.
- d) Grant to CNFL, free of charge, all the land leasing rights, credit rights, and guarantees, as well as any other rights.
- e) Donate, through a notarial instrument, EVCSA's assets in favor of CNFL.
- f) Upon payment of all obligations, transfer the money deposited in EVCSA's accounts to CNFL's bank accounts.
- g) Then, EVCSA will be dissolved in order to proceed with the respective liquidation and payment.

As of September 30, 2013, the balance of CNFL invested in the company EVCSA amounts to ¢14,225 million (\$ 28,1 million).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

As of September 30, 2013, the main characteristics of long-term financial investments are detailed as follows:

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity □	Term	As of September 30, 2012				
								Face value	Value traded	Rate	Coupon	Net return
BSJ bond	CRBSJ00B1608	SCR AAA	Colones	Banco BAC San José, S.A.	28-Jun-2012	27-Mar-2014	629 c	500	500	Fixed	10,85%	10,85%
INC (HOLCIM) bond	CRINCO0B0126	AAA (cri)	Colones	Industria Nacional de Cemento	7-May-2012	2-May-2014	715	350	351	Variable	7,82%	10,29%
Bond	CRBPR00B1169	SCR AA +	Colones	Banco Promérica	5-Oct-2012	3-Oct-2014	718	300	300	Fixed	12,50%	12,47%
BANHVI bond	CRBANV100337	F1+ (cri)	Colones	Banco Hipotecario de la Vivienda -BANHVI-	15-Apr-2010	7-Apr-2015	1792	500	504	Variable	8,95%	10,32%
MADAP bond	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	13-Jan-2011	9-Dec-2015	1766	318	318	Variable	8,65%	9,63%
Bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	19-Feb-2013	15-Feb-2016	1076	250	251	Fixed	8,75%	8,63%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-2012	25-Mar-2016	1347	500	468	Fixed	10,50%	12,66%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-2012	25-Mar-2016	1347	500	468	Fixed	10,50%	12,68%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-2012	25-Mar-2016	1347	500	468	Fixed	10,50%	12,68%
MADAP bond	CRMADAPB2368	F1+ (cri)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	6-Jun-2013	4-Jun-2016	1078	350	351	Fixed	7,75%	7,70%
CNFL bond	CRCFUZB0207	AAA (cri)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	4-Oct-2010	30-Sep-2017	2516	400	400	Fixed	10,53%	10,51%
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	8-Nov-2012	6-Nov-2017	1798	500	500	Variable	8,05%	11,25%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	400	400	Fixed	8,25%	8,23%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	600	600	Fixed	8,25%	8,25%
FIFCO bond	CRFIFCOB0998	SCR AAA	Colones	Florida ICE & Farm Company S.A.	3-Jul-2013	3-Jul-2023	3600	400	400	Fixed	8,28%	8,41%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-2011	19-Mar-2014	1076	987	996	Fixed	8,28%	8,41%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-2011	19-Mar-2014	1076	1.000	995	Fixed	8,28%	8,46%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	12-Feb-2013	19-Mar-2014	397	406	425	Fixed	8,28%	6,75%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	12-Feb-2013	19-Mar-2014	397	100	105	Fixed	8,28%	6,75%
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	11-Feb-2013	28-Jan-2015	707	160	164	Fixed	8,51%	7,22%
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	22-Feb-2013	28-Jan-2015	696	500	515	Fixed	8,51%	7,12%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	3-Oct-2012	23-Sep-2015	1070	500	498	Fixed	10,58%	10,84%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	2-Oct-2012	23-Sep-2015	1071	500	498	Fixed	10,58%	10,84%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	4-Feb-2013	23-Mar-2016	1129	500	528	Fixed	8,74%	7,83%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	12-Feb-2013	23-Mar-2016	1121	500	533	Fixed	8,74%	7,53%
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	27-Mar-2013	22-Jun-2016	1165	500	565	Fixed	10,58%	6,98%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	19-Feb-2013	28-Jun-2017	1569	170	185	Fixed	9,89%	7,84%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	1-Mar-2013	28-Jun-2017	1557	675	743	Fixed	9,89%	7,58%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	8-Feb-2013	27-Sep-2017	1669	500	583	Fixed	11,04%	7,74%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	12-Feb-2013	27-Sep-2017	1665	500	583	Fixed	11,04%	7,75%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	19-Feb-2013	27-Sep-2017	1658	500	584	Fixed	11,04%	7,76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	4-Mar-2013	24-Jan-2018	1760	1.000	1.048	Fixed	8,74%	7,76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	5-Mar-2013	24-Jan-2018	1759	1.500	1.573	Fixed	8,74%	7,57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	500	524	Fixed	8,74%	7,57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	1.000	1.048	Fixed	8,74%	7,77%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-2012	28-Mar-2018	1975	500	494	Fixed	11,13%	11,46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	165	194	Fixed	11,13%	7,88%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	300	353	Fixed	11,13%	7,87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	500	588	Fixed	11,13%	7,87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	125	147	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	286	336	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	350	411	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	500	588	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7,82%	7,58%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7,82%	7,58%
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	11-Feb-2013	27-Mar-2019	2206	120	131	Fixed	9,20%	7,94%
Central Bank bond	CRG0000B59G3	***	Colones	Government	27-Mar-2013	23-Dec-2020	2786	500	542	Fixed	8,97%	7,88%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	***	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1065	286	281	Fixed	7,47%	8,70%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	***	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1065	500	491	Fixed	7,47%	8,70%
Monetary stabilization bond - fixed rate	CRBCCR0B3827	***	Colones	Banco Central de Costa Rica	4-Feb-2013	9-Dec-2015	1025	500	513	Fixed	8,28%	7,71%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	395	435	Fixed	9,20%	7,98%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	250	275	Fixed	9,20%	7,99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	155	171	Fixed	9,20%	7,99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	20	22	Fixed	9,20%	8,00%
<b>Total investments</b>							€	<b>24.818</b>	<b>25.955</b>			
								US\$	<b>3.131</b>	<b>3.235</b>		
<b>Instrument</b>	<b>ISIN</b>	<b>Risk rating</b>	<b>Currency</b>	<b>Issuer</b>	<b>Purchase date</b>	<b>Maturity □</b>	<b>Term</b>	<b>Face value</b>	<b>Value traded</b>	<b>Rate</b>	<b>Coupon</b>	<b>Net return</b>
Bond	CRBCACOB1181	AA(cri)+	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-13	29-Jan-18	1780 \$	500	504	Fixed	4,70%	4,69%
Recopie standardized bond	CRRECOPB0012	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petroleo	7-Dec-12	5-Dec-22	3598	1000	1.017	Fixed	5,50%	5,27%
Recopie standardized bond	CRRECOPB0020	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petroleo	5-Apr-13	3-Apr-28	5398	500	500	Fixed	5,85%	5,84%
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	11-May-09	20-Mar-14	1749	613	629	Fixed	6,55%	6,13%
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	9-Mar-10	20-Mar-14	1451	498	557	Fixed	6,55%	4,18%
Costa Rican external debt bond	USP3699PAA59	***	U.S. dollars	Government	12-Jan-11	1-Aug-20	3439	20	28	Fixed	10,00%	5,12%
<b>Total investments</b>								<b>US\$</b>	<b>3.131</b>	<b>3.235</b>		

\*\*\* Not rated according to SUGEVAL information

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The main characteristics of long-term financial investments for 2012 are detailed as follows:

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	As of December 31, 2012				
								Face value	Value traded	Rate	Coupon	Net return
CNFL bond	CRFLUZB0207	AAA (cri)	Colones	CNFL	4-Oct-10	30-Sep-17	2516	400	400	Fixed	10.53%	10.51%
BANHVI bond	CRBANVIB0037	F1+ (cri)	Colones	BANHVI	15-Apr-10	07-Apr-15	1792	500	504	Variable	10.50%	10.32%
MADAP bond	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	13-Jan-11	09-Dec-15	1766	318	318	Variable	9.40%	9.63%
BCR bond	CRBCR00B2760	AA (cri)+	Colones	Banco de Costa Rica	28-Apr-11	14-Jun-13	766	1.000	1.074	Fixed	10.12%	8.14%
BSJ bond	CRBSJ00B1608	SCR AAA	Colones	BAC	28-Jun-12	27-Mar-14	629	500	500	Fixed	10.85%	10.85%
INC (HOLCIM) bond	CRINC00B0126	AAA (cri)	Colones	Instituto Costarricense del Cemento y del Concreto	7-May-12	02-May-14	715	350	351	Variable	10.35%	10.29%
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	FIFCO	8-Nov-12	06-Nov-17	1798	500	500	Fixed	11.27%	11.25%
Bond	CRBPROMB1169	SCR AA +	Colones	Banco Promerica	5-Oct-12	03-Oct-14	718	300	300	Fixed	12.50%	12.47%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.66%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.68%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.68%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	BCCR	4-Mar-11	19-Nov-14	1065	286	281	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	BCCR	4-Mar-11	19-Nov-14	1065	500	491	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3496	Country risk	Colones	BCCR	6-Apr-11	03-Jul-13	807	1.000	1.000	Fixed	7.06%	7.91%
Central Bank bond	CRG0000B45G2	Country risk	Colones	Government	12-Jan-11	27-Mar-13	795	1.000	1.061	Fixed	9.84%	8.14%
Central Bank bond	CRG0000B45G2	Country risk	Colones	Government	14-Jan-11	27-Mar-13	795	1.000	1.062	Fixed	9.84%	8.11%
Central Bank bond	CRG0000B45G2	Country risk	Colones	Government	14-Jan-11	27-Mar-13	795	300	318	Fixed	9.84%	8.16%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-11	19-Mar-14	1076	1.000	996	Fixed	8.28%	8.41%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-11	19-Mar-14	1076	1.000	995	Fixed	8.28%	8.46%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	12-Jan-11	28-Jun-17	2326	1.000	1.023	Fixed	9.89%	9.45%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	3-Oct-12	23-Sep-15	1070	500	498	Fixed	10.58%	10.84%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	2-Oct-12	23-Sep-15	1071	500	498	Fixed	10.58%	10.84%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	8-Oct-12	23-Mar-16	1245	500	465	Fixed	8.74%	11.36%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-12	28-Mar-18	1975	500	494	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	24-Oct-12	28-Mar-18	1954	1.000	994	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B93G2	Country risk	Colones	Government	24-Oct-12	21-Dec-22	3657	1.000	1.011	Fixed	11.50%	11.97%
<b>Total investments</b>								€	<b>16.454</b>			

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Rate	Coupon	Net return
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	11-May-09	20-Mar-14	1749	613	628	Fixed	6.55%	6.13%
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	09-Mar-10	20-Mar-14	1451	498	557	Fixed	6.55%	4.18%
Costa Rican external debt bond	USP3699PAA59	***	U.S. dollars	Government	12-Jan-11	01-Aug-20	3439	20	28	Fixed	10.00%	5.12%
Recope standardized bond	CRRECOPB0012	AAA (cri)	U.S. dollars	RECOPE	07-Dec-12	05-Dec-22	3598	1.000	1.017	Fixed	5.50%	5.27%
<b>Total investments</b>								US\$	<b>2.131</b>			

\*\*\* Not rated according to SUGEVAL information

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 9. Cash Due from Banks**

Cash due from banks is detailed as follows:

Banks	As of September, 30 2013	As of December, 31 2012
<b><u>ICE Group</u></b>		
Public and private entities	¢ 13.269	8.262
<b>Total ICE Group</b>	<b>¢ 13.269</b>	<b>8.262</b>

**Note 10. Notes and Accounts Receivable**

Notes receivable on the short and long term are detailed as follows:

	As of September 30, 2013		As of December 31, 2012	
	Long-term	Short-term	Long-term	Short-term
<b><u>ICE:</u></b>				
Loan to autonomous entities	¢ 7.048	-	7.075	-
Private people	-	1.214	-	799
Others	58	193	120	100
<b>Subtotal ICE</b>	<b>7.106</b>	<b>1.407</b>	<b>7.195</b>	<b>899</b>
<b><u>CNFL:</u></b>				
Central Valley wind power project -				
Principal	1.459	201	1.579	203
In legal collections	-	108	-	108
Payment arrangements	-	95	-	67
Other	4	39	6	15
<b>Subtotal CNFL</b>	<b>1.463</b>	<b>443</b>	<b>1.585</b>	<b>393</b>
<b>Total Group ICE</b>	<b>¢ 8.569</b>	<b>1.850</b>	<b>8.780</b>	<b>1.292</b>

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**(1) Loan to Autonomous Entities.**

Payment arrangement for accounts receivable from the 911 Emergency System by ICE. By means of an inter-institutional agreement between the Costa Rican Electric Company (ICE) and the 911 Emergency System, the “Agreement to Pay Accounts Receivable from the 911 Emergency System by ICE” was entered into on December 21, 2012. Such agreement acknowledged and accepted the debt, as well as the formal execution of the “Payment Arrangement” by the 911 Emergency System to settle such debt. As of September 30, 2013 the debt is equivalent to ¢4.784.

In accordance with the note receivable on the long-term note on behalf of ICE, the payment arrangement will be for a term of 10 years starting January 1, 2013, and the liability is payable by the 911 Emergency System in 16 semestral installments. A two-year grace period was established for payment of the principal and interest. The first payment is due on January 1, 2015, while the final payment is due on July 1, 2022.

In addition, ICE granted a loan to Empresa Propietaria de la Red (EPR) to repay loan IDB No. 1908 for ¢2.264, which corresponds to the two main items related to autonomous entities.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Accounts receivable from services rendered and accounts receivable from non-trade services are detailed as follows:

Accounts receivable services rendered	As of September 30, 2013	As of December 31, 2012
<b><u>ICE:</u></b>		
Private people	69.235	48.387
Electric cooperatives and municipal companies of electric distribution	14.124	9.768
Operators and suppliers of services	5.507	9.808
Telephone administrations	5.632	9.441
Public offices	7.713	5.750
Selling of devices (terminals)	384	243
<b>Subtotal ICE</b>	<b>102.595</b>	<b>83.397</b>
<b><u>CNFL:</u></b>		
Electric services consumers	25.891	18.274
Electric services government	1.298	864
Electric services	627	491
<b>Subtotal CNFL</b>	<b>27.816</b>	<b>19.629</b>
<b><u>RACSA:</u></b>		
Clients	3.117	3.141
Others	1.570	1.565
Accounts under judicial collection	1.807	1.006
Foreign lines	589	793
Government of Costa Rica	574	87
Accounts under payment settlement	1	1
<b>Subtotal RACSA</b>	<b>7.658</b>	<b>6.593</b>
<b>Total Group ICE</b>	<b>138.069</b>	<b>109.619</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Accounts receivable not commercial	As of September 30, 2013	As of December 31, 2012
<u>ICE:</u>		
Judicial and administrative collection	¢ 40.631	38.291
Private people (1)	30.202	30.268
Government tax	4.531	4.315
Other	3.273	3.384
Toro III (2)	965	3.214
Employees	474	251
<b>Subtotal ICE</b>	<b>¢ 80.076</b>	<b>79.723</b>
<u>CNFL:</u>		
Central Valley wind power project - Principal (3)	13.361	15
Fiscal credit sales tax	1.583	1.367
Covenants, services cleared and others	1.069	937
I.N.S. Cote Plant indemnity	1.026	2.036
Damages to electric installations	659	473
Retention 2% income tax	617	614
Commercial transactions receivable	541	1.343
Accounts receivable various	340	286
Other services rendered	270	2.192
Funds of savings and loans	200	200
Advance payment sales tax	128	85
Various services government	110	135
Officers	9	16
Social interest electricity services	-	10
Bounced checks	-	3
<b>Subtotal CNFL</b>	<b>¢ 19.913</b>	<b>9.712</b>
<u>RACSA:</u>		
Accounts receivable - others	129	1.177
Advance payment income tax	-	154
Advance payments to suppliers	9	-
Interests receivable	-	2
<b>Subtotal RACSA</b>	<b>¢ 138</b>	<b>1.333</b>
<b>Total Group ICE</b>	<b>¢ 100.127</b>	<b>90.768</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**(1) Private Individuals**

An invoice receivable from the Ministry of the Environment, Energy and Telecommunications (MINAET) is registered; such invoice is for the release of frequency bands, which are related to the termination process of the concessions to use Sub-Band E of 850 Mhz (frequency bands) for ¢3.381, advance payment to individuals for ¢11.492, which correspond to advance payments made to suppliers, receivables for uncharged services for ¢2.255 which correspond to the services provided by the different Strategic Business Units and advance payments to purchase fuel for plants amounting to ¢2.806.

**(2) Toro III**

For 2012 invoices were recorded for work progress of the construction agreement held with the Toro III Hydroelectric Project Securitization Trust; the term established for those invoices is 30 days and are non-interest bearing. This billing decreased significantly in 2013 due to the progress of the Toro III Hydroelectric Project.

**(3) Eólico Valle Central S.A.**

In September 2013, the amount of \$26,5 million was recorded as account receivable, corresponding to the difference in the purchase price for the wind plant, based on the agreements reached by the Board during Meeting #2340, article 2, subparagraph c), held on June 30, 2013 and Meeting #2344, article 2, subparagraph a), held on September 30, 2013.

The movement of the allowance for doubtful accounts is detailed as follows:

Allowance for doubtful accounts	As of December 31, 2011	Used	Recoveries	Expense	As of December 31, 2012	Used	Recoveries	Expense	As of September 30, 2013
Receivables for services rendered and non-trade receivables	¢ 37.066	(6.089)	909	3.730	35.616	(1.387)	292	2.774	37.295
<b>Total ICE Group</b>	<b>¢ 37.066</b>	<b>(6.089)</b>	<b>909</b>	<b>3.730</b>	<b>35.616</b>	<b>(1.387)</b>	<b>292</b>	<b>2.774</b>	<b>37.295</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 11. Operating Inventory**

Operating inventories according to location are as follows:

Operating inventory	As of September 30, 2013	As of December 31, 2012
San José	¢ 29.428	45.499
Limón	19.751	23.483
Puntarenas	24.769	17.758
Guanacaste	12.769	6.825
Alajuela	5.538	5.203
Cartago	3.240	7.649
<b>Subtotal ICE</b>	<b>95.495</b>	<b>106.417</b>
Reclassification to inventory for investment and other assets	(32.144)	(59.271)
<b>Total ICE Group</b>	<b>¢ 63.351</b>	<b>47.146</b>

ICE has the policy to reclassify to investment inventory those inventory items that are directly associated with investment assets and other assets.

**Allowance for Valuation of Stock at Warehouses**

The movement of the allowance for valuation of operating inventory is presented as follows.

	As of December 31,						As of September 30, 2013
	2011	Used	Expenses	2012	Used	Expenses	
<b>ICE:</b>							
Allowance for valuation of inventory	¢ 7.236	(2.324)	1.015	5.927	(2.310)	0	3.617
<b>Total ICE Group</b>	<b>¢ 7.311</b>	<b>(2.499)</b>	<b>1.164</b>	<b>5.976</b>	<b>(2.331)</b>	<b>25</b>	<b>3.670</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

In addition to operating inventory and investment inventory, ICE Group keeps material and equipment under custody, as follows:

Materials and equipment held in custody	As of September 30, 2013	As of December 31, 2012
Terminals and other devices	¢ 16.273	3.016
Spare parts not in warehouse custody	390	951
Subscriber identification cards	236	(19)
Telephones for the disabled	6	6
<b>Total ICE Group</b>	¢ <b>16.905</b>	<b>3.954</b>

**Terminals and Other Devices**

In September 2013, movements were recorded in the amount of ¢14.411, corresponding to their receipt at the warehouses and transfer to the custody center for mobile terminals for their respective commercialization.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 12. Short Term Investments**

Short-term investments are detailed as follows:

				As of September 30, 2013					
	Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months			
<b>ICE Electricity</b>									
<b>Uncommitted:</b>									
<i>Available-for-sale</i>	Colones	Banco de Costa Rica	Investment funds	€ 8.737	-	-57%-4.08%	Demand		
		National Insurance Institute (INS)	Investment funds	6.468	-	3.12%-3.95%	Demand		
		Banco Central de Costa Rica	Monetary Stabilization Bond	2.497	2.500	4.36%-4.61%	Sept 2013 to Oct 2013		
		Repurchase operations	Repurchase operations	10.635	10.673	4.70%-5.13%	Sept 2013 to Oct 2013		
		SAFI BAC San José	BAC SAN JOSÉ Liquidez C N D	50	-	2.46%	Demand		
	Banco Popular	SAFI Banco Popular	4	-	2.63%	Demand			
	US Dólares	Banco de Costa Rica	Investment funds	\$ 1.644	-	1.31%	Demand		
		Banco Internacional de Costa Rica	Overnight	13.221	-	0.20%	Demand		
	<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	Term certificate of deposit	8.235	8.235	3.00%	Sept 2013 to Oct 2013	
		Dólares	Banco Internacional de Costa Rica -Miami	Term certificate of deposit (over the counter)	12.578	12.731	2.75%	May 2013 to Nov 2013	
		Scotiabank de Costa Rica	Term certificate of deposit	2.516	2.546	3.25%	May 2013 to Nov 2013		
Dólares		Banco de Soluciones BANSOL de Costa Rica, S.A.	Term certificate of deposit (over the counter)	1.258	1.273	5.30%	May 2013 to Nov 2013		
		Lafise	Term certificate of deposit (over the counter)	1.006	1.018	5.10%	May 2013 to Nov 2013		
<b>Subtotal ICE Electricity</b>			€	<b>68.849</b>					
<b>ICE Telecom</b>									
<b>Committed:</b>									
<i>Held-to-maturity</i>	US Dólares	Banco de Soluciones BANSOL de Costa Rica, S.A.	Term certificate of deposit (over the counter)	€ 1.107	1.120	5.10%	May 2013 to Nov 2013		
<b>Uncommitted:</b>									
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Term certificate of deposit	13.100	13.100	5.19%-8.68%	May 2013 to Jul 2014		
		Banco de Costa Rica	Investment funds	6.264	-	3.57%-4.08%	Demand		
		Banco de Costa Rica	Term certificate of deposit	8.182	8.182	3.00%-7.49%	Jun 2013 to Aug 2014		
		Government	Fixed-rate Central Bank bond	1.500	1.500	5.82%-6.10%	May 2013 to Mar 2014		
		Government	Zero-coupon Central Bank global bond	5.837	5.837	4.65% - 5.46%	Aug 2013 to Aug 2014		
		National Insurance Institute (INS)	Investment funds	1.407	-	3.12%-3.95%	Demand		
		Banco Popular y de Desarrollo Comunal	Investment funds	1	-	2.63%	Demand		
		Banco Popular y de Desarrollo Comunal	Term certificate of deposit	8.497	8.497	5.61%-8.33%	Mar 2013 to Aug 2014		
		Banco Central de Costa Rica	Monetary Stabilization Bond	5.851	6.000	4.65% - 5.46%	Aug 2013 to Aug 2014		
		Banco CITIBANK (CMB COSTA RICA)	Term certificate of deposit	3.250	3.250	4.78% - 6.14%	Jul 2013 to Jul 2014		
		Banco Crédito Agrícola de Cartago	Term certificate of deposit	6.360	6.360	5.87%-10.67%	Oct 2012 to Aug 2014		
		Banco BAC San José, S.A.	Term certificate of deposit (global bond)	3.206	3.206	6.04% - 6.25%	May 2013 to Jun 2014		
		SAFI BAC San José	BAC SAN JOSÉ Liquidez C N D	50	-	2.46%	Demand		
		Repurchase operations	Repurchase operations	7.333	7.333	3.30%-5.17%	Aug 2013 to Oct 2013		
		Scotiabank de Costa Rica	Investment funds	1.128	-	3.15%	Demand		
		Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	Bond	300	300	6.10%	Jul 2013 to Mar 2014		
		Banco Lafise	Term certificate of deposit (global bond)	1.000	1.000	10.99%	Nov 2012 to Nov 2013		
		Mutual Cartago de Ahorro y Préstamo	Mortgage participation certificate	1.275	1.275	6.14% - 6.24%	Aug 2012 to Sept 2014		
		<i>Held-to-maturity</i>	US Dólares	Banco de Costa Rica	Investment funds	1.232	-	1.31%	Demand
				Banco Internacional Costa Rica	Overnight Tele. # 104600328 BICSA \$	1.332	-	0.20%	Demand
				Banco Crédito Agrícola de Cartago	Bond	252	255	3.68%	Feb 2013 to Jan 2014
				Instituto Nacional de Seguros	Investment funds	1.511	-	1.37%	Demand
		<i>Held-to-maturity</i>	Colones	BANHVI	Term certificate of deposit	2.350	2.350	3.00%	Jan 2013 to Jan 2014
		<i>Held-to-maturity</i>	US Dólares	Banco Internacional de Costa Rica	Term deposit - BICSA, Miami branch	1.006	1.018	2.00%	Sept 2013 to Mar 2014
		<b>Subtotal ICE Telecom</b>			€	<b>83.331</b>			
<b>Subtotal ICE</b>			€	<b>152.180</b>					
<b>CNFL:</b>									
<i>Held-to-maturity</i>	US Dólares	Banco Nacional de Costa Rica - Dólares	Term certificate of deposit	503	1	2	91 Días		
<b>Subtotal CNFL</b>			€	<b>503</b>					
<b>CRICRSA</b>									
<i>Held-to-maturity</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.	Investment funds	14	-	-	-		
<b>Subtotal CRICRSA</b>			€	<b>14</b>					
<b>Total ICE Group</b>			€	<b>152.697</b>					

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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				As of December 31, 2012			
	Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months	
<b>ICE Electricity</b>							
<b>Uncommitted:</b>							
<i>Available-for-sale</i>	<b>Colones</b>	Banco Nacional de Costa Rica	€ 2	-	6,66%-6,90%	Demand	
		Banco de Costa Rica	2	-	6,29%-7,13%	Demand	
		National Insurance Institute (INS)	2	-	5,66%	Demand	
	<b>U.S. dollars</b>	Banco de Costa Rica	16	-	1,92%	Demand	
		Banco Internacional de Costa Rica	15.491	-	0,20%	Demand	
<i>Held-to-maturity</i>	<b>Colones</b>	Banco Central de Costa Rica	173	173	3,04%	Dec 2012 to Jan 2013	
		Banco Nacional de Costa Rica	18.941	18.941	6,00%	Dec 2012 to Jan 2013	
	<b>U.S. dollars</b>	Banco de Costa Rica	153	153	2,49%-2,50%	Dec 2012 to Jan 2013	
<b>Subtotal ICE Electricity</b>			€ 34.780				
<b>ICE Telecom</b>							
<b>Committed:</b>							
<i>Held-to-maturity</i>	<b>U.S. dollars</b>	Scotiabank	1.120	1.120	3,80%	Nov 2012 to May 2013	
<b>Uncommitted:</b>							
<i>Available-for-sale</i>	<b>Colones</b>	Banco Nacional de Costa Rica	468	-	6,66%-6,90%	Demand	
		Banco Nacional de Costa Rica	7.615	7.615	8,89%-10,53%	Jan 2012 to May 2013	
		Banco de Costa Rica	533	-	6,29%-7,13%	Demand	
		Banco de Costa Rica	3.000	3.000	9,00%-10,05%	Oct 2011 to Jul 2013	
		Banco de Costa Rica	880	887	9,39%-10,89%	May 2012 to Jul 2013	
		Government	8.731	9.000	8,64%-9,14%	May 2012 to Jun 2013	
		National Insurance Institute (INS)	73	-	5,66%	Demand	
		Banco Popular y de Desarrollo Comunal	2	-	5,52%	Demand	
		Banco Popular y de Desarrollo Comunal	995	1.000	11,91%	Oct 2012 to Jul 2013	
		BCCR	971	1.000	8,73%	May 2012 to May 2013	
		Banco Crédito Agrícola de Cartago	1.400	1.400	10,45%-10,67%	Jul 2012 to Oct 2013	
		Repurchase operations	23.401	23.714	3,30%-8,11%	Nov 2012 to May 2013	
		Scotiabank	56	-	5,56%	Demand	
		CABEI	500	500	9,42%	Jun 2012 to Dec 2012	
		Banco Lafise, S.A.	1.000	1.000	10,99%	Nov 2012 to Nov 2013	
		Mutual Cartago de Ahorro y Préstamo	250	250	12,00%	Aug 2012 to Aug 2013	
	<b>U.S. dollars</b>	Banco de Costa Rica	9	-	1,92%	Demand	
		Government	509	509	3,46%-3,51%	Oct 2012 to Aug 2013	
		Banco de Costa Rica	518	519	3,10%	Aug 2012 to Feb 2013	
		Banco Internacional de Costa Rica	5.588	5.588	0,20%	Demand	
		Banco Crédito Agrícola de Cartago	255	255	3,90%	May 2012 to May 2013	
		Repurchase operations	9.680	9.729	2,50%-3,90%	Nov 2012 to Feb 2013	
		Mutual Cartago de Ahorro y Préstamo	509	509	3,77%	Oct 2012 to Apr 2013	
		Cariblanco Securitization Trust	322	321	4,44%-4,45%	Dec 2012 to Sep 2013	
<i>Held-to-maturity</i>	<b>Colones</b>	Banco Nacional de Costa Rica	8.415	8.415	6,00%	Dec 2012 to Jan 2013	
		BANHVI	2.245	2.245	8,56%	Jul 2012 to Jan 2013	
		Banco de Soluciones Bansol de Costa Rica, S.A.	500	500	10,00%	Nov 2012 to May 2013	
	<b>U.S. dollars</b>	Banco de Costa Rica	8.148	8.148	2,76%	Dec 2012 to Jan 2013	
		Banco Internacional de Costa Rica	1.018	1.018	2,00%	Sep 2012 to Mar 2013	
		Banco CMB (Citibank)	10.185	10.185	4,00%	Dec 2012 to Feb 2013	
		Banco Lafise, S.A.	2.037	2.037	3,75%	Oct 2012 to Jan 2013	
<b>Subtotal ICE Telecom</b>			€ 100.933				
<b>Subtotal ICE</b>			135.713				
<b>CNFL:</b>							
<i>Held-to-maturity</i>	<b>Colones</b>	Banco Nacional de Costa Rica	59	-	7,26%	45 days	
	<b>U.S. dollars</b>	BCCR	102	-	2,96%	1 month	
		Government	356	-	3,15%	1 month	
		Government	106	-	2,91%	1 month	
		Government	107	-	2,92%	1 month	
		Government	300	-	3,10%	1 month	
		Government	560	-	3,15%	1 month	
		Government	145	-	3,06%	1 month	
		Banco de Costa Rica - US\$	96	-	3,61%	1 month	
		Government	204	-	3,38%	1 month	
		Banco de Costa Rica - US\$	509	-	1,75%	17 days	
<b>Subtotal CNFL</b>			2.544	-			
<b>RACSA:</b>							
<i>Held-to-maturity</i>	<b>Colones</b>	Banco de Costa Rica	200	200	5,35%	Nov 2012 to Jan 2013	
		Banco de Costa Rica	200	200	5,60%	Dec 2012 to Jan 2013	
<b>Subtotal RACSA</b>			400				
<b>CRICRSA:</b>							
<i>Available-for-sale</i>	<b>Colones</b>	BN Sociedad de Fondos de Inversión, S.A.	14	-	-	-	
<b>Subtotal CRICRSA</b>			14	-			
<b>Total ICE Group</b>			€ 138.671	-	-	-	

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Valuation of Investments**

The accounting treatment of short-term investments is performed according to the analysis of each instrument, which involves the determination of nominal values, interests, premiums, discounts, and transaction costs. These last items, as with the premiums and discounts, are amortized according to the effective interest method.

The available-for-sale investments are valued at the market price, using the price vector from the company *Proveedor Integral de Precios Centroamérica* (PIPCA), and the effect of valuation at market price for the investments available for sales are included in the equity section, in the account called “Results of the Valuation of Financial Instruments,” until the moment in which the instrument is written off.

As of September 30, 2013 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of ¢2139 (¢906 in December 2012), which is presented as part of the entry “Results of the Valuation of Financial Instruments”, in the equity section.

**Note 13. Restricted-Use Funds**

The assets with restrictions regarding availability, as they are allocated for specific uses, are detailed below:

Restricted funds	As of September 30, 2013	As of December 31, 2012
<b>Guarantees received from third parties:</b>		
In U.S. dollars, account No. 164475-0	¢ 761	540
In U.S. dollars, account No. 192916-0	233	292
In colones, account No. 192915-1	157	162
In colones, account No. 58166-6	164	84
<b>Specific purpose funds</b>		
BCR Platinum - Bonds	516	1
BCR Platinum (¢) - Cash for payments of ICE services	132	3,764
BNCR Gold - Cash for amortization of short-term debt	73	5,210
<b>Total ICE Group</b>	¢ <b>2.036</b>	<b>10.053</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 14. Prepaid Expenses**

Prepaid expenses are detailed as follows:

Prepaid expenses	As of September 30, 2013	As of December 31, 2012
<b><u>ICE:</u></b>		
Mobile terminals and devices (4)      ¢	30.402	22.825
Use agreements (1)	16.105	19.000
Fuel (3)	11.669	15.460
U-500 insurance policy, net (2)	6.704	4.128
All-risk insurance policy - construction	4.531	606
Canon	79	-
Sundry policies	13	24
Stationery	-	377
<b>Subtotal ICE</b>	<b>69.503</b>	<b>62.420</b>
<b><u>CNFL:</u></b>		
U-500 insurance policy, net	722	209
Sundry policies	449	228
<b>Subtotal CNFL</b>	<b>1.171</b>	<b>437</b>
<b><u>RACSA:</u></b>		
Yellow pages (5)	2.609	2.253
Others	49	31
National Insurance Institute (INS) - vehicles	2	4
U-500 insurance policy, net	119	59
Vacation	16	47
<b>Subtotal RACSA</b>	<b>2.795</b>	<b>2.394</b>
<b>Total ICE Group</b>	¢ <b>73.469</b>	<b>65.251</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

U-500 insurance policy	As of September 30, 2013	As of December 31, 2012
<b><u>ICE:</u></b>		
Opening balance	¢ 4.128	
Amount of premium	10.757	10.114
Amortization of premium	(8.181)	(5.986)
<b>Subtotal ICE</b>	<b>6.704</b>	<b>4.128</b>
<b><u>CNFL:</u></b>		
Opening balance	209	
Amount of premium	1.441	1.046
Amortization of premium	(928)	(837)
<b>Subtotal CNFL</b>	<b>722</b>	<b>209</b>
<b><u>RACSA:</u></b>		
Opening balance	59	
Amount of premium	209	307
Amortization of premium	(149)	(248)
<b>Subtotal RACSA</b>	<b>119</b>	<b>59</b>
<b>Total ICE Group</b>	<b>¢ 7.545</b>	<b>4.396</b>

(1) **Use Agreements**

On November 5, 2007, ICE and Banco de Costa Rica (trustee) entered into a Lease Agreement under a Securitization Trust to build a thermal power plant known as Garabito Thermal Power Plant (see note 31). The lease term of the aforementioned thermal power plant according to that trust is 142 months (11 years and 10 months) starting June 2010. Since the plant did not start commercial operations on the anticipated date, management of the Executing Unit of the Garabito Thermal Power Plant and ICE agreed on November 19, 2010 that ICE would begin to amortize prepaid expenses in January 2011, applying the first payment (made in June 2010) in January 2011 and so on until March 2022, which is the expiration date of the lease agreement.

After March 2022, ICE may continue to use the asset for an additional seven months.

(Continues)

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### (2) **U-500 Insurance Policy**

The U-500 all-risk policy is a replacement value agreement adjusted to the ICE's requirements that covers all risks of physical damage to property, such as: fire, landslides, floods, hurricanes, lightning, etc. This policy includes other types of coverage like equipment breakdown, business interruption, additional expenses, inland transit, robbery, wire theft, debris removal, errors and omissions, construction work in progress, sabotage, terrorism and catastrophic risks, among others.

### (3) **Fuels**

In 2012, the Public Services Regulatory Authority (ARESEP), according to Resolution 977-RCR-2012 of November 2, 2012, partially approved the request filed by ICE for the recognition through rate adjustments of fuel and additional expenses for the first half of 2012. Those expenses for a total of ¢19.225, were not recognized in the rate approved in ARESEP's prior ruling. Of that amount, ICE recovered ¢3.765 while the outstanding amount of ¢15.460 corresponds to lags in the recognition of fuel and expenses in 2012. According to the ARESEP's Resolution No. RJD-003-2013 issued on February, 2013, said delays must be recognized by means of rate adjustments no later than July 1, 2013, in quarterly payments; therefore, there is a balance pending recognition of ¢11.669 under "Prepaid expenses" as of September 30, 2013.

### (4) **Mobile Terminals and Devices**

In 2012, the corresponding accounting policy was amended. The change involved recognizing as a prepaid expense the cost of mobile terminals that are free of charge or sold for a discounted price with post-paid mobile telephony plans. The prepaid expense will be recognized as an expense based on the term of the plan, in order to present a matching of income, and when the service is canceled or the plan is changed.

In compliance with accounting regulations currently in effect, since this situation involves a change in the accounting policy, the effect of the adjustment was recognized retrospectively in the consolidated financial statements for the affected periods (see note 2 (e)).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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Prepaid expenses include premiums for insurance policies which coverage is detailed as follows:

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of September 30, 2013	As of December 31, 2012
<b>ICE:</b>				
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative and technical buildings (central offices, blocks A - B, and block C (Procurement Department), PySA building, and Power Control Center), warehouses, telephone exchanges, shelters, base stations, electricity agencies, telephone agencies, Comprehensive Customer Service Center (CAIC), power generation centers, power transformers, autotransformers, and mobile transformers.	3.133.978	3.191.787
02 01 INS 613 00	Construction and assembly works all-risk insurance. Covers tremors, earthquakes, volcanic eruptions, cyclones, hurricanes, hail, tempests, windstorms, floods, water overflow, seaquake, mud silting, testing period, civil liability, adjacent property, and debris removal.	Project to expand Cahí	64.319	65.506
G-9312	Construction and assembly works all-risk basic liability insurance. Covers direct damage as a result of earthquake, volcanism, seaquake, tempest, cyclone, rising floodwaters, flood, landslide, extended maintenance, and debris removal.	Toro III Hydroelectric Project	-	61.046
0201 TRC 0196	Construction and assembly works all-risk basic direct damage, earthquake, volcanism, seaquake, tempest, cyclone, rising floodwaters, flood, landslide, extended maintenance, and debris removal. Civil liability, delay in start-up, transportation, sabotage, and terrorism	Reventazón Hydroelectric Project	508.657	-
Local Transportation for Mobile Terminals	Means of transportation risks (covers loss of transported goods on route); accidents in the means of transportation as a result of: accidental fall on curbs, cliffs, precipices, rivers, lagoons, and oceans, collision and/or accident of the means of transportation against a fixed or moving object, animals, or people, fire, lightning, cyclones, earthquakes, tremors, overturn or fall of container, collision against moving or fixed objects, animals, or people provided they are fastened to the chassis or platform. This insurance was underwritten in December 2012.	Mobile terminals transported on ICE's vehicles to different points of sale for marketing purposes	35.065	-
0201INC0004621 Customs Warehouse and Bonded Warehouse	Covers direct physical damage, recovery value of fixed assets, assault, automatic coverage for new goods, errors and omissions, loading and unloading, replacement of accounting books, technical and professional fees, automatic reinstatement of insured amount in the event of loss (not applicable to catastrophic risk or robbery), extraordinary expenses, reconstruction of electronic files, multiple location, fire extinguishment expenses, goods in custody, and control over the insured good.	Goods imported by ICE and in custody of the bonded warehouse	1.753	2.551
0101CGM7800 (55000)	Covers inland, maritime, and air transport of materials acquired by ICE through temporary import and/or export permits issued worldwide, as follows: A. All risk; C. Named-risk; D. War; and E. Strike.	All imported materials	1.027	1.028
02 01 EQE-0000335-00 Electronic Equipment All Risk LIDAR	Covers all risks of loss or damage and collision and/or overturn of a vehicle transporting insured assets (mobile or portable equipment), as follows: R. Direct damage to electronic equipment.	LIDAR electronic equipment and vehicle where it is installed	473	482
AUM-052	Covers vehicles for personal use assigned to ICE's senior management, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Senior management vehicles	31	151

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Type of policy	Type of coverage	Insured assets	Amount insured	
			As of September 30, 2013	As of December 31, 2012
0201VAG134-00 Travelers in Dollars	Covers personal accident (death, dismemberment, total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), and daily costs of a hospital stay. Exchange rate \$516.41, amount of insurance US\$21,530.96	Officers traveling abroad	25	161
01-01-ACG-245-01 Collective Accident	Covers accidental death, permanent disability, and medical expenses.	Non-employee passengers in ICE vehicles	20	40
0201INS000062 Civil Liability, General Global Crossing	General civil liability that covers bodily injury or death of third parties and damage to third party property as combined single limit civil liability and total limit civil liability per year, related to activities, property, and legal actions filed abroad.	Civil liability arising from activities and property while providing international interconnection access service, MSM access points, and equipment maintenance and/or operation in the Global Crossing building located in Los Angeles (USA).	13	13
Basic Collective Accident, 01ACG264	Covers accidental death, total and permanent disability, and medical expenses for accident.	Employees of ICE's Institutional Protection and Security Office	11	11

CNFL:

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of September 30, 2013	As of December 31, 2012
U-500 currently ING-008	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative buildings, hydroelectric power plants, and substations. Amount insured expressed in U.S. dollars.	289.463	255.665
AUM-144	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons and C: Umbrella liability or excess liability for damages to third party property.	CNFL's vehicle fleet	6.060	5.622
Maritime 11955	Maritime Cargo Insurance	Imports	1.455	1.450
AUM-172	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Vehicles (insurable interest)	167	166
FCP-0000041-00	Fidelity Guarantee Insurance		50	50
EQC-3868	Contractor's Equipment Insurance	Forklifts and tractors	50	50

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**RACSA:**

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of September 30, 2013	As of December 31, 2012
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; and civil liability.	RACSA's central buildings (Buildings A, B, and C located at the intersection of Avenida 5 and Calle 1) and the office furniture and equipment, and electronic and telecommunications equipment contained therein; inventories in warehouses (supplies and electronic and telecommunications equipment); and the RACSA-ZURQUI Teleport buildings (located in Calle Blancos) and their contents.	74.904	75.198
AUM-0502-06 - RACSA	Covers company vehicles, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision and/or overturn; F: Robbery and/or theft; and H: Additional risks.	Vehicle fleet	183	203
EQE 0009580 Electronic Equipment- RACSA	Mobile and/or portable equipment all-risk insurance, as follows: E: Risks of loss or damage to mobile and/or portable equipment and R: Direct damage to electronic equipment and collision and/or overturn of a vehicle transporting insured assets.	Sales force laptops	28	28
Collective Traveler OCI0001137-RACSA	Covers personal accident (death, loss of limb(s), total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), daily costs of a hospital stay, lost luggage, and lost passport.	Employees traveling abroad	25	26
INC-0256115-17 Fire - RACSA	Insurance against accidental fire or lightning strike, sundry risks, flood, landslide, and convulsions of nature.	El Cerrito Farm storehouse	28	28
EQC- 0004970 Contractor Equipment- RACSA	Insurance against: E: Direct damage including losses to the equipment caused by collision, accidental overturn, accidental fire, lightning strike, and transport of the equipment by other means; and L: Combined Single Limit Civil Liability.	El Cerrito Farm tractor	10	10

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 15. Service Agreements**

The main service agreements entered into with third parties are detailed as follows:

Contracts for services	As of September 30, 2013	As of December 31, 2012
<b><u>ICE:</u></b>		
Proyecto Hidroeléctrico Reventazon      ¢	24.796	-
Toro III Hydroelectric Project	(451)	8.410
Others	302	345
<b>Sub total Group ICE</b>	<b>24.647</b>	<b>8.755</b>
Elimination of institutional services	6	-
<b>Total Group ICE</b> ¢	<b>24.641</b>	<b>8.755</b>

**Reventazón Hydroelectric Project**

This project will be built by ICE under a Trust referred to as “UNO P.H. Reventazón” entered into by ICE and Banco Scotiabank. Through this instrument, ICE plans to obtain the resources necessary to complete the works of the plant with a capacity of 305,5 megawatts (MW).

Reventazón Hydroelectric Project is located in the intermediate watershed of Río Reventazón, about 8 km southwest of the city of Siquirres, 38 km downstream of the restitution site of the Powerhouse of Angostura Hydroelectric Plant.

The Project will use the water from Río Reventazón and will become, when built, one of the hydroelectric plants with the highest installed capacity in the country, with a design flow of 240 m<sup>3</sup>/s.

The plant is expected to become operational at the end of 2016. The estimated cost of the works is \$1.406 million.

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 16. Design and Planning of Project Implementation**

This account includes all those costs incurred or investments made during the design and planning stage of the implementation of the following projects:

	<b>As of September 31, 2013</b>	<b>As of December 31, 2012</b>
El Diquís Hydroelectric Project (1) ¢	69.638	68.902
Borinquen Geothermic Project (2)	19.360	15.252
Transmission Verbena	6.285	-
Las Pailas II Geothermic Project	5.169	3.823
Trasmission efforts of South Centra	3.962	-
Transmission Lines	2.132	5.328
Others	1.509	1.468
<b>Sub total Group ICE</b>	<b>108.055</b>	<b>94.773</b>
Elimination of institutional services	10	-
<b>Total Group ICE</b> ¢	<b>108.045</b>	<b>94.773</b>

**(1) El Diquís Hydroelectric Project (El Diquís (PHED)):**

This project is located in the southern part of Costa Rica, and it corresponds to a project that will have power at 650 megawatts (MV) and a generation of 3,050 GWh/year. It has been declared of national interest, pursuant to Decree Number 34312-MP MINAE of the year 2008.

As of September 30, 2013, PHED includes the costs incurred prior to construction, as well as the disbursements made during the investment phase, which include design of the works and the technical, economic and financial studies in the amount of ¢68.663 (¢68.902 in 2012), necessary for completing the Feasibility Studies and the final Environmental Impact Study. PHED is in the process of completing, followed by a presentation to the National Technical Environmental Secretariat (SETENA), the Environmental Impact Study. The viability or Environmental License is necessary to begin construction, which is issued with SETENA's approval of the study.

Within the area required for PHED, there are some indigenous communities, including: China Kichá (Cabécar) and Térraba (Térraba), which use 74 and 653 hectares of their territory. However, these areas would be flooded for the construction of the project's reservoir. For this reason, legal and consultation processes have started with these indigenous communities, seeking to reach an agreement for the implementation of the Project. In the opinion of ICE's

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

Institutional Legal Division, consultations with the indigenous territories represent a binding event for granting the Environmental License required by ICE to begin the constructive stage of PHED.

PHED is currently undergoing legal proceeding, Number 11-001691-1027-CA, filed by the *Asociación de Desarrollo Integral de la Reserva Indígena de Térraba* (ADIT), with the Sixth Section of the Administrative Litigation Court requesting the nullity of Decree No. 34312-MP-MINAE of 2008 and eviction from the indigenous territories allegedly occupied by ICE. As a result of alleged cultural damages and occupation of indigenous territories by ICE, the plaintiff is seeking compensatory damages for a reasonable estimate of US\$200 (in millions) or its equivalent in colones. In the opinion of ICE's legal counsel, the defense for these cases is based on reasonable arguments; however, legal counsel is unable to predict a favorable outcome since the proceedings are in the early stages.

Through ruling 2011, the suspension of proceedings is ordered, given the existence of one unconstitutional action over the object of the hearing process. This unconstitutional action is the following:

- Action No. 08-009215-0007-CO filed by ADIT, against a number of articles of the aforementioned Decree No. 34312-MP-MINAE. As of the date of this report, judicial decisions have been pronounced on this regard, which require performing a consultative process with the communities affected by the construction of the Project. As previously informed, the outcome of this proceeding is binding for the issue of the Environmental Permit.

#### **(2) Borinquén Geothermal Project:**

The Project is located in the Guanacaste Mountain Range, on the Pacific slope of Rincón de la Vieja Volcano, and it will have an estimated power of 55 megawatts (MW).

As of September 30, 2013 the costs incurred are due to works performed for site preparation for deep drilling of the wells. It is expected that construction could begin by the end of the year 2015.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 17. Non Operating Assets**

Assets associated with those activities different from ICE Group's normal operation, as well as its respective revaluation and accumulated depreciations, are detailed as follows:

<u>Non Operating Assets</u>	As of December 31,				Additions	Retirements and transfers	As of September 31, 2013	
	<u>2011 (Restructured)</u>	Additions	Retirements and transfers	<u>2012</u>				
<b>Cost:</b>								
Land	€	22.665	798	(368)	23.096	413	14	23.523
Buildings		4.573	-	167	4.740	-	-	4.740
Land and rights of way (1)		19.166	2.652	(166)	21.652	751	(5.764)	16.639
Artwork and collector's items		82	-	(59)	23	-	-	23
Substations		3.036	-	(1.073)	1.963	-	-	1.963
Hydroelectric plants		674	-	-	674	-	-	674
General equipment		899	-	-	899	-	-	899
Surco Tico, S.A.- Forestry project		755	86	-	841	-	-	841
Other assets		146	-	-	146	-	-	146
<b>Total Group ICE</b>	<b>€</b>	<b>51.996</b>	<b>3.537</b>	<b>(1.499)</b>	<b>54.034</b>	<b>1.164</b>	<b>(5.750)</b>	<b>49.448</b>
<b>Accumulated depreciation:</b>								
Land	€	26	9	-	35	6	-	41
Buildings		113	218	146	477	173	-	650
Artwork and collector's items		22	-	(22)	-	-	-	-
Substations		120	63	-	183	47	-	230
Hydroelectric plants		100	17	-	117	13	-	130
General equipment		2	-	-	2	-	-	2
Other assets		13	1	-	14	-	-	14
<b>Total Group ICE</b>	<b>€</b>	<b>396</b>	<b>308</b>	<b>124</b>	<b>828</b>	<b>239</b>	<b>-</b>	<b>1.067</b>
<b>Revaluation:</b>								
Land	€	5.357	1.045	(38)	6.364	-	-	6.364
Buildings		880	214	177	1.271	-	-	1.271
Land and rights of way		634	-	6	640	-	(206)	434
Substations		86	48	-	134	-	-	134
Hydroelectric plants		7.178	196	-	7.374	-	-	7.374
General equipment		1	-	-	1	-	-	1
Other assets		144	13	-	157	-	-	157
<b>Total Group ICE</b>	<b>€</b>	<b>14.280</b>	<b>1.516</b>	<b>145</b>	<b>15.941</b>	<b>-</b>	<b>(206)</b>	<b>15.735</b>
<b>Accumulated depreciation revaluation:</b>								
Land	€	195	18	-	213	4	-	217
Buildings		636	35	128	799	27	-	826
Land and rights of way		-	-	6	6	-	-	6
Substations		3	6	-	9	3	-	12
Hydroelectric plants		4.982	203	-	5.185	65	-	5.250
General equipment		1	-	-	1	-	-	1
Other assets		42	5	-	47	2	-	49
<b>Total Group ICE</b>	<b>€</b>	<b>5.859</b>	<b>267</b>	<b>134</b>	<b>6.260</b>	<b>101</b>	<b>-</b>	<b>6.361</b>
<b>Total non operating assets</b>	<b>€</b>	<b>60.021</b>	<b>4.479</b>	<b>(1.612)</b>	<b>62.887</b>	<b>824</b>	<b>(5.956)</b>	<b>57.755</b>

Revaluations of non-operating assets are determined by applying the same methodology and indexes used for the operating assets.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**(1) Lands and Rights of Way.**

The acquisition of the rights of way for the construction of the facilities necessary for the production and supply of electricity and telecom services must be recorded as non-operating assets, which will be capitalized to the respective productive assets when the works are completed.

Due to this, the rights of way are transferred mainly to the following Transmission Lines: Rio Macho ¢2.485, Naranjo – Poás ¢999, Moín – Cahuita ¢299 and Rio Claro – Paso Canoas ¢213, besides the transfer to P.H Pirris ¢1.448.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 18. Intangible Assets**

Intangible assets with finite life are detailed as follows:

	As of September 30, 2013	As of December 31, 2012
<b>Licenses, systems and applications</b>		
Opening balance	¢ 72.104	61.717
Additions	14.328	22.308
Transfers	(3.355)	(533)
Retirements	(2.622)	(11.389)
Adjustments	(73)	-
<b>Subtotal cost ICE Group</b>	<b>80.382</b>	<b>72.103</b>
<b>Amortization of intangible assets</b>		
<b>Licenses, systems and applications</b>		
Opening balance	40.075	27.962
Additions	746	1.069
Amortization - expenses	9.272	14.505
Adjustments	9	(57)
Transfers	(77)	(822)
Retirements	(137)	(2.582)
<b>Subtotal amortization ICE Group</b>	<b>49.888</b>	<b>40.075</b>
<b>Net total ICE Group</b>	<b>¢ 30.494</b>	<b>32.028</b>

Amortization Method

ICE Group uses the straight line method to calculate amortization of other intangible assets as of the date they start being used, using as a reference a useful life of 3 years.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 19. Guarantee and Savings Fund (Restricted Fund)**

The Guarantee and Savings Fund for ICE Employees was created through Law 3625 of December 16, 1965. According to this law, ICE must allocate reserves and funds for the payment of occupational rights and for the personal fund, and it must continue with the contributions corresponding to an amount no less than the contributions made by the employees.

The main activity of the Guarantee and Savings fund is to grant mortgage and personal loans to the employees for housing solutions, as well as generating yields that are, in part, capitalized to savings of the contributors and, in part, paid in the annual yield distribution.

As of September 30, 2013, the balance of the employer contributions transferred by ICE Group to the Guarantee and Savings Fund is distributed as follows:

	As of Septiembre 30, 2013		As of December 31, 2012	
	Amount	%	Amount	%
<b><u>ICE:</u></b>				
Electricity	¢ 70.083	39%	65.990	39%
Telecom	97.038	54%	91.371	54%
Corporate	12.579	7%	11.844	7%
<b>Subtotal ICE</b>	<b>¢ 179.700</b>	<b>100%</b>	<b>169.205</b>	<b>100%</b>
<b><u>RACSA:</u></b>				
RACSA Guarantee and Savings Fund	2.433	100%	3.065	100%
<b>Subtotal RACSA</b>	<b>2.433</b>	<b>100%</b>	<b>3.065</b>	<b>100%</b>
<b>Total ICE Group</b>	<b>¢ 182.133</b>	<b>100%</b>	<b>172.270</b>	<b>100%</b>

From the employer's contributions, the sum of ¢102.589 correspond to the Complementary Pension Fund Plan, and ¢72.640 are allocated to the Savings Fund, according to the application of 4.5% and 6% respectively, over monthly wages for permanent employees of ICE.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 20. Amortizable Items**

Amortizable items are detailed as follows:

Cost	Term	Method	As of December 31, 2011	Liquidation	Increase	As of December 31, 2012	Liquidation	Increase	As of September 30, 2013
<b>Projects</b>									
Miravalles III Geothermal Project	180 months	Straight line	176	-	-	176	-	-	176
Electrona Belén Hydroelectric Project	480 months	Straight line	573	-	-	573	-	-	573
<b>Investment transaction costs:</b>									
Investment transaction costs	30 days	Effective interest	2	(5)	3	0	(8)	13	5
Investment transaction costs	60 days	Effective interest	-	(33)	50	17	(33)	19	3
Investment transaction costs	90 days	Effective interest	-	-	23	23	(23)	8	8
Investment transaction costs	120 days	Effective interest	-	(1)	11	10	(11)	33	32
Investment transaction costs	More than 180 days	Effective interest	361	(205)	62	218	(190)	1.166	1.194
<b>Sub total, investment and project transaction costs</b>			<b>1.112</b>	<b>(244)</b>	<b>149</b>	<b>1.017</b>	<b>(265)</b>	<b>1.239</b>	<b>1.991</b>
<b>Financing agreement fees:</b>									
A bonds	120 months	Effective interest	296	-	-	296	-	-	296
B bonds	120 months	Effective interest	358	-	-	358	-	-	358
Citibank	120 months	Effective interest	378	-	-	378	-	-	378
CABEI No. 1856	180 months	Effective interest	143	-	-	143	-	-	143
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	644	-	-	644	-	-	644
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	975	-	-	975	-	-	975
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	1.532	-	-	1.532	-	-	1.532
INS Title 1	60 months	Effective interest	90	-	-	90	-	-	90
INS Title 2	60 months	Effective interest	9	-	-	9	-	-	9
INS Title 3	36 months	Effective interest	305	(305)	-	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	834	-	-	834	-	-	834
M & T Bank	84 months	Effective interest	56	-	-	56	-	-	56
Scotiabank tranche A	36 months	Effective interest	157	-	-	157	(157)	-	-
Scotiabank tranche B	60 months	Effective interest	157	-	-	157	-	-	157
BNP Paribas A	60 months	Effective interest	33	-	-	33	-	-	33
BNP Paribas B	60 months	Effective interest	115	-	-	115	-	-	115
Hong Kong Shanghai Bank Corporation (HSBC)	60 months	Effective interest	57	-	-	57	-	-	57
Deutsche Bank Trust Company Americas	12 months	Effective interest	1	-	-	1	-	-	1
M & T Bank N°2	60 months	Effective interest	88	-	-	88	-	-	88
Nordea Export & Project Finance No.2	60 months	Effective interest	213	-	-	213	-	-	213
International issue of bonds 2043	120 months	Effective interest	-	-	-	-	(4)	166	162
International issue of bonds	120 months	Effective interest	602	-	343	945	-	-	945
<b>Sub total, financing agreement fees</b>			<b>7.043</b>	<b>(305)</b>	<b>343</b>	<b>7.081</b>	<b>(161)</b>	<b>166</b>	<b>7.086</b>
<b>Total amortizable items - Cost - ICE Group</b>			<b>€ 8.155</b>	<b>(549)</b>	<b>492</b>	<b>8.098</b>	<b>(426)</b>	<b>1.405</b>	<b>9.077</b>

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Absorption Amortizable Items	Term	Method	As of December 31, 2011	Amortizations	Liquidation	As of December 31, 2012	Amortizations	Liquidation	As of September 30, 2013
<b>Projects</b>									
Miravalles III Geothermal Project	180 months	Straight line	€ 137	12	-	149	9	-	158
Electriona Belén Hydroelectric Project	480 months	Straight line	286	15	-	301	11	-	312
<b>Investment transaction costs:</b>									
Investment transaction costs	30 days	Effective interest	3	1	(3)	1	8	(4)	5
Investment transaction costs	60 days	Effective interest	-	23	(12)	11	10	(19)	2
Investment transaction costs	90 days	Effective interest	-	14	(1)	13	7	(13)	7
Investment transaction costs	120 days	Effective interest	-	4	(1)	3	18	(4)	17
Investment transaction costs	More than 180 day	Effective interest	200	108	(169)	139	234	(141)	232
<b>Sub total, investment and project transaction costs</b>			<b>626</b>	<b>177</b>	<b>(186)</b>	<b>617</b>	<b>297</b>	<b>(181)</b>	<b>733</b>
<b>Financing agreement fees:</b>									
A bonds	120 months	Effective interest	220	80	-	301	29	-	330
B bonds	120 months	Effective interest	257	-	-	257	27	-	284
Citibank	120 months	Effective interest	193	49	-	242	30	-	272
CABEI No. 1856	180 months	Effective interest	32	8	-	40	104	-	144
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	138	40	-	178	30	-	208
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	179	58	(5)	232	55	(5)	282
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	379	118	-	497	87	(4)	580
INS Title 1	60 months	Effective interest	53	18	-	71	13	-	84
INS Title 2	60 months	Effective interest	6	2	-	8	1	-	9
INS Title 3	36 months	Effective interest	274	31	(305)	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	404	169	-	573	115	-	688
M & T Bank	84 months	Effective interest	15	8	-	23	5	-	28
Scotiabank tranche A	36 months	Effective interest	102	55	-	157	43	(200)	-
Scotiabank tranche B	60 months	Effective interest	57	31	-	88	22	-	110
BNP Paribas A	60 months	Effective interest	8	6	-	14	4	-	18
BNP Paribas B	60 months	Effective interest	27	23	-	50	16	-	66
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	11	11	-	22	8	-	30
Nordea Export & Project Finance No.2	12 months	Effective interest	45	41	-	86	28	-	114
Citibank N°2	12 months	Effective interest	-	-	(14)	(14)	-	-	(14)
M & T Bank N°2	12 months	Effective interest	17	17	-	34	12	-	46
International issue of bonds	120 months	Effective interest	3	59	-	62	49	-	111
<b>Sub total, financing agreement fees</b>			<b>2.421</b>	<b>824</b>	<b>(324)</b>	<b>2.921</b>	<b>678</b>	<b>(209)</b>	<b>3.390</b>
<b>Total amortizable items - Cost - ICE Group</b>			<b>€ 3.047</b>	<b>1.001</b>	<b>(510)</b>	<b>3.538</b>	<b>975</b>	<b>(390)</b>	<b>4.123</b>



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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**Note 21. Securities Payable (Bonds)**

A detail of the securities (debt securities) issued by ICE Group is as follows:

Securities payable	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of September 30, 2013	Long-term	Short-term
	2011	Amortization	Foreign exchange differences	Disbursements							
<b>ICE:</b>											
<b>Internal debt:</b>											
INS Security No. 1	€ 12.388	-	(217)	-	€ 12.171	-	(147)	-	€ 12.024	-	12.024
INS Security No. 2	1.230	-	(22)	-	1.208	-	(14)	-	1.194	-	1.194
INS Security No. 3	30.500	30.500	-	-	-	-	-	-	-	-	-
Series A1 bonds	50.000	-	-	-	50.000	-	-	-	50.000	50.000	-
Series A2 bonds	6.328	-	-	-	6.328	-	-	-	6.328	6.328	-
Series B1 bonds	38.874	-	(683)	-	38.192	-	(459)	-	37.733	37.733	-
Series B2 bonds	25.917	-	(455)	-	25.462	-	(306)	-	25.156	25.156	-
Series A2 bonds - 2010	28.426	-	-	-	28.426	-	-	-	28.426	28.426	-
Series B3 bonds - U.S. dollars (Electricity)	38.875	-	(683)	-	38.192	-	(459)	-	37.733	37.733	-
Series A3 bonds - colones	20.000	-	-	-	20.000	-	-	-	20.000	20.000	-
Series E1 bonds - U.S. dollars (Electricity)	30.357	-	(533)	-	29.824	-	(359)	-	29.465	29.465	-
Series A4 bonds - Telecom	10.000	-	-	-	10.000	-	-	-	10.000	10.000	-
Series A5 bonds - Electricity	20.000	-	-	-	20.000	-	-	-	20.000	20.000	-
Series A2 bonds -Electricity	15.246	-	-	-	15.246	-	-	-	15.246	15.246	-
Series E1 bonds - Electricity	8.518	-	(150)	-	8.369	-	(101)	-	8.268	8.268	-
Series A6 bonds - Electricity	18.756	-	-	-	18.756	-	-	-	18.756	18.756	-
Series E2 bonds - Electricity	64.791	-	(1.138)	-	63.654	-	(765)	-	62.889	62.889	-
Series F1 bonds	-	-	(301)	17.155	16.853	-	(202)	-	16.651	16.651	-
Series F3 bonds - U.S. dollars (Electricity)	-	-	-	5.627	5.627	-	-	-	5.627	5.627	-
Series F4 bonds - U.S. dollars (Telecom)	-	-	(273)	15.550	15.277	-	(184)	-	15.093	15.093	-
Series F4 bonds - U.S. dollars (Electricity)	-	-	(1.320)	75.158	73.838	-	(887)	-	72.951	72.951	-
<b>Subtotal internal debt - ICE</b>	<b>€ 420.206</b>	<b>30.500</b>	<b>(5.773)</b>	<b>113.489</b>	<b>€ 497.422</b>	<b>-</b>	<b>(3.882)</b>	<b>-</b>	<b>€ 493.540</b>	<b>480.322</b>	<b>13.218</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Securities payable	As of December 31,								As of September 30, 2013	Long-term	Short-term
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements			
<b>ICE:</b>											
<b>External debt:</b>											
A bonds - Credit Suisse First Boston	€ 20.733	-	(364)	-	€ 20.369	-	(245)	-	€ 20.124	-	20.124
B bonds - Credit Suisse First Boston	31.100	-	(546)	-	30.554	-	(367)	-	30.187	-	30.187
International bond issue	129.583	-	(4.550)	129.583	254.615	-	(3.060)	-	251.555	251.555	-
International bond issue 2013	-	-	-	-	-	-	(3.060)	254.615	251.555	251.555	-
<b>Other:</b>											
Premium Series A1 bonds	151	7	-	-	144	13	-	-	131	131	-
Premium Series A2 bonds	90	2	-	-	87	6	-	-	81	81	-
Premium Series B1 bonds	161	11	-	-	149	9	-	-	140	140	-
Premium Series B2 bonds	376	77	-	-	299	61	-	-	238	238	-
Series A2 bonds - 2010	8	-	-	-	8	1	-	-	7	7	-
Series B3 bonds - U.S. dollars (Electricity)	1.216	81	-	-	1.135	64	-	-	1.071	1.071	-
Premium Series A3 bonds (Electricity)	4	-	-	-	4	1	-	-	3	3	-
Premium Series E1 bonds (Electricity)	195	17	-	-	178	13	-	-	165	165	-
Premium Series E1 bonds - U.S. dollars (Electricity)	4	-	-	-	4	-	-	-	3	3	-
Premium Series A6 bonds - colones (Electricity)	1	-	-	-	1	-	-	-	1	1	-
Premium Series F3 bonds - U.S. dollars (Electricity)	-	-	-	3	3	-	-	-	3	3	-
Premium international bond issue - ICE	-	287	-	6.479	6.192	386	-	-	5.806	5.806	-
Premium Series F4 bonds - U.S. dollars (Telecom)	-	2	-	176	174	5	-	-	169	169	-
Premium Series F4 bonds - U.S. dollars (Electricity)	-	1	-	117	116	3	-	-	113	113	-
<b>Discounts:</b>											
Series A2 bonds - 2010	(612)	(17)	-	-	(595)	(35)	-	-	(560)	(560)	-
Series A3 bonds (Electricity)	(94)	(6)	-	-	(88)	(5)	-	-	(83)	(83)	-
Series A4 bonds (Telecom)	(25)	(3)	-	-	(20)	(2)	-	-	(18)	(18)	-
Series A2 bonds (Electricity)	(440)	(13)	-	-	(427)	(26)	-	-	(401)	(401)	-
Series E2 bonds - U.S. dollars (Electricity)	(207)	(10)	-	-	(198)	(8)	-	-	(190)	(190)	-
Series F1 bonds	-	(23)	-	(244)	(221)	(23)	-	-	(198)	(198)	-
Series F4 bonds - U.S. dollars	-	(2)	-	(188)	(186)	(4)	-	-	(182)	(182)	-
Series International bonds 2013	-	-	-	-	-	(11)	-	(4.178)	(4.167)	(4.167)	-
<b>Subtotal external debt - ICE</b>	<b>€ 182.244</b>	<b>411</b>	<b>(5.460)</b>	<b>135.926</b>	<b>€ 312.298</b>	<b>450</b>	<b>(6.732)</b>	<b>250.437</b>	<b>€ 555.553</b>	<b>505.242</b>	<b>50.311</b>
<b>Standardized commercial paper</b>											
Standardized commercial paper Series C1, C2 and D1 (6)	-	27.068	-	27.147	78	78	-	-	-	-	-
<b>Subtotal short-term securities payable - ICE</b>	<b>-</b>	<b>27.068</b>	<b>-</b>	<b>27.147</b>	<b>78</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subtotal securities payable - ICE</b>	<b>602.450</b>	<b>57.979</b>	<b>(11.233)</b>	<b>276.562</b>	<b>€ 809.798</b>	<b>528</b>	<b>(10.614)</b>	<b>250.437</b>	<b>€ 1.049.093</b>	<b>985.564</b>	<b>63.529</b>
<b>CNFL:</b>											
<b>Internal debt:</b>											
Series B1 bonds	14.996	-	-	4	15.000	-	-	-	15.000	15.000	-
Series B2 bonds	14.600	-	-	-	14.600	-	-	-	14.600	14.600	-
Series B3 bonds	-	-	-	12.000	12.000	-	-	-	12.000	12.000	-
Series B4 bonds	-	-	-	-	-	-	-	10.300	10.300	10.300	-
<b>Subtotal CNFL</b>	<b>29.596</b>	<b>-</b>	<b>-</b>	<b>12.004</b>	<b>41.600</b>	<b>-</b>	<b>-</b>	<b>10.300</b>	<b>51.900</b>	<b>51.900</b>	<b>-</b>
<b>Total ICE Group</b>	<b>€ 632.046</b>	<b>57.979</b>	<b>(11.233)</b>	<b>288.566</b>	<b>€ 851.398</b>	<b>528</b>	<b>(10.614)</b>	<b>260.737</b>	<b>€ 1.100.993</b>	<b>1.037.464</b>	<b>63.529</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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(In millions of colones)

The characteristics of these debt bonds are detailed as follows:

Securities payable									
Creditor	Instrument	Currency	Interest rate	Type of rate	Load	Contract date	Maturity date	As of September 30, 2013	As of December 31, 2012
<b>ICE:</b>									
<b>Bonos colones:</b>									
Series A1 bonds	Standardized bonds	Colones	12.25%	Variable	-	30-Sep-09	30-Sep-21	50.000	50.000
Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	6.328	6.328
Series A2 bonds - 2010	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	28.426	28.426
Series A2 bonds - 2011	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	15.246	15.246
Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	20.000	20.000
Series A4 bonds	Standardized bonds	Colones	10.87%	Fixed	-	14-Dec-10	14-Dec-17	10.000	10.000
Series A5 bonds	Standardized bonds	Colones	11.70%	Variable	-	16-Dec-10	16-Dec-25	20.000	20.000
Series A6 bonds	Standardized bonds	Colones	12.15%	Variable	-	11-Aug-11	11-Aug-23	18.756	18.756
Series F3 bonds	Standardized bonds	Colones	13.50%	Variable	-	3-Apr-12	3-Apr-23	5.627	5.627
Premium Series A1 bonds	Standardized bonds	Colones	12.25%	Variable	-	30-Sep-09	30-Sep-21	131	144
Premium Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	81	87
Premium Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	7	8
Premium Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	3	4
Premium Series A6 bonds	Standardized bonds	Colones	12.15%	Variable	-	11-Aug-11	11-Aug-23	1	1
Premium Series F3 bonds	Standardized bonds	Colones	13.50%	Variable	-	3-Apr-12	3-Apr-23	3	3
Discount Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	(560)	(595)
Discount Series A2 bonds - 2011	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	(404)	(427)
Discount Series A4 bonds	Standardized bonds	Colones	10.87%	Fixed	-	14-Dec-10	14-Dec-17	(18)	(20)
Discount Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	(83)	(88)
<b>Bonds in U.S. dollars:</b>									
International bonds	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-Nov-11	10-Nov-21	129.769	129.769
International bonds	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-May-12	10-Nov-21	121.786	124.846
International bonds 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	-	15-May-13	14-May-43	251.555	-
Credit Suisse First Boston	Series B bonds	U.S. dollars	6.45%	Fixed	-	3-Feb-04	3-Feb-14	30.187	30.554
Credit Suisse First Boston	Series A bonds	U.S. dollars	7.10%	Fixed	-	1-Dec-03	10-Dec-13	20.124	20.369
Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21	37.733	38.192
Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16	25.156	25.462
Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22	37.733	38.192
Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	29.465	29.824
Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	8.268	8.369
Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24	62.889	63.654
Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19	16.651	16.853
Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	88.044	89.115
Premium Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21	140	149
Premium Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16	238	299
Premium Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22	1.071	1.136
Premium Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	165	178
Premium Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	3	3
Premium international bond issue	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-Nov-11	10-Nov-21	5.806	6.192
Premium series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	282	291
Discount Series International bonds - 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	-	15-May-13	14-May-43	(4.167)	-
Discount Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24	(190)	(198)
Discount Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19	(198)	(221)
Discount Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	(182)	(186)
<b>Securities:</b>									
INS	Security No. 3	Colones	13.75%	Variable	0,75%	6-Mar-09	6-Mar-12	-	-
INS	Security No. 1	U.S. dollars	2,75%	Variable	0,75%	11-Nov-08	12-Nov-13	12.024	12.171
INS	Security No. 2	U.S. dollars	2,75%	Variable	0,75%	11-Nov-08	28-Nov-13	1.194	1.208
<b>Standardized commercial paper:</b>									
Standardized commercial paper	Commercial paper	Colones	Zero Coupon	-	-	8-Mar-12	8-Dec-12	-	78
<b>Sub total ICE</b>								<b>1.049.093</b>	<b>809.798</b>
<b>CNFL:</b>									
<b>Bonds in U.S. dollars:</b>									
Series B3 bonds	Standardized bonds	Colones	BDR + 3.21%	Variable	-	25-Jan-12	25-Jan-27	12.000	12.000
Series B2 bonds	Standardized bonds	Colones	BDR + 3.27%	Variable	-	28-Jun-11	28-Jun-23	14.600	14.600
Series B1 bonds	Standardized bonds	Colones	11.45%	Fixed	-	30-Sep-10	30-Sep-17	15.000	15.000
Series B4 bonds	Standardized bonds	Colones	TBP + 3.43%	Variable	-	16-May-13	16-May-33	10.300	-
<b>Subtotal CNFL</b>								<b>51.900</b>	<b>41.600</b>
<b>Total ICE Group</b>								<b>1.100.993</b>	<b>851.398</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Issue of Bonds - ICE**

A detail of the main characteristics of the issue of bonds made by ICE as of September 30, 2013 is as follows:

In millions of colones									
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium bond issue	Discount on bond issue
A1	30-Sep-09	30-Sep-21	Base deposit rate + 1.75%	¢	50.000	50.000	-	¢ 131	-
A2	6-Nov-09	6-Nov-24	Base deposit rate + 1.75%		50.000	50.000	-	88	160
A3	3-Nov-10	3-Nov-20	11,41% fixed		20.000	20.000	-	3	84
A4	14-Dec-10	14-Dec-17	10,87% fixed		10.000	10.000	-	-	18
A5	16-Dec-10	16-Dec-25	Base deposit rate + 2.20%		20.000	20.000	-	-	-
A6	11-Aug-11	11-Aug-23	Base deposit rate + 2.15%		50.000	18.756	31 244	1	-
F3	3-Apr-12	3-Apr-23	Base deposit rate + 3%		50.000	5.627	44 373	3	-
				¢	<b>250.000</b>	<b>174.383</b>	<b>75.617</b>	¢ <b>226</b>	<b>263</b>

Millones de dólares									
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium bond issue	Discount on bond issue
B1	17/11/2009	17-Nov-21	7,65% fixed	US\$	75	75	-	US\$ 140	-
B2	20-May-10	20-May-16	5,71% fixed		50	50	-	238	-
B3	24-Jun-10	24-Jun-22	7,18% fixed		75	75	-	1.071	-
E1	14-Feb-11	12-Nov-20	5,98% fixed		75	75	-	168	-
E2	12-Dec-11	12-Dec-24	7,61% fixed		125	125	-	-	192
F1	13-Feb-12	13-Feb-19	5,97% fixed		100	33	67	-	206
F4	7-Sep-12	7-Sep-27	7,61% fixed		175	175	-	282	183
				US\$	<b>675</b>	<b>608</b>	<b>67</b>	US\$ <b>1.899</b>	<b>582</b>

- 1) **Issue of International Bonds:** In May 2013, ICE placed the third bond auction in the international market amounting to US \$500. The bonds were placed at a discount, with a 30-year term, a fixed rate of 6.375%; the purpose of this issue is to make the prepayments of some loans.

*CNFL Subsidiary:*

- 2) **Issue of B-4 Series Bonds:** In May 2013, there was a placement of an issue of B-4 Series Standardized Bonds for ¢10.300 million. The term of this issue was 20 years, semiannual interest payments, representation Macrotítulo. Interest rate TBP + 3.43%. The purpose of the issue is to obtain funds for the construction of Balsa Inferior Hydroelectric Project.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 22. Notes Payable**

As of September 30, 2013, the movements of the notes payable are detailed as follows:

	As of December 31,								As of September 30, 2013	Long-term	Short- term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements				
<b>ICE</b>												
<b>Internal debt:</b>												
<b>Tranche V</b>												
Purchase of non-restructured debt - Tranche V	¢ 802	229	( 10)	-	563	113	(4)	-	446	223	223	0,9
<b>Subtotal Tranche V</b>	<b>802</b>	<b>229</b>	<b>(10)</b>	<b>-</b>	<b>563</b>	<b>113</b>	<b>(4)</b>	<b>-</b>	<b>446</b>	<b>223</b>	<b>223</b>	<b>US\$ 0,9</b>
Banco Nacional de Costa Rica (B.N.C.R)	34.275	1.050	-	-	33.226	938	-	-	32.288	29.690	2.598	64,2
Parallel cooperation	13	13	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>34.288</b>	<b>1.063</b>	<b>-</b>	<b>-</b>	<b>33.226</b>	<b>938</b>	<b>-</b>	<b>-</b>	<b>32.288</b>	<b>29.690</b>	<b>2.598</b>	<b>US\$ 64,2</b>
<b>Scotiabank</b>												
Scotiabank - Tranche A	12.958	-	( 228)	-	12.731	-	(153)	-	12.578	10.691	1.887	25,0
Scotiabank - Tranche B	11.107	3.670	( 163)	-	7.275	1.819	(66)	-	5.390	1.797	3.593	10,7
<b>Subtotal Scotiabank</b>	<b>24.065</b>	<b>3.670</b>	<b>(390)</b>	<b>-</b>	<b>20.005</b>	<b>1.819</b>	<b>(219)</b>	<b>-</b>	<b>17.968</b>	<b>12.488</b>	<b>5.480</b>	<b>US\$ 35,7</b>
BCR Trust - Telecom building	25.787	1.199	-	-	24.588	1.152	-	-	23.436	21.695	1.741	46,6
Supplier credit (1)	5.345	6.278	(509)	29.571	28.128	6.057	(386)	10.034	31.719	23.692	8.027	63,0
<b>Subtotal internal debt</b>	<b>90.287</b>	<b>12.439</b>	<b>(909)</b>	<b>29.571</b>	<b>106.510</b>	<b>10.079</b>	<b>(609)</b>	<b>10.034</b>	<b>105.857</b>	<b>87.788</b>	<b>18.069</b>	<b>US\$ 210,4</b>
<b>External debt</b>												
<b>CABEI:</b>												
CABEI No. 1599	64.964	9.995	(965)	-	54.005	54.005	-	-	-	-	-	-
CABEI No. 1856	49.174	4.683	(781)	-	43.710	43.710	-	-	-	-	-	-
CABEI No. 1962	33.692	1.379	(592)	-	31.721	31.721	-	-	-	-	-	-
CABEI Restructuring	17.364	3.758	(239)	-	13.367	3.055	(123)	-	10.189	6.981	3.208	20,3
CABEI No. 1516 - Moín III Thermal Plant	6.797	2.266	(80)	-	4.451	4.451	-	-	-	-	-	-
CABEI No. 2109 - Tranche A	-	-	-	-	0	-	(24)	2.038	2.013	2.013	-	4
<b>Subtotal CABEI</b>	<b>¢ 171.991</b>	<b>22.080</b>	<b>(2.656)</b>	<b>-</b>	<b>147.254</b>	<b>136.942</b>	<b>(147)</b>	<b>2.038</b>	<b>12.203</b>	<b>8.994</b>	<b>3.208</b>	<b>US\$ 24,3</b>

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Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

	As of December 31,								As of September 30, 2013	Long-term	Short-term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements				
European Investment Bank (BEI)	€ 4.910	2.381	(44)	-	2.485	1.223	(15)	-	1.247	-	1.247	2,5
<b>IDB:</b>												
IDB No. 598	2.277	569	(43)	-	1.665	555	(26)	-	1.084	531	553	2,2
IDB No. 1931 A/OC-CR Conversion - Tranche B	101.074	15.550	(1.502)	-	84.023	15.277	(826)	-	67.920	52.827	15.093	135,0
IDB No. 1931 A/OC-CR Conversion - Tranche A	84.941	7.386	(1.362)	-	76.194	7.257	(828)	-	68.109	60.940	7.169	135,4
IDB No. 1908/OC-CR (2)	34.211	(240)	(1.197)	33.739	66.993	-	(966)	13.364	79.391	79.391	-	157,8
<b>Subtotal IDB</b>	<b>222.503</b>	<b>23.265</b>	<b>(4.104)</b>	<b>33.739</b>	<b>228.873</b>	<b>23.089</b>	<b>(2.644)</b>	<b>13.364</b>	<b>216.504</b>	<b>193.689</b>	<b>22.815</b>	US\$ <b>430,3</b>
<b>BNP Paribas:</b>												
BNP Paribas loan A	1.921	274	( 29)	(1.617)	-	-	-	-	-	-	-	-
BNP Paribas loan B	5.176	1.466	( 78)	-	3.632	726	(35)	-	2.871	1.436	1.435	5,7
<b>Subtotal BNP Paribas</b>	<b>7.097</b>	<b>1.740</b>	<b>(107)</b>	<b>(1.617)</b>	<b>3.632</b>	<b>726</b>	<b>(35)</b>	<b>-</b>	<b>2.871</b>	<b>1.436</b>	<b>1.435</b>	US\$ <b>5,7</b>
<b>Nordea:</b>												
Nordea Export & Project Finance	9.955	3.982	( 105)	-	5.868	3.912	(24)	-	1.932	-	1.932	3,8
Nordea Export & Project Finance	3.892	965	( 60)	-	2.867	478	(29)	-	2.360	1.415	945	4,7
<b>Subtotal Nordea</b>	<b>13.847</b>	<b>4.947</b>	<b>(165)</b>	<b>-</b>	<b>8.735</b>	<b>4.390</b>	<b>(53)</b>	<b>-</b>	<b>4.292</b>	<b>1.415</b>	<b>2.877</b>	US\$ <b>8,5</b>
<b>M &amp; T Bank</b>												
M&T Bank	3.214	643	( 45)	-	2.526	631	(23)	-	1.872	1.248	624	3,7
M&T No. 2	2.245	557	( 35)	-	1.654	276	(17)	-	1.361	816	545	2,7
<b>Subtotal M&amp;T Bank</b>	<b>5.459</b>	<b>1.199</b>	<b>(80)</b>	<b>-</b>	<b>4.179</b>	<b>907</b>	<b>(40)</b>	<b>-</b>	<b>3.232</b>	<b>2.064</b>	<b>1.169</b>	US\$ <b>6,4</b>
<b>Otros Acreedores:</b>												
Andean Development Corporation (CAF)	49.673	4.319	(796)	-	44.558	2.122	(510)	-	41.926	37.733	4.193	83,3
Citibank	16.368	4.056	(251)	-	12.061	2.010	(121)	-	9.930	5.958	3.972	19,7
Japan Bank for International Cooperation	96.234	6.637	(10.932)	-	78.665	2.914	(9.943)	-	65.808	60.206	5.602	130,8
Natexis Banque	200	177	-	-	24	24	-	-	-	-	-	0,0
Honk Kong Shanghai Bank Corp. (HSBC) Panamá	8.293	2.073	(109)	-	6.111	1.528	(56)	-	4.527	2.515	2.012	9,0
Cisco Systems Capital Corporation	667	441	(4)	-	222	222	-	-	-	-	-	0,0
Cisco Systems (3)	20.096	307	(380)	1.796	21.204	2.409	(227)	102	18.670	15.361	3.309	37,1
CABEI No. 2076 (4)	-	-	(268)	26.412	26.145	-	(498)	15.269	40.916	40.916	-	81,3
Multibank INC.	-	-	-	1.617	1.617	539	(12)	-	1.066	533	533	2,1
BID N° 2747 - CCLIP (5)	-	-	-	-	-	-	(28)	2.293	2.265	2.265	-	-
<b>Subtotal other creditors</b>	<b>191.531</b>	<b>18.010</b>	<b>(12.741)</b>	<b>29.825</b>	<b>190.606</b>	<b>11.768</b>	<b>(11.394)</b>	<b>17.664</b>	<b>185.108</b>	<b>165.487</b>	<b>19.621</b>	US\$ <b>0,7</b>
<b>Subtotal external debt</b>	<b>617.338</b>	<b>73.624</b>	<b>(19.896)</b>	<b>61.947</b>	<b>585.765</b>	<b>179.045</b>	<b>(14.328)</b>	<b>33.066</b>	<b>425.457</b>	<b>373.085</b>	<b>52.372</b>	US\$ <b>845,7</b>
<b>Total ICE - Long-term loans payable</b>	<b>€ 707.626</b>	<b>86.062</b>	<b>(20.805)</b>	<b>91.518</b>	<b>692.276</b>	<b>189.124</b>	<b>(14.937)</b>	<b>43.099</b>	<b>531.314</b>	<b>460.873</b>	<b>70.441</b>	US\$ <b>1.056,1</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

	As of December 31,								As of			2013
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements	September 30, 2013	Long-term	Short-term	(in U.S. dollars)
<b>Short-term loans payable - ICE:</b>												
<b>Internal debt:</b>												
Scotiabank (6)	15.959	54.846	3	56.570	17.685	34.058	(19)	17.901	1.509	-	1.509	3,0
<b>Subtotal internal debt</b>	<b>€ 15.959</b>	<b>54.846</b>	<b>3</b>	<b>56.570</b>	<b>17.685</b>	<b>34.058</b>	<b>(19)</b>	<b>17.901</b>	<b>1.509</b>	<b>-</b>	<b>1.509</b>	<b>US\$ 3,0</b>
<b>External debt:</b>												
BNP Paribas	-	5.183	-	5.183	-	-	-	-	-	-	-	-
Citibank No.1 (7)	10.367	20.733	-	10.367	-	7.638	-	7.638	-	-	-	-
Honk Kong Shanghai Bank Corp. (HSBC)	15.032	26.953	-	11.922	-	-	-	-	-	-	-	-
Bladex (8)	8.293	65.310	-	57.016	-	54.997	(294)	79.440	24.149	-	24.149	48,0
Global Bank Corporation	5.183	20.733	-	15.550	-	-	-	-	-	-	-	-
Mercantil Commercebank (9)	15.550	46.650	-	37.720	6.620	26.989	(122)	30.554	10.063	-	10.063	20,0
Banco Aliado de Panamá	-	18.142	-	18.142	-	-	-	-	-	-	-	-
Banco de San José (BAC)	3.300	6.600	-	3.300	-	-	-	-	-	-	-	-
<b>Subtotal external debt</b>	<b>57.725</b>	<b>210.304</b>	<b>-</b>	<b>159.200</b>	<b>6.620</b>	<b>89.624</b>	<b>(416)</b>	<b>117.632</b>	<b>34.212</b>	<b>-</b>	<b>34.212</b>	<b>US\$ 68,0</b>
<b>Total short-term loans payable - ICE</b>	<b>73.684</b>	<b>265.150</b>	<b>3</b>	<b>215.769</b>	<b>24.306</b>	<b>123.682</b>	<b>(435)</b>	<b>135.533</b>	<b>35.721</b>	<b>-</b>	<b>35.721</b>	<b>71,0</b>
<b>Total internal debt - ICE</b>	<b>106.246</b>	<b>67.285</b>	<b>(907)</b>	<b>86.140</b>	<b>124.195</b>	<b>44.137</b>	<b>(628)</b>	<b>27.935</b>	<b>107.366</b>	<b>87.788</b>	<b>19.578</b>	<b>213,4</b>
<b>Total external debt - ICE</b>	<b>675.063</b>	<b>283.927</b>	<b>(19.896)</b>	<b>221.147</b>	<b>592.385</b>	<b>268.669</b>	<b>(14.744)</b>	<b>150.697</b>	<b>459.669</b>	<b>373.085</b>	<b>86.584</b>	<b>913,7</b>
<b>Total debt - ICE</b>	<b>€ 781.309</b>	<b>351.212</b>	<b>(20.802)</b>	<b>307.287</b>	<b>716.580</b>	<b>312.806</b>	<b>(15.372)</b>	<b>178.632</b>	<b>567.035</b>	<b>460.873</b>	<b>106.162</b>	<b>US\$ 1.127,1</b>

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(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

	As of December 31,												2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements	As of September 30, 2013	Long-term	Short- term		
<b>CNFL:</b>													
<b>External debt:</b>													
Instituto Crédito Oficial (Spain)	€	13.266	-	(233)	-	13.034	640	(170)	9	12.233	11.589	644	24,3
Deutsche Bank, Sociedad Anónima Española		4.643	1.290	(94)	-	3.259	640	(61)	18	2.576	1.289	1.288	5,1
Kreditanstalt für Wiederaufbau loan 1		9.615	1.348	(171)	-	8.096	1.329	(120)	19	6.666	5.333	1.332	13,2
Kreditanstalt für Wiederaufbau loan 2		4.186	483	(75)	-	3.628	477	(52)	6	3.105	2.627	478	6,2
BICSA - Line of credit		7.775	6.046	(201)	-	1.528	-	(40)	21	1.509	(0)	1.510	3,0
BICSA Línea de Crédito Desembolso N°2		-	-	-	-	-	-	-	-	-	-	-	0,0
BCR Balsa Inferior		-	-	-	31.550	31.550	-	-	8.878	40.428	40.428	-	80,4
BICSA Balsa Inferior		-	-	65	6.046	6.111	-	(73)	-	6.038	6.038	-	12,0
Banco Nac. De Desarrollo Econ. Y Soc.		-	-	-	-	-	-	29	6.098	6.127	6.127	-	12,2
Bco Nacional-Bco Costa Rica Balsa Inferior		-	-	-	-	-	-	13	2.200	2.213	1.994	219	4,4
Bco Nacional-Bco Costa Rica Eólico Valle Central		-	-	-	-	-	-	70	22.222	22.292	21.914	378	44,3
<b>Subtotal external debt - CNFL</b>	<b>€</b>	<b>39.485</b>	<b>9.167</b>	<b>(709)</b>	<b>37.596</b>	<b>67.205</b>	<b>3.086</b>	<b>(404)</b>	<b>39.471</b>	<b>103.187</b>	<b>97.339</b>	<b>5.848</b>	<b>US\$ 205,1</b>
<b>Subtotal CNFL</b>	<b>€</b>	<b>39.485</b>	<b>9.167</b>	<b>(709)</b>	<b>37.596</b>	<b>67.205</b>	<b>3.086</b>	<b>(404)</b>	<b>39.471</b>	<b>103.187</b>	<b>97.339</b>	<b>5.848</b>	<b>US\$ 205,1</b>
<b>RACSA:</b>													
<b>External debt:</b>													
Control Electrónico, S.A. (CESA)		5.475	5.314	(156)	-	5	5	-	-	-	-	-	-
BICSA		1.037	-	(8)	-	1.029	-	(18)	-	1.011	-	1.011	2,0
Guaranteed Financing Agreement		1.973	-	-	-	-	-	-	-	-	-	-	0,0
Loan conversion		-	-	148	-	148	-	(83)	-	65	65	-	0,3
<b>Subtotal external debt - RACSA</b>	<b>€</b>	<b>18.109</b>	<b>16.717</b>	<b>(210)</b>	<b>-</b>	<b>1.182</b>	<b>5</b>	<b>(101)</b>	<b>-</b>	<b>1.076</b>	<b>65</b>	<b>1.011</b>	<b>US\$ 2,3</b>
<b>Total internal debt - ICE Group</b>		<b>106.246</b>	<b>67.285</b>	<b>(907)</b>	<b>86.140</b>	<b>124.195</b>	<b>44.137</b>	<b>(628)</b>	<b>27.935</b>	<b>107.366</b>	<b>87.788</b>	<b>19.578</b>	<b>246,9</b>
<b>Total external debt - ICE Group</b>		<b>675.063</b>	<b>283.927</b>	<b>(19.896)</b>	<b>221.147</b>	<b>660.772</b>	<b>271.759</b>	<b>(15.249)</b>	<b>150.697</b>	<b>459.669</b>	<b>373.085</b>	<b>86.584</b>	<b>- 1.313,4</b>
<b>Total debt - ICE Group</b>	<b>€</b>	<b>838.903</b>	<b>377.096</b>	<b>(21.722)</b>	<b>344.883</b>	<b>784.967</b>	<b>315.896</b>	<b>(15.877)</b>	<b>218.103</b>	<b>671.298</b>	<b>558.277</b>	<b>113.021</b>	<b>US\$ 1.560,2</b>



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The general characteristics of notes payable, classified into internal and external debt in 2013 are summarized as follows:

General features of debt (in millions of US dollars, as indicated)

	Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (september 2013)	Accumulated disbursed amount (2012)	Currency	Guarantee	Financing
<b>Loans payable - ICE:</b>																
<b>ICE Electricity</b>																
<b>Internal debt:</b>																
	21-May-89	21-May-15	25	-	25	Half-yearly	6.75%	Fixed	6.75%	-	4	4	4	US\$	Government	Restructuring of debt with commercial banks
	1-Jul-09	1-Jun-12	3	-	3	Monthly	0.69%	Fixed	-	-	-	-	e	ICE	Recognition of investment in telecom equipment (DIURSA)	
	3-Apr-12	3-Apr-23	11	11	-	Quarterly	BDR + 3%	Var.	-	-	50.000	5.627	5.627	e	ICE	New power generation projects
	25-Aug-10	31-Aug-25	15	-	15	Quarterly	BDR + 2.75%	Var.	2%	-	35.000	35.000	35.000	e	ICE	Investment in transmission projects
<b>Commercial banks:</b>																
	18-Dec-09	22-Dec-17	8	3	5	Quarterly	3M LIBOR + 3.50%	Var.	-	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks
	18-Dec-09	22-Dec-14	5	2	3	Half-yearly	3M LIBOR + 3.75%	Var.	-	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks
<b>External debt:</b>																
	30/11/1993	25/11/2013	20	5	14,5	Half-yearly	6.32%	Fixed	2%	-	50	50	50	US\$	Government	Execution of Electrical Development Project III
<b>Multilateral organizations:</b>																
<b>CABEI:</b>																
	17-Mar-03	25-Apr-18	15	5,5	9,5	Half-yearly	6.40% - Bank policy	Var.	3%	0,0075	172	-	172	US\$	ICE	Construction of and equipment for Pirris Hydroelectric Power Plant
	21-Oct-05	21-Oct-15	10	2	8	Quarterly	8,50%	Fixed	2%	-	55	55	55	US\$	ICE	Loan prepayment IDB No. 200, 535, and 572 (partial)
	12-Apr-07	11-May-22	15	3	12	Half-yearly	7,68% - Bank policy	Var.	3%	-	110	-	108	US\$	ICE	Expansion of and maintenance to national electricity system 2007
	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	7,68% - Bank policy	Var.	-	-	12	-	12	US\$	ICE	Acquisition of Moín III Thermal Power Plant
	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	6,35% - Bank policy	Var.	-	-	21	-	21	US\$	ICE	Acquisition of Moín III Thermal Power Plant
	19-Jun-09	19-Jun-24	15	3	12	Half-yearly	6.40% - Bank policy	Var.	-	0,0075	65	-	65	US\$	ICE	Programa de Obras Eléctricas 2008 - 2009
	13-Feb-12	27-Nov-28	16	4	12	Half-yearly	6.40%	Fixed	30%	0,0025	140	51	-	US\$	ICE	Expansion of Cachi Hydroelectric Power Plant to increase capacity from 100 MW to 160 MW
	22-May-13	22-May-33	20	4	16	Semestral	6.40%	Var.	-	0,0025	225	4	-	US\$	ICE	Planta Moín
<b>IDB:</b>																
	13-Apr-76	13-Apr-11	35	8	27	Half-yearly	2.00%	Fixed	2%	0,005	-	-	-	US\$	Government	Rural electrification with cooperatives (various currencies)
	9-Sep-80	9-Sep-15	35	8	27	Half-yearly	2.00%	Fixed	2%	0,005	26	26	26	\$-JPY-EURO	Government	National Rural Electrification Project (various currencies)
	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	6M LIBOR + 3.625%	Var.	2%	0,005	159	159	159	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse - Electricity and Telecom
	10-Jul-08	15-Feb-18	9,7	3	6,6	Half-yearly	6M LIBOR + 3.00%	Var.	2%	0,005	196	196	196	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse - Electricity and Telecom
	25-May-09	25-May-34	25	5	20	Half-yearly	6M LIBOR + 0.80%	Var.	-	-	250	80	80	US\$	Government	Electricity Development Program 2008-2011
	31-Oct-12	15-Oct-37	25	20	20	-	-	-	-	-	250	-	-	US\$	-	-
<b>Bilateral organizations:</b>																
	9-Apr-08	9-Apr-23	15	3	12	Half-yearly	6M LIBOR + 1.70%	Var.	2%	-	100	100	100	US\$	ICE	Studies for or construction of Toro III, Diquís, Pacuare, and Pirris Projects
	9-Apr-01	20-Apr-26	25	7	18	Half-yearly	2.2%	Fixed	2%	-	206	164	164	JPY	Government	Pirris Hydroelectric Project
<b>Commercial banks:</b>																
	14-Dec-05	19-Dec-15	10	1	9	Half-yearly	8.25% - Bank policy	Var.	-	-	75	75	75	US\$	ICE	Loan prepayment 572
	16-Dec-09	30-Sep-16	7	-	7	Half-yearly	6M LIBOR + 2.15%	Var.	-	-	9	9	9	US\$	ICE	Cost of equipment (steel sheeting, tunnel, and surge tank - Toro III Hydroelectric Power Plant)
	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	-	10	5	5	US\$	ICE	Projects executed by UEN PySA
	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	-	-	-	US\$	ICE	Sundry projects
	17-Aug-12	20-Jun-15	3	-	3	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	3	3	-	US\$	ICE	Sundry projects
	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	6M LIBOR + 1.15%	Var.	1%	-	16	14	14	US\$	ICE	Sundry projects

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

General characteristics of the debt (amount in million dollars and colones, according to the indication)

	Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (march 2013)	Accumulated disbursed amount (2012)	Currency	Guarantee	Financing
<b>ICE Telecom</b>																
<b>Internal debt:</b>																
	21-May-89	21-May-15	25	-	25	Half-yearly	6.75%	Fixed	7%	-	1	1	1	US\$	Government	Restructuring of debt with commercial banks
	20-May-10	20-May-16	7	6	1	Quarterly	5.71%	Fixed	-	0	50	50	50	US\$	ICE	Telecom sector needs
	13-Feb-12	13-Feb-19	7	7	-	Quarterly	5.97%	Fixed	-	0	100	33	33	US\$	ICE	Telecom sector needs
	14-Dec-10	14-Dec-17	7	7	-	Quarterly	10.87%	Fixed	-	0	10	10	10	€	ICE	Operation support system
	22-Apr-10	22-Jul-22	12	-	12	Monthly	BDR + 3.75%	Var.	-	-	28	28	24	€	ICE	Securitization of property - ICE
<b>External debt:</b>																
<b>Multilateral organizations:</b>																
	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	6M LIBOR + 3.625%	Var.	2%	-	12	12	12	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse
	10-Jul-08	15-Feb-18	10	3	7	Half-yearly	6M LIBOR +3.00%	Var.	2%	-	14	14	12	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse
<b>Organismos bilaterales</b>																
	09-Sep-82	30-Jun-13	31	16	15	Half-yearly	3.50%	Fixed	3%	-	4	-	4	Euros	Government	Restructuring of debt with Alcatel CIT
<b>Commercial banks</b>																
	29-Jun-09	28-Feb-14	5	-	5	Half-yearly	2.51%	Fixed	-	-	37	37	37	US\$	ICE	Purchase of equipment and services from Ericsson
	04-Nov-10	08-Dec-15	5	-	5	Half-yearly	2.51%	Fixed	-	-	10	9	9	US\$	ICE	Purchase of equipment and services from Ericsson
	15-Apr-10	06-Apr-13	3	-	3	Quarterly	3.25%	Fixed	18%	-	50	2	2	US\$	ICE	Purchase of equipment and services from CISCO
	25-May-11	13-Sep-18	7	1	6	Quarterly	3.00%	Fixed	13%	-	56	6	3	US\$	ICE	Purchase of equipment and services from CISCO
	25-May-11	13-Sep-18	7	1	6	Quarterly	3.39%	Fixed	13%	-	56	7	7	US\$	ICE	Purchase of equipment and services from CISCO
	25-May-11	08-Dec-18	7	1	6	Quarterly	3.01%	Fixed	13%	-	56	11	11	US\$	ICE	Purchase of equipment and services from CISCO
	25-May-11	29-Nov-18	7	1	6	Quarterly	3.04%	Fixed	13%	-	56	8	8	US\$	ICE	Purchase of equipment and services from CISCO
	13-Sep-12	08-Aug-19	7	9 months	7	Quarterly	3.00%	Fixed	13%	-	7	7	-	US\$	ICE	Purchase of equipment and services from CISCO
	18-Apr-13	12-Mar-20	7	1	6	Quarterly	3.00%	Fixed	0%	0	13	-	-	US\$	-	-
	16-Mar-11	01-Jun-16	5	-	5	Quarterly	4.95%	Fixed	-	-	11	11	-	US\$	ICE	Expansion and modernization of DWDM network
	08-Dec-11	11-Nov-16	5	-	5	Quarterly	4.95%	Fixed	-	-	4	4	4	US\$	ICE	Installation of network equipment and training
	26-Feb-13	31-Jan-18	5	-	5	Quarterly	4.95%	Fixed	-	-	12	12	-	US\$	ICE	Expansion and modernization of DWDM network
	25-May-11	15-Jan-17	5,5	-	5,5	Half-yearly	5.45%	Fixed	-	-	60	53	41	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system
	10-Apr-12	10-Apr-17	5	-	5	Half-yearly	5.45%	Fixed	-	-	-	-	-	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system
	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	-	10	9	9	US\$	ICE	Expansion of mobile telephony
	01-Nov-10	08-Nov-15	5	-	5	Quarterly	6M LIBOR + 4.95%	Var.	0%	-	20	20	20	US\$	ICE	Internet services
<b>Loans payable - Subsidiaries</b>																
<b>CNEL</b>																
<b>External debt</b>																
	15-Jul-02	25-Sep-32	30	10	20	Half-yearly	0.70%	Fixed	6M LIBOR +1	0.15% management	26	26	26	US\$	Government	Underground network - San José
	15-Jul-02	20-Apr-15	13	3	10	Half-yearly	5.86%	Fixed	8%	0.15% management	26	26	26	US\$	Government	Underground network - San José
	16-Dec-05	30-Sep-18	10	years, 9 mont	12 años 9 m	Half-yearly	3.80%	Var.	6M LIBOR +2	0,0125	27	27	26	US\$	ICE	El Encanto Hydroelectric Project
	25-Sep-08	30-Mar-20	10	2	12	Half-yearly	3.80%	Var.	6M LIBOR +2	0,0125	9,5	9,5	9,5	US\$	ICE	El Encanto Hydroelectric Project
	27-May-10	27-May-13	3	-	3	Half-yearly	5.00%	Fixed	5,00%+30% = 6,50%	0.25% superv.	3	3	3	US\$	Promissory note	Acquisition of assets, materials, and equipment and financing of Balsa Inferior Hydroelectric Project
	08-Dec-11	08-Dec-14	3	-	3	Half-yearly	4.50%	Fixed	-	0.125% superv.	12	12	12	US\$	Promissory note	Acquisition of assets, materials, and equipment and financing of Balsa Inferior Hydroelectric Project
	04-Jun-12	06-Jul-32	20	2	18	Monthly	BDR + 2% & BDR + 3%	Var.	Current rate + 2.00%	0.50% formalization & 10% appraisal	40.428	40.428	31.550	€	Promissory note	Balsa Inferior Hydroelectric Project
	19-Mar-13	19-Mar-23	10	-	8	Half-yearly	3.84%	Fixed	-	-	44.234	15.013	-	US\$	Promissory note	Balsa Inferior Hydroelectric Project
	13-Sep-13	13-Mar-19	5	0,5	5	Mensual	Labor + 5,75%	Var.	-	1% Administration	7	7	-	US\$	Pagaré	Proyecto Hidroeléctrico Balsa Inferior
	13-Sep-13	13-Mar-19	5	0,5	5	Mensual	Labor + 5,75%	Var.	-	1% Formalización	44	44	-	US\$	Pagaré	Proyecto Eólico Valle Central
<b>RACSA</b>																
<b>External debt</b>																
	30-Mar-11	28-Mar-12	2,5	-	2,5	-	3.00%	Fixed	-	-	2	2	2	US\$	Promissory note	Working capital

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The general characteristics of the short-term notes payable, classified into external debt for the 2013 period, are summarized as follows:

General features	Original currency	Interest rate	Type of interest rate	Contract date	Maturity date	Term (in days)	As of December 31, 2012	Amount disbursed (2013)	Amortization 2013	Estimated quantification Exchange difference	As of September 30, 2013
<b>ICE Electricity</b>											
<b>External debt</b>											
Citibank	U.S. dollars	1M LIBOR + 1.35% margin = 1,5497%	Variable	17-Apr-13	17-May-13	30 days	-	6.111	6.111	-	-
Citibank	U.S. dollars	1M LIBOR + 1.33% margin = 1,5292%	Variable	24-Apr-13	24-May-13	30 days	-	1.528	1.528	-	-
Bladex	U.S. dollars	6M LIBOR + 1.55% margin = 2,0156%	Variable	14-Feb-13	13-Aug-13	180 días	-	9.166	9.166	-	-
Bladex	U.S. dollars	3M LIBOR + 1.48% margin = 1,7666%	Variable	28-Feb-13	29-May-13	90 days	-	12.731	12.731	-	-
Bladex	U.S. dollars	3M LIBOR + 1.48% margin = 1,76010%	Variable	18-Mar-13	17-Jun-13	91 days	-	6.620	6.620	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,4992%	Variable	24-Apr-13	24-May-13	30 days	-	4.583	4.583	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,4982%	Variable	30-Apr-13	30-May-13	30 days	-	8.148	8.148	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,49920%	Variable	10-May-13	10-Jun-13	31 days	-	6.111	6.111	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,49820%	Variable	8-May-13	7-Jun-13	30 days	-	3.565	3.565	-	-
Bladex	U.S. dollars	3M LIBOR + 1.20% margin = 1,46760%	Variable	15-Jul-13	30-Sep-13	74 days	-	4.074	4.074	-	-
Bladex	U.S. dollars	3M LIBOR + 0.95% margin = 1,2164%	Variable	12-Aug-13	12-Nov-13	92 days	-	24.443	-	(293)	24.150
Scotiabank	U.S. dollars	3M LIBOR (0.2801%) + 1.48% margin = 1.76%	Variable	19-Mar-13	17-Jun-13	90 days	10.185	-	10.185	-	-
Scotiabank	U.S. dollars	7.65% fixed	Fixed	14-Mar-13	12-Jun-13	90 days	7.500	-	7.500	-	-
Scotiabank	U.S. dollars	3M LIBOR (0.3015%) + 1.48% margin = 1.7815%	Variable	25-Apr-13	25-May-13	87 days	-	1.606	1.606	-	-
Scotiabank	U.S. dollars	1M LIBOR (0.1982%) + 1.29% margin = 1.4882%	Variable	8-May-13	7-Jun-13	25 days	-	1.528	1.528	-	-
Scotiabank	U.S. dollars	3M LIBOR (0.2731%) + 1.25% margin = 1.5231%	Variable	3-Jul-13	24-Sep-13	83 days	-	5.602	5.602	-	-
Scotiabank	U.S. dollars	2M LIBOR (0.22889%) + 1.13% margin = 1.35889%	Variable	29-Jul-13	30-Sep-13	64 days	-	7.638	7.638	-	-
Scotiabank	U.S. dollars	2M LIBOR (0.2182%) + 1.05% margin = 1.2682%	Variable	27-Sep-13	26-Nov-13	61 days	-	1.528	-	(18)	1.510
Mercantil Commercebank	U.S. dollars	1,8090% fixed	Fixed	19-Dec-12	19-Mar-13	90 days	6.620	-	6.620	-	-
Mercantil Commercebank	U.S. dollars	1,5397% fixed	Fixed	17-Apr-13	17-May-13	30 days	-	6.620	6.620	-	-
Mercantil Commercebank	U.S. dollars	1,9959% fixed	Fixed	14-Feb-13	13-Aug-13	180 days	-	8.657	8.657	-	-
Mercantil Commercebank	U.S. dollars	1,27789% fixed	Fixed	6-Aug-13	30-Sep-13	55 days	-	5.092	5.092	-	-
Mercantil Commercebank	U.S. dollars	1,2180% fixed	Fixed	27-Sep-13	26-Nov-13	60 days	-	10.184	-	(122)	10.062
<b>Total ICE</b>							<b>24,305</b>	<b>135,535</b>	<b>123,685</b>	<b>(434)</b>	<b>35,721</b>

As of September 30, 2013, relevant disbursements correspond to:

**(1) i. ECI Telecom# 3:**

A disbursement was made in February 2013 in the amount of US\$12,4 million, equivalent to ¢6,356 corresponding to the installation of the equipment purchased from ECI Telecom. Such financing is for a five-year term, at an interest rate of 4.95% per annum.

**ii. HUAWEI:**

A disbursement was made in March 2013 for the sum of US\$7,2 million, equivalent to ¢3,677 million, respectively, of FASE II, for installing network SMA-3G, which will be paid in 11 semiannual payments, concluding in January 2018.

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### **(2) CABEI 2109 – Tranche A:**

In September 2013, a disbursement was made for the sum of USD 4 million at a variable rate of 6.40%, a term of 20 years, to partially fund the implement of the Reventazón Hydroelectric Plant.

### **(3) IDB 1908:**

In May and June, a disbursement of capitalizable interest was made for the sum of ¢ 372 million and of principal in the sum of USD 16 million, at a 6m LIBOR rate of + 0.80%. In September, a disbursement of the principal was made for the sum of USD \$ 9 510 801.84 at a variable rate of 1.19%, of the electrical development program for 2008-2011.

### **(4) CISCO N° 10:**

In April 2013, a disbursement was made through a Service Order for the sum of US\$200 thousand, equal to ¢102 million, at a fixed rate of 3% and a term of 6 years and 3 months, to fund the project called “Expansion and Upgrading of the IP Network.”

### **(5) CABEI 2076:**

A disbursement was made in March, April, May, June, and August 2013 for the sum of USD \$4.9, USD \$10.9, USD \$3.8, and USD \$6.5 million equivalent to ¢2.546, ¢5.584, ¢1.939, ¢1.862 and ¢3.335 million, respectively. Financing is at annual interest rate of 6.4%, for a 16-year term, corresponding to the expansion of the Cachi Hydroelectric Power Project.

### **(6) IDB 2747:**

In June 2013, a disbursement was made for the sum of US \$4.5 million, equal to ¢2.292 million, with a 10-year term, 3-month LIBOR; such funds will be used for the Electric Energy Development Program for 2012-2016.

### *Credit Line*

The main movements in credit lines as of June 30, 2013, which were used for working capital, are described as follows:

### **(7) Scotiabank Costa Rica:**

In January and May 2013, disbursements were made in the sums of US \$3 million, equal to ¢1.607 and ¢1.527 million, respectively, with a 29 and 30-day term, 3m LIBOR rate (0.3015%) + margin 1.48%, and the other at an annual rate of 1.48820%. In July and September 2013, three disbursements were made in the sum of \$ 11 million, with a term

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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of 83 days, annual rate of 1.5231%, no fees, and interests are paid on a monthly basis and the principal at maturity; another in the sum of \$ 15 million, with a term of 63 days, annual rate of 1.35889%, no fees, and interests are paid on a monthly basis and the principal at maturity, and the last one for \$ 3 million, with a term of 61 days, a 2m LIBOR rate (0.2182%) + 1.05%, all of them for working capital.

#### **(8) Citibank:**

In April 2013, two disbursements were made for the sum of US \$12 and \$3 million, respectively, at a 1m LIBOR rate + 1.35% and 1m LIBOR + 1.33%, both with a 30-day term.

#### **(9) Banco Bladex:**

In February 2013, an amount of US\$18 million equivalent to ¢9,166, is disbursed bearing interest at a 6-month LIBOR rate + 1.55%, with a term of 180 days; and a disbursement of USD\$25 million, equivalent to ¢12.730 million, maturing on May 29, 2013. In March 2013, a disbursement of USD\$ 13 million is made, equivalent to ¢ 6.619 million at a 3-month LIBOR rate + 1.48%, with a term of 91 days. In April, May, July, and August 2013, disbursements of US \$16, \$ 9, \$12, \$7, and \$8 million were made, respectively, at 1-month LIBOR rate + 1.30%, with a term of 30 days, all of them to finance working capital of the ICE's Electricity Sector. The disbursement corresponding to \$8 million has a term of 74 days, at a 3-month LIBOR rate (0.26760%) + 1.20% p.a. = 1.46760%, and the disbursement in August corresponding to \$48 million has a 92 days, at a 3-month LIBOR rate + 0.95% = 1.2164%.

#### **(10) Mercantil Commercebank:**

A disbursement was made in February 2013 in the sum of USD\$ 17 million, equivalent to ¢ 8,657 million maturing on August 13, 2013. In April, August, and September 2013, three disbursements were made for USD \$ 13, \$10, and \$ 20 million, at a rate of 1.5397%, 1.27789%, and 1.2180% and with a term of 30, 55, and 60 days, respectively, corresponding to working capital financing.

#### *CNFL Subsidiary:*

#### **(11) BCR Balsa Inferior:**

As of June 2013, disbursements were made for the sum of ¢8.878 million corresponding to the Direct Loan Agreement entered into with Banco de Costa Rica, to fund the construction of Balsa Inferior Hydroelectric Plant.

This loan has a term of 20 years. A 24-year period of grace was established. The interest rate established is the same as the Base Borrowing Rate at six months plus 3%, not being this result lower than the 9.75% established as floor rate.

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At the moment of the disbursement, a payment of 0.50% over the amount of the loan, for supervision of the works, is recognized.

#### **(12) Banco Nacional de Desarrollo Económico y Social de Brasil:**

As of September 2013, disbursements were made for ¢6.098 million corresponding to a loan agreement entered into with Banco de Desarrollo Económico y Social de Brasil, to fund the construction of Balsa Inferior Hydroelectric Plant, with a 10-year term, and a grace period of 24 months. The interest rate is 3.84% resulting from a 60-month LIBOR Rate disclosed by the Central Bank of Brazil plus 3.04%, remaining fixed until the loan is fully repaid.

#### **(13) Banco Nacional-Banco Costa Rica Balsa Inferior and Eólico Valle Central:**

As of September 2013, disbursements were made for ¢24.422 million corresponding to a syndicated loan agreement of BNCR-BCR for the partial financing of Balsa Inferior Hydroelectric Plant, the purchase of equity interest of CABEI in Valle Central Wind Plant, and an advance payment of the EVCSA's debt. The loan has a 30-year term, and a grace period of 6 months starting September 2013. The original interest rate is equal to a LIBOR rate plus 5.75% adjustable on a monthly basis, with a floor rate of 6.40%, and execution fees of 1%.

#### **Note 23. Obligations for Loans – Long Term**

The obligations for loans as of September 30, 2013 amount to \$263 and ¢4.266 in 2012, which correspond to a loan to a supplier of the Telecommunications Sector, for equipment and spare parts to extend the traffic capacity of the mobile network with SMA-3G technology and also to the installation services of the SMA-3G network, phase 2.2; this is with the company denominated Huawei Technologies Co. Ltda.

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**Note 24. Accounts Payable**

Accounts payable are detailed as follows:

	As of September 30, 2013	As of December 31, 2012
<b><u>ICE:</u></b>		
Materials suppliers	¢ 89.335	107.655
Other creditors	28.716	22.594
Taxes	12.666	14.936
Service providers	8.042	12.630
Payroll and employee withholdings	5.290	7.724
Subsidiaries	644	3.229
<b>Subtotal ICE</b>	<b>144.693</b>	<b>168.768</b>
<b><u>CNFL:</u></b>		
Purchase of energy	-	12.909
Taxes	2.035	1.674
Employee withholdings	1.110	1.212
Other creditors	313	1.553
Accrued non-financial expenses	846	1.019
Lease of Valle Central Wind Power Plant	889	-
<b>Subtotal CNFL</b>	<b>5.193</b>	<b>18.367</b>
<b><u>RACSA:</u></b>		
Foreign lines	285	488
Other creditors	112	85
Suppliers and local institutions	1.429	2.594
<b>Subtotal RACSA</b>	<b>1.826</b>	<b>3.167</b>
<b>Total ICE Group</b>	<b>151.712</b>	<b>190.302</b>
<b>Long-term</b>	<b>41.363</b>	<b>44.896</b>
<b>Short-term</b>	¢ <b>110.349</b>	<b>145.406</b>

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A detail of the main purchase orders reclassified on the long term as of September 30 are as follows:

<b>Purchase order No.</b>	<b>Supplier</b>		<b>As of September 30, 2013</b>
<b><u>Electricity</u></b>			
364940	Andritz Hydro GMBH	¢	1.759
356609	Andritz Hydro GMBH		381
362644	Andritz Hydro S.R.L. Unipersonale		14.017
362646	Andritz Hydro GMBH		15.448
363890	Sumec Complete Equipment and Engineering Co. LTD		1.545
368089	Andritz Hydro GMBH		2.190
368085	Andritz Hydro S.R.L. Unipersonale		2.376
364326	MSLI Latam INC		1.669
	Other Prestamo Mogote		1.977
<b>Total ICE Group</b>		<b>¢</b>	<b>41.363</b>
<b>Purchase order No.</b>	<b>Supplier</b>		<b>As of December 31, 2012</b>
<b><u>Electricity</u></b>			
362646	Andritz Hydro GMBH	¢	15.430
362644	Andritz Hydro S.R.L. Unipersonale		13.997
363890	Sumec Complete Equipment and Engineering Co. LTD		3.873
	Other Préstamo Mogote		2.034
364940	Andritz Hydro GMBH		1.758
362646	Andritz Hydro GMBH		1.669
356609	Andritz Hydro GMBH		380
<b><u>Telecom</u></b>			
367279	Consortio Eci Telecom		5.755
<b>Total ICE Group</b>		<b>¢</b>	<b>44.896</b>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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**Note 25. Accumulated Expenses – Employer's Obligations**

The movement of accumulated expenses – employer's obligations is the following:

		As of September 30, 2013	As of December 31, 2012
<b><u>ICE:</u></b>			
Back-to-school bonus	¢	12.124	15.525
Vacation		12.585	14.159
Statutory Christmas bonus		18.529	1.494
<b>Subtotal ICE</b>		<b>43.238</b>	<b>31.178</b>
<b><u>CNFL:</u></b>			
Back-to-school bonus		3.660	4.633
Vacation		2.718	3.177
Statutory Christmas bonus		2.533	344
Third biweekly salary payment		825	-
<b>Subtotal CNFL</b>		<b>9.736</b>	<b>8.154</b>
<b><u>RACSA:</u></b>			
Statutory Christmas bonus		404	43
Vacation		662	662
<b>Subtotal RACSA</b>		<b>1.066</b>	<b>705</b>
<b>Total ICE Group</b>	<b>¢</b>	<b>54.040</b>	<b>40.037</b>

The detail of the movement of these obligations is presented as follows:

Accrued expenses - employer obligations		Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
<b><u>June, 2013</u></b>						
Opening balance	¢	1.881	20.158	17.999	-	40.038
Expensed - investments		6.411	2.498	5.720	5.381	20.010
Expensed - operations		13.522	13.813	11.709	-	39.044
Used		(348)	(20.685)	(19.463)	(4.556)	(45.052)
<b>Total ICE Group</b>	<b>¢</b>	<b>21.466</b>	<b>15.784</b>	<b>15.965</b>	<b>825</b>	<b>54.040</b>

Accrued expenses - employer obligations		Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
<b><u>December, 2012</u></b>						
Opening balance	¢	1.868	18.677	15.938	1.042	37.525
Expensed - investments		8.039	3.850	7.463	8.005	27.357
Expensed - operations		18.134	16.942	16.037	-	51.113
Used		(26.160)	(19.311)	(21.441)	(9.047)	(75.959)
<b>Total ICE Group</b>	<b>¢</b>	<b>1.881</b>	<b>20.158</b>	<b>17.997</b>	<b>-</b>	<b>40.037</b>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 26. Legal Provisions**

Legal provisions are detailed as follows:

	As of September 30, 2013	As of December 31, 2012
<b>ICE:</b>		
Severance benefits	¢ 13.766	12.252
Occupational hazards	6.293	5.841
Provision for contingent liabilities	6.040	6.168
<b>Subtotal ICE</b>	<b>26.099</b>	<b>24.261</b>
<b>CNFL:</b>		
Severance benefits - short-term	1.000	1.000
Severance benefits - long-term	16.485	16.895
Employee Protection Law	153	184
Cash shortages and cash accounts	3	7
Provision for contingent liabilities	279	477
<b>Subtotal ICE</b>	<b>17.920</b>	<b>18.563</b>
<b>RACSA:</b>		
Severance benefits	-	2
<b>Subtotal RACSA</b>	<b>-</b>	<b>2</b>
<b>Total ICE Group</b>	<b>¢ 44.019</b>	<b>42.826</b>

The detail of the movement is presented as follows:

Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	* External Audit Adjustment	Employee Protection Law	Cash shortages and cash accounts	Total
<b>September, 2013</b>							
Opening balance	¢ 30.149	5.841	6.645	-	184	7	42.826
Expensed - investments	6.895	3.166	2.453	-	1.435	10	13.959
Expensed - operations	10.067	-	-	-	-	-	10.067
Used	(15.860)	(2.714)	(3.469)	690	(1.466)	(14)	(22.833)
<b>Total ICE Group</b>	<b>¢ 31.251</b>	<b>6.293</b>	<b>5.629</b>	<b>690</b>	<b>153</b>	<b>3</b>	<b>44.019</b>

\*Adjust External Audit 2012, pending registration

Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	* External Audit Adjustment	Employee Protection Law	Cash shortages and cash accounts	Total
<b>December, 2012</b>							
Opening balance	¢ 25.713	5.733	10.526	-	117	6	42.095
Expensed - investments	8.870	3.861	1.873	-	-	-	14.604
Expensed - operations	17.438	-	1.138	-	1.837	14	20.427
Used	(21.872)	(3.753)	(6.891)	-	(1.770)	(13)	(34.300)
<b>Total ICE Group</b>	<b>¢ 30.149</b>	<b>5.841</b>	<b>6.645</b>	<b>-</b>	<b>184</b>	<b>7</b>	<b>42.826</b>

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***Increase in ICE's Provision for Employees' Legal Benefits***

According to the minutes of Board of Directors' Meeting No. 6012 held on November 21, 2012, an increase of 1% was approved in the provision for employees' legal benefits. Accordingly, ICE's new contribution will be 3.50% of total salaries instead of 2.50% currently in effect. This increase will be in effect as of January 2013. As a result, such minutes authorizes management to gradually increase such percentage up to a maximum of 4.56% of total salaries, in order to comply with the obligations established in the Personnel Regulations in effect.

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**Note 27. Memoranda Accounts**

	As of September 30, 2013	As of December 31, 2012
<b>ICE:</b>		
<b>Guarantees received:</b>		
Performance bonds	¢ 263.374	280.511
Collection agents	3.155	3.427
Bid bonds	8.479	1.649
Tenders	8	9
<b>Subtotal</b>	<b>275.016</b>	<b>285.596</b>
<b>Other guarantees received:</b>		
Sundry services	597	656
<b>Subtotal</b>	<b>597</b>	<b>656</b>
<b>Guarantees issued to third parties:</b>		
Surety	912	5.894
<b>Subtotal</b>	<b>912</b>	<b>5.894</b>
<b>Subtotal ICE</b>	¢ <b>276.525</b>	<b>292.146</b>
<b>CNFL:</b>		
<b>Contingent assets:</b>		
Savings and loan fund	¢ 31.589	28.584
CNFL Employees Association (ASEFYL)	12.142	11.103
Performance bonds - procurement	10.248	10.578
Materials in transit	1.209	1.813
Bid bonds	1.084	1.194
Collection of electricity services	869	764
Materials in transit - local	421	420
Materials loan	168	248
Employee guarantees	227	194
Rental of posts	117	86
Performance bonds - labor	80	77
Guaranty deposits (electricity consumption)	129	75
ICE easement - Cote Plant	7	7
<b>Subtotal CNFL</b>	<b>58.290</b>	<b>55.143</b>
<b>Contingent liabilities:</b>		
Payment arrangements - financing of appliances	22	21
<b>Subtotal</b>	<b>22</b>	<b>21</b>
<b>Subtotal CNFL</b>	<b>58.312</b>	<b>55.164</b>
<b>RACSA:</b>		
Guaranty deposits	416	424
<b>Subtotal RACSA</b>	<b>416</b>	<b>424</b>
<b>Total ICE Group</b>	¢ <b>335.253</b>	<b>347.734</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 28. Income from Services**

Income from services is detailed as follows:

	<b>For the peiod ended on september 30</b>	
	<b>2013</b>	<b>2012</b>
<b><u>ICE:</u></b>		
Telecommunication Services	¢ 376.709	378.335
Electricity Services	359.270	282.445
Institutional Services	1.597	1.605
<b>Subtotal ICE</b>	<b>737.576</b>	<b>662.385</b>
<b><u>CNFL:</u></b>		
Electricity Services	250.473	196.228
<b>Subtotal CNFL</b>	<b>250.473</b>	<b>196.228</b>
<b><u>RACSA:</u></b>		
Telecommunication Services	18.108	18.058
<b>Subtotal RACSA</b>	<b>18.108</b>	<b>18.058</b>
<b>Total Group ICE</b>	<b>¢ 1.006.157</b>	<b>876.671</b>

**Regulation of Energy Services**

Law Number 7593 “Regulating Authority for Public Services (ARESEP) Law”, dated August 9<sup>th</sup> of the year 1996, establishes that ARESEP will determine the prices and rates; it will also oversee the compliance with the quality, quantity, reliability, continuity, opportunity and optimal provision standards, specifically in the energy supply during the stages of generation, transmission, distribution and marketing.

**Rate Adjustments**

On December 24, 2012, the Regulatory Committee published the fuel expense factors, according to the CVC methodology, and the rate lists for the four quarters of 2013, which were included in Resolution No. 1031-RCR-2012 published in Official Bulletin La Gaceta No. 248, Alcance No. 211, Sections D and E, and they are effective as of January 1, 2013.

In this sense, as of January 1, 2013, ICE has been recovering the expenses from fuel for thermal generation through the approved rates.

(Continues)

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### **Telecommunications Service Regulation**

Article 50, “Prices and Rates”, of the General Telecommunications Law Number 8642, from May 14, 2008, states the following: “the rates for the telecommunication services available to the public shall be established, at first, by the Telecommunications Superintendence (SUTEL), pursuant to the price cap methodology or any other that promotes competition and efficiency in the use of resources, according to the bases, procedures, and periodicity defined and within the regulations.”

Pursuant to Resolution SUTEL RSC-295-2012, the Telecommunications Superintendence (SUTEL) authorizes operators to change the collection method for mobile Internet services for data transmission - prepayment method -; furthermore, according to the Official Bulletin La Gaceta of April 25, 2013, SUTEL excluded information services (Multimedia Messaging, Texting, and Video Calls) from the Fee Document in force and granted powers to operators to review and adjust the prices for these services.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 29. Operating and Maintenance Costs**

Operating and maintenance costs include the costs related to the consumption of fuel in the thermal plants, which are detailed below:

Fuel consumption	For the period ended on september 30	
	2013	2012
<b><u>Thermic plant:</u></b>		
Garabito	¢ 74.815	47.972
Moín II	15.799	2.828
Moin III	10.700	3.845
Moín I	3.591	3.188
Pujol - Orotina Plant	2.814	1.400
Pujol - Pococi Plant	2.322	1.769
Colima	1.604	1.142
San Antonio	434	330
Barranca	198	214
<b>Total Group ICE</b>	<b>¢ 112.277</b>	<b>62.688</b>

The increase in the consumption of fuel during the third quarter of this period is mainly due to a longer dry season as compared to previous years; therefore, there were scattered rains so the flows did not reach an optimal level. Consequently, there was a steady increase in the use of hydrocarbons used in electricity generation in order to meet the demand of the national energy system.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 30. Operation and Maintenance of Leased Equipment**

The expense for operation and maintenance of leased equipment is detailed as follows:

	<b>For the period ended on september 30</b>	
	<b>2013</b>	<b>2012</b>
<b><u>ICE:</u></b>		
Thermic generation	¢ 99.975	73.355
Hydraulic generation	15.744	14.006
Aeolian generation	7.224	6.518
Civil and electromechanics	7.036	7.347
Access	6.691	6.649
Transportation	4.903	4.984
Platforms	4.871	4.277
Substations	3.985	4.053
Transmission lines	2.207	2.345
<b>Sub total</b>	<b>152.636</b>	<b>123.534</b>
Elimination of institutional services	1.777	2.036
<b>Sub total ICE</b>	<b>150.859</b>	<b>121.497</b>
<b><u>CNFL:</u></b>		
Aeolian generation	1.770	-
<b>Subtotal CNFL</b>	<b>1.770</b>	<b>-</b>
<b>Total Grupo ICE</b>	<b>¢ 152.629</b>	<b>121.497</b>

The cost for operating leases of the plants mentioned in the previous chart amounts to ¢70.367 for 2013, as detailed in the following chart:

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

As indicated in the note 3 (I), ICE Group has the policy to record and classify the lease agreements for telecommunications equipment, transmission equipment, and energy generation plants as operational leases. A detail of these contracts is shown below:

Generalities of the Agreement				Amount in Millions of US Dollars											
Service Order	Supplier	Date of the Agreement	Approximate Finalization Date	Agreed Amount	Total Paid	Service Order Balance as of Setember 30, 2013	Paid in 2013	Number of payments	Payment amount	Value of the Purchase Option	Registered Expense during 2013	Payment Frequency	Object of the Agreement		
<b>ICE</b>															
323411	Consorcio ECI Telecom	29-sep-05	28-feb-14	US \$	32	29	3	5	20	2	3	€	2.480	Quarterly	Lease for fiber optic transportation systems and equipment
343012	Consorcio Huawei Technologies (1)	10-feb-09	26-mar-15		233	167	67	35	20	Primera fase US\$8; segunda fase US\$4 (en miles)	23		17.814	Quarterly	3G wireless system
1691	Peñas Blancas Securitization Trust (2)	16-ago-00	16-jul-15		119	102	17	5	155	Entre US\$875 y US\$725 (en miles)	19		2.823	Monthly	Electricity infrastructure
No order	Cariblanco Securitization Trust (2)	03-jul-03	31-dic-19		304	147	157	17	147	2	8		8.433	Monthly	Lease for Cariblanco Hydroelectric Power Plant
No order	Garabito Thermal Project Trust(2)	05-nov-07	31-mar-22		743	199	544	37	142	5	213		24.207	Monthly	Lease for Garabito Thermal Plant
333059	Las Pailas Geothermal Plant (3)	07-mar-07	31-dic-23		240	24	216	9	24	8	-		6.225	Semi-annual	Lease for Las Plantas Geothermal Power Plant
351643	Junta Administradora de Servicios Electricos Municipales de Cartago JASEC (4)	14-abr-10	14-abr-22		25	2	23	2	20	Entre US\$ 1 637 y US\$ 854 (en miles)	-		738	Semi-annual	Infrastructure for Tejar Step-Down Substation, easement rights, and expansion tower sites for Río Macho transmission lines
No order	Fideicomiso P.H Toro 3 (6)	01-jun-13	30-nov-24		131	3	128	3	137	1	-		1.951	Monthly	Lease P.H Toro 3
<b>Subtotal- Operating leases ICE -US dollars</b>				<b>US\$</b>	<b>1.828</b>	<b>673</b>	<b>1.155</b>	<b>113</b>				<b>€</b>	<b>64.672</b>		
<b>CNFL:</b>															
No order	Parque Eólico Valle Central (5)	24-jun-11	26-dic-24		85	-	82	4	1	4	-		1.770	Semi-annual	Lease of Valle Central Wind Plant entered into CNFL S.A. and Eólico Valle Central S.A
<b>Subtotal- Operating leases CNFL -US dollars</b>				<b>US\$</b>	<b>85</b>	<b>-</b>	<b>82</b>	<b>4</b>	<b>1</b>			<b>€</b>	<b>1.770</b>		
Generalities of the Agreement				Amount in Millions of Colones											
<b>ICE</b>															
350702	Cooperativa de Electrificación Rural Guanacaste	16-feb-10	06-sep-21	€	87.848	21.569	66.279	3.925	138	Variable entre €617 y €473	€3.541 aproximadamente	€	3.925	Monthly	Infrastructure for electricity transmission - Liberia, Papagayo - Nuevo Colón.
<b>Subtotal- Operating leases -colones</b>				<b>€</b>	<b>87.848</b>	<b>20.137</b>	<b>67.711</b>	<b>2.494</b>				<b>€</b>	<b>3.925</b>		
<b>Total- Operating leases -ICE Group</b>												<b>€</b>	<b>70.367</b>		

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

(1) Huawei Technologies Consortium Lease:

It corresponds to the lease of a third generation wireless system. The first stage of the lease consists of the installation of a wireless mobile system network called third generation advanced mobile system (3G), with an initial capacity of 950 thousand 3G lines for voice and data. The second stage consists of enabling new sites (installation of antennas for the mobile telephone network (3G) and conditioning of the already existing lines to complete coverage of the design proposed during the first phase.

(2) Securitization Trusts:

ICE entered into Securitization Trust agreements jointly with Banco Nacional de Costa Rica and Banco de Costa Rica, in which ICE acts as the trustor and beneficiary and the respective banks acts as trustees, with the goal that the banks generate and administer, in an independent manner, the financial resources necessary for the construction of the Peñas Blancas and Cariblanco Hydroelectric Plants and the Garabito Thermal Plant.

Said trusts may obtain those resources through the acquisition of commercial loans and the issuance, placement and administration of securities, as a result of the securitization process. Currently, the trusts are authorized to issue public debt, and as of September 30, 2013 and 2012 the financial statements of those trusts register liabilities for this concept.

For the construction of the aforementioned plants, the respective trusts will hire ICE, considering its experience with the development of these types of projects. The trusts, acting as owners of said plants, will lease them to ICE for terms that range from 11 to 13 years, and at the end of which, ICE has the possibility of enforcing the purchase option established in the lease agreement.

The main provisions contained in the trust contracts are summarized as follows:

- The objective of these contracts is to create trusts for the generation and administration of the resources necessary for the development of the projects, acting as a means to create the autonomous assets to be used in the securitization process and to obtain the resources necessary for financing the project.
- The trusted equity of each trust will be composed of:
  - a) The liquid resources collected by the trusts from the issuance and placement of debt bonds.
  - b) Tangible and intangible assets of the trustor, which are essential to the object of the contract, will be transferred as trust property to the Trust; the civil works, equipment, facilities, workshops, vehicles, equipment and materials inventory, office equipment, computer equipment, including software, licenses, and any others that

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

have been acquired with the trust's resources for the development of the projects and for the operation and maintenance of the plants, as well as the right to use the land owned by the trustor, as required for the development of the projects, and all the intellectual information and studies produced for and during the development of the project's works in charge of the trusts.

- c) Income from lease of plants.
  - d) Any other revenue that could be received by the trusts under normal operation.
- The trustee may only use the trust assets according to the provisions expressly contained in the trust agreements and pursuant to the instructions issued by the trustor. Both, the trustee's powers of disposal over the trust assets as well as the trustor's powers to issue instructions on such equity, are limited to the execution of those acts that are strictly necessary to fulfill the purpose of the trust.
  - The financial policy of the trust will be to allocate the funds obtained through the securitization and short-term investments to the construction of the projects, payment of debt, and to cover the operation costs of the trusts; once the previous obligations are met, all the trust assets will be fully owned by the trustor.
  - The trustor must appoint a Manager from the Execution Unit, who should be accepted by the trustee, and who shall act as the superior, with the inherent rights and duties.
  - The trustor and the trustee agree that ICE will be hired by the Trust to assume the responsibility of the construction of the projects, through an engineering and construction agreement.
  - On the expiration date of the trust agreements, all trust assets, with no exception, delay, or any condition whatsoever, will be automatically transferred by operation of law to the trustor, who shall be ultimately the legitimate holder.
  - The term of the trusts will be 20 years for the Peñas Blancas trust and 30 years for Cariblanco and Garabito.
  - In May 2011, the President of the Republic officially opened the Garabito Thermal Plant.

#### (3) Las Pailas Geothermal Plant Lease:

In December 2006, ICE's Board of Directors agreed to approve Las Pailas Geothermal Project through an execution-financing scheme referred to as "nontraditional," in which ICE will be the constructor and the Central American Bank for Economic Integration (CABEI) will be the investor, developer, and owner.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

Afterwards, ICE will technically and commercially operate the infrastructure, acting as lessee, during a term of 12 years, at the end of which it may execute the purchase option for property of the plant.

In March 2007, ICE and CABEI signed a contract for the lease with purchase option for Las Pailas Geothermal Plant, which includes the following main provisions:

- A lease is set for a term of 12 years with a purchase option for Las Pailas Geothermal Plant, starting upon the satisfactory receipt of the works by ICE.
- The amount of the lease is US\$10 (in millions) per semester, plus a maintenance fee, which ranges between US\$0.5 and US\$1 (in millions) per semester.
- The total amount of the lease in US\$240 (in millions) including lease and maintenance fees.
- At the end of the lease term, the purchase option may be executed in the amount of 15% of the total investment accrued during the construction stage.
- CABEI will invest in the construction of the plant in an amount of up to US\$130 (in millions).
- CABEI accepts that ICE will perform the construction of the plan until it is fully finished and interconnected to the National Interconnection System.
- The total accrued investment at the end of the construction stage must have been registered in US dollars and only for the following items:
  - a) Actual amount accrued of direct investment for investments executed by CABEI in the construction of the plant.
  - b) 0.75% of the direct investment by CABEI and only once upon the first disbursement made by CABEI as part of the direct investment.
  - c) 0.75% of the resources object of the estimated direct investment which use in the construction of the plant is pending.
  - d) Yield in terms of the LIBOR rate at six months, plus 2.25% over the partial accrued investment created during the construction stage of the Plant.
  - e) Administrative expenses resulting from the creation and operation of the Project Management Unit to be created by CABEI, as provided for in the agreement.
- ICE agrees to lease the plant. ICE will be the “lessee” and CABEI the “lessor.”
- The lease will start 48 months after the order to start the construction of the plant has been issued.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

- In the event that ICE does not execute the purchase option, the parties may agree to extend the lease agreement for a term of up to 6 years, which requires an extension of the agreement. ICE may exercise the purchase option before expiration of the contract on an amount equal to the outstanding investment balance for CABEL.

(4) Lease of Tejar Step-Down Substation – JASEC:

In April 2010, ICE and JASEC entered into a lease agreement with an option to purchase the Tejar Step-down Substation, as well as easement rights and sites for towers for the expansion of the Rio Macho-Este transmission line to 230 kW. ICE acts as the lessee and JASEC as the lessor. The works are located in the district of San Isidro, El Guarco Canton, Cartago.

The term of the lease is 10 years from the date on which JASEC delivers the substation and related works to ICE in the conditions required to start commercial operations on June 04, 2012.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### (5) Lease of Eólica Valle Central Wind Plant

CNFL entered into an agreement with CABEI dated March 13, 2007 with the sole purpose of organizing the company “Eólico Valle Central, S.A.” to develop, execute, and start-up the operations of a wind power plant. The parties agreed to name the project “Proyecto Eólico Valle Central”. The project includes, according to the feasibility study, the installation of 850 kW wind turbines with an estimated power output of at least 15.3 MW, based on the installed capacity. The power plant will be developed in Pabellón, Santa Ana, to provide electricity to CNFL’s customers. It will be named Eólico Valle Central.

- Article 2 of section 2.8 of the agreement establishes that Eólico Valle Central, S.A. will lease the project to CNFL for a term of at least 12 years from the date on which the plant is in the conditions required to start commercial operations (December 2012). For such purposes, Eólico Valle Central, S.A. and CNFL entered into an operating lease agreement under the terms and conditions established in article 5 of the agreement.
- Article 2.9 of the lease agreement stipulates that CNFL will be responsible for the operations, management, and maintenance of the project over the term of the lease, as part of the lessee’s rights and obligations.
- The starting date of the lease is the date on which the plant’s handover certificate is signed (December 26, 2012). Clause 5 of the lease agreement establishes the following in respect of lease payments to be made to Eólico Valle Central, S.A. (EVCSA):

Annual lease payments to be made by CNFL are as follows:

- First four semestral installments of US\$3.536.000, and
- Twenty subsequent semestral installments of US\$3.556.000.

Payments are made when the semester is due.

#### (6) Lease of Toro 3 Hydroelectric Plant:

In January 2012, ICE entered into with the Board of Directors of Servicio Eléctrico Municipal de Cartago (JASEC), a lease agreement with the option to purchase of Toro 3 Hydroelectric Project located in San Carlos, Alajuela. JASEC and ICE acting as lessees, they agreed according to the business alliance document that ICE will be in charge of operating the plant.

The business alliance between ICE and JASEC is a parity relationship regarding rights, obligations, and benefits resulting from the construction and commercial operation of the plant during its useful life; both entities will participate in the development of Toro 3 Hydroelectric Plant, with an interest of fifty percent (50%).

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Notes to the Interim Consolidated Financial Statements  
*(In millions of colones)*

The lease term is one hundred thirty-seven months (137), as of June 1, 2013, the start date of the lease.

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Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 31. Supplementary Purchases and Services**

Supplementary purchases and services are detailed as follows:

	For the period ended on september 30	
	2013	2012
<b><u>Telecommunications:</u></b>		
Telephone participation	¢ 10.789	14.106
National Traffic Operators	9.589	4.219
Channels rental	755	836
Television	748	829
Integral solutions	240	88
<b>Total Telecommunications</b>	<b>22.121</b>	<b>20.078</b>
<b><u>Electricity:</u></b>		
<b><u>Import:</u></b>		
Regional Operating Entity (EOR)	1.237	5.053
Cenergica S.A de c.v.	1.179	-
Excelergy S.A de c.v.	1.028	1.327
Mercado Eléctrico de El Salvador	915	2.920
Enel Fortuna S.A (Panamá)	615	-
Poliwatt	589	-
Others	145	311
<b>Sub total import</b>	<b>5.708</b>	<b>9.611</b>
<b><u>Cogenerators:</u></b>		
Unión Fenosa Generadora La Joya	7.771	8.469
Planta Eólica Guanacaste, S.A.	6.511	6.974
Hidroenergía Del General (HDG), S.R.L.	6.333	6.420
Geoenergía de Guanacaste Ltda.	5.697	6.309
Hidroeléctrica Doña Julia	2.927	2.744
Hidroeléctrica Platanar, S.A.	2.361	2.013
Molinos de Viento Del Arenal, S.A.	2.246	2.119
Plantas Eólicas, S.A.	2.193	2.309
Hidroeléctrica Zarcas, S.A.	1.810	1.680
Hidroeléctrica Río Lajas, S.A.	1.676	1.682
Proyecto Hidroeléctrico Río Volcán, S.A.	1.606	1.728
Proyecto Hidroeléctrico Pedro, S.A.	1.429	1.559
Ingenio Taboga, S.A.	1.405	1.486
Azucares el Viejo S.A	1.167	1.265
Inversiones la Manguera S.A	718	634
Aeroenergía S.A	716	732
Empresas Electricas Matamoros S.A	617	529
Hidroeléctrica Venecia S.A	496	409
Hidroeléctrica Caño Grande S.A.	442	402
Others	1.576	1.205
<b>Sub total cogeneradores</b>	<b>49.697</b>	<b>50.668</b>
<b><u>Purchases for export:</u></b>		
Regional Operating Entity (EOR)	7.691	3.812
<b>Total Electricity</b>	<b>63.096</b>	<b>64.091</b>
<b>Total Group ICE</b>	<b>¢ 85.217</b>	<b>84.169</b>

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### Cogenerators:

Under the terms of Law 7200 “Law for the Authorization of Autonomous or Parallel Energy Generation,” which declares a matter of public interest the purchase of energy by ICE to those private companies that comply with the conditions contained in this Law, ICE has entered into agreements with various cogenerators for purchasing energy.

As of September 30, 2013, ICE maintains agreements denominated B.O.T (build, operate, and transfer) with the following cogenerators: Geoenergía de Guanacaste, S.R.L. Unión Fenosa Generadora La Joya, Hidroenergía del General (HDG), S.R.L. and Planta Eólica Guanacaste, S.A. During the term of these agreements, the cogenerators must construct, operate and maintain their respective plants. The energy produced by them must be exclusively purchased by ICE. At the end of the terms of these agreements, the ownership, management and operation of the energy plants automatically transfers to ICE, free of encumbrances. The respective cogenerators or ICE may request an early transfer of the energy plant.

Some of the most relevant terms and conditions contained in the aforementioned agreements are the following:

- The cogenerators shall be responsible for the financing, design, procurement of supplies, construction, evidence, startup and maintenance of the plants. The co-generators also agree to deliver all the energy produced to ICE during the term of the contract.
- The cogenerators shall produce energy with the quality and standards of operation set forth in each contract and will fully deliver it to ICE, with the exception of that required to feed the auxiliary equipment and for servicing of the plants, pursuant to the contracts.
- The cogenerators assume the risk for damage, loss or destruction of the equipment and facilities, during the term of the contract, due to any reason or cause whatsoever that is directly attributable to the cogenerator, its contractors, subcontractors or suppliers, excluding force majeure.

From the plant’s commercial operation beginning date, the cogenerators must, at their own expense, obtain and maintain, at least, the following insurance policies, according to their availability in the market: worker's compensation and full liability for physical injuries.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

ICE may suspend the reception of energy generated by the cogenerators and shall be exempt from payment for said energy during such period of suspension for the following reasons:

- Alteration of meters.
- Non-compliance in relation to the condition in the point of delivery agreed, under the responsibility of the cogenerator.
- Inability of the cogenerator to supply the energy in accordance with the parameters of operation required.
- For failure to renew the performance bond.
- For failure to renew the insurance policies.

The agreements shall remain in force for terms ranging between 15 and 20 years, ending between April 2014 and December 2027.

For cogenerators that have not entered into BOT agreements, the following three types of agreements are in effect: Class A: applicable to hydroelectric power plants with a power output of less than 5 MW; Class B: applicable to hydroelectric power plants with a power output greater than 5 MW; type C: applicable to wind power generation plants.

The general terms of these agreements establish that, during the life of the agreement, ICE will purchase any surplus electric power that the independent power producer may supply once its own energy needs are met, up to the maximum power output agreed. The independent power producer undertakes to operate the plant so that the power output delivered to ICE at the point of measurement does not exceed the maximum power output agreed. ICE will not make any payments for the power delivered by the independent power producer exceeding the maximum power output agreed.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 32. Administrative Expenses**

Administrative expenses are detailed below:

	<b>For the period ended on september 30</b>	
	<b>2013</b>	<b>2012</b>
<b><u>ICE:</u></b>		
Remunerations	¢ 25.141	25.081
Use of service centers	4.158	4.300
Services	2.410	3.002
Current transfers	1.065	835
Depreciation of other assets in operation	952	1.090
Materials and supplies	321	508
Others	1.868	1.931
<b>Subtotal</b>	<b>35.915</b>	<b>36.747</b>
Elimination of institutional services	289	278
<b>Total ICE</b>	<b>¢ 35.626</b>	<b>36.469</b>
<b><u>CNFL:</u></b>		
Administrative expenses	9.727	9.697
<b>Subtotal CNFL</b>	<b>9.727</b>	<b>9.697</b>
<b><u>RACSA:</u></b>		
Administrative expenses	17.650	16.121
<b>Subtotal RACSA</b>	<b>17.650</b>	<b>16.121</b>
<b>Total Group ICE</b>	<b>¢ 63.003</b>	<b>62.287</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 33. Marketing Expenses**

Marketing expenses are detailed as follows:

	<b>For the period ended on september 30</b>	
	<b>2013</b>	<b>2012 (Restructured *)</b>
<b><u>ICE:</u></b>		
Services	¢ 41.671	39.324
Remunerations	36.356	35.147
Materials and supplies	34.384	24.930
Use of service centers	26.393	14.942
Current transfers	8.023	5.367
Depreciation of other assets in operation	2.980	2.907
Others	6.054	5.821
<b>Subtotal ICE</b>	<b>155.861</b>	<b>128.438</b>
Elimination of institutional services	1.286	1.429
<b>Subtotal ICE</b>	<b>¢ 154.575</b>	<b>127.009</b>
<b><u>CNFL:</u></b>		
Expenses consumers	16.169	15.978
<b>Subtotal CNFL</b>	<b>16.169</b>	<b>15.978</b>
<b>Total Group ICE</b>	<b>¢ 170.744</b>	<b>142.987</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 34. Pre-Investment Studies**

The costs incurred for pre-investment studies are detailed below:

	For the period ended on september 30	
	2013	2012
<b><u>ICE:</u></b>		
Savegre Study	¢ 2.714	2.943
Ayil Hydroelectric Project	387	1.233
RC 500 Study	116	151
Pocosol - Arenal Study	15	180
Others	475	141
<b>Total Grupo ICE</b>	<b>¢ 3.707</b>	<b>4.648</b>

In 2013, Estudio Savegre incurred in expenses in the sum of ¢2.714 (¢2.943 in 2012), for studies regarding engineering, site feasibility, and connected works for the conduction tunnel and water intake. According to the current schedule, it is expected that these studies be ready by the year 2013.

Proyecto Ayil, through an agreement with the indigenous communities, enabled a three-year term to study the project, in relation to access roads, which would imply the construction of several bridges. Expenses correspond to ¢387 in 2013 and ¢1.233 in 2012.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 35. Supplementary Operating Expenses**

Supplementary operating expenses are detailed as follows:

	For the period ended on september 30	
	2013	2012
<b><u>ICE:</u></b>		
Advance mobile services	¢ 578	285
Torito Hydroelectric Project	309	245
Chuscas Hydroelectric Project	302	271
Reventazon Hydroelectric Project	172	-
Chiripa Aeolian Project	162	-
Pirris Hydroelectric Project	134	1.152
Other	73	373
<b>Total Grupo ICE</b>	<b>¢ 1.730</b>	<b>2.326</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 36. Other Interests and Other Expenses**

Other interests and other expenses are detailed below:

Other products	For the period ended on september 30	
	2013	2012
<b><u>ICE:</u></b>		
Exchange fluctuations (2)	¢ 30.945	47.618
Construction services (1)	21.981	34.636
Interests and other financial products	15.856	18.467
Other products	7.572	17.034
<b>Subtotal ICE</b>	<b>¢ 76.354</b>	<b>117.755</b>
<b><u>CNFL:</u></b>		
Exchange fluctuations	1.408	1.536
Financial income	237	203
Other products	2.911	326
<b>Subtotal CNFL</b>	<b>¢ 4.556</b>	<b>2.065</b>
<b><u>RACSA:</u></b>		
Exchange fluctuations	299	719
Interests and other financial products	244	195
Other products	338	240
<b>Subtotal RACSA</b>	<b>¢ 881</b>	<b>1.154</b>
<b><u>CRICRSA:</u></b>		
Intereses y otros productos financieros	-	1
<b>Subtotal CRICRSA</b>	<b>¢ -</b>	<b>1</b>
<b>Total Group ICE</b>	<b>¢ 81.790</b>	<b>120.975</b>
<hr/>		
Other expenses	For the period ended on september 30	
	2013	2012
<b><u>ICE:</u></b>		
Interests and other financial expenses	¢ 74.060	82.403
Contracts of civil and electromechanical works (1)	22.089	33.448
Exchange fluctuations (2)	3.725	11.686
Other expenses	689	2.890
<b>Subtotal ICE</b>	<b>¢ 100.563</b>	<b>130.427</b>
<b><u>CNFL:</u></b>		
Interests and other financial expenses	1.421	879
Exchange fluctuations	1.078	498
Other expenses	1.202	1.917
<b>Subtotal CNFL</b>	<b>¢ 3.701</b>	<b>3.294</b>
<b><u>RACSA:</u></b>		
Interests and other financial expenses	921	934
Other expenses	64	63
<b>Subtotal RACSA</b>	<b>¢ 985</b>	<b>997</b>
<b>Total Group ICE</b>	<b>¢ 105.249</b>	<b>134.718</b>

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

- (1) The construction services include invoices for advances or completion of works by contract for engineering, design, construction and other specialized services in the projects during the construction phase, such as Reventazón Hydroelectric Project and Balsa Inferior Hydroelectric Project.
- (2) As of September 30, 2013, an exchange rate of ¢503,11 (¢503,31 in 2012) for US\$1,00, respectively, was used to value the monetary assets and liabilities denominated in foreign currency.

#### **Note 37. Tax Regulations**

##### **Tax Obligations**

ICE Group has tax obligations governed by the provisions contained in: Income Tax Law N° 7092 and its amendments, Regulations to the Income Tax Law and its amendments, General Sales Tax Law N°6826 and its amendments, Regulations to the General Sales Tax Law and its amendments, General Customs Law and its regulations and amendments, Law No. 8660 for Strengthening and Modernizing Public Entities in the Telecommunications Sector, and General Telecommunications Law N° 8642.

##### **Income Tax**

The *Instituto Costarricense de Electricidad* is a taxpayer subject to the income tax, as it performs lucrative activities and generates profits. On the other hand, Law Decree Number 449, regarding the creation of *Instituto Costarricense de Electricidad*, is established in article 17 as follows: “*ICE’s financial practices shall aim at capitalizing net profits obtained through the sale of electrical energy and any other source it may have access to, in the financing and implementation of national energy plans and the promotion of the industry based on electrical energy.*”

Due to this, ICE does not generate taxable income, and therefore, it does not generate an obligation in terms of income tax.

However, for its normal transactions, the Tax Administration will withhold income tax, which is later applied as payments to the sales tax account.

According to the Law on Strengthening and Modernization of Public Telecommunication Companies (Law No. 8660), ICE and its subsidiaries will be subject to payment of income and sales tax, excluding income tax on the delivery of traditional basic telephone services, when they begin to act as operators or providers of telecom and electricity services and products in competitive local markets. The other exceptions granted through Executive Order No. 449 as

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

of April 8, 1949 and any other exemptions granted by the legal system will remain in effect (See note 42).

ICE Group's subsidiaries are subject to payment of income tax pursuant to Law No. 7722, which specifically lists State-owned institutions subject to such tax. In accordance with Executive Decree published in Official Bulletin La Gaceta No. 185 dated September 23, 1999 and Law on "State-owned Institutions subject to Income Tax Payment" (Law No. 7722), income or benefits generated by companies from services provided and their economic and financial activities are to be included, whether exempt or not, under the provisions of prior laws.

For these companies, income tax includes current tax. Income tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax is the tax payable on the taxable income for the year, using the tax rate in effect at the cut-off date. The deferred income tax in respect of temporary differences is adjusted in ICE Group's consolidated financial statements due to the alignment of the subsidiaries' accounting policies with those of ICE Group.

### **General Sales Tax**

ICE is a taxpayer for the general sales tax, pursuant to the General Sales Tax Law N°6826. This is a value added tax on the sale of goods and rendering of services. The fees applied are the following: for the sale of energy for residential consumption, 5% over the excess of 250 kw of monthly consumption; 13% for commercial consumption and rendering of telecommunications services.

As of December 31, 2012, two administrative proceedings are open related to notices of deficiency No. 27520000028443 and No. 2752000033081 issued against RACSA by the Large Taxpayer Division of the Finance Ministry in relation to the general sales tax on telecom services for the 2008 and 2009 tax periods, respectively. As of the date of this report, RACSA challenged the notices of deficiency with the Tax Administration. According to the opinion of the Legal Department, there is uncertainty as to whether a favorable ruling will be handed down (see note 40.)

### **Special parafiscal contribution for telecommunications carriers and providers to the National Telecommunications Fund (FONATEL) (General Telecommunications Law Number 8642)**

Article 39 of the General Telecommunications Law N° 8642 sets forth a quasi-fiscal tax to finance the National Telecommunications Fund (FONATEL) to ensure compliance with the principles of universal access, universal service, and cooperation. The quasi-fiscal tax will levy on the gross income directly earned by the operators of public telecommunications networks and telecommunications service providers available to the public who generated

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

the taxable event by performing the aforementioned activities and receiving the specific benefit from State activities.

The contribution fee is set by SUTEL on annual basis no later than November 30 of the corresponding tax year. The percentages set for this tax range between 1.5% and 3%. In the event that the tax rate is not set by SUTEL in a timely manner, the applicable rate of the immediately preceding tax will be used.

According to ICE, the date on which ICE was notified of Decision No. RT-0024-2009-MINAET-PE (March 3, 2010) granting the authorization as operator and supplier of telecom services, pursuant to Transition Provisions IV and VII of Law No. 8642, "General Telecommunications Law" gave rise to the taxable event. Such provisions establish that taxpayers should not pay until the corresponding authorization is issued.

As of December 31, 2012, ICE is involved in litigation with the Large Taxpayer Division of the Finance Ministry in relation to an early tax assessment derived from an abbreviated review of the special quasi-fiscal tax paid by telecom operators and providers to FONATEL for the 2008 and 2009 budget periods. As of the date of this report and based on the expert opinion of ICE's Legal Department, there is uncertainty as to whether the final ruling will represent a payment obligation for ICE. See note 40.

In 2013 and 2012, the applicable rate was 1.5% and payments therefore amounted to ¢7,168 in 2012, while in 2013 it paid ¢5,376. These expenses are presented under "Production Management Operation Costs" in the consolidated statement of profit or loss.

On February 5, 2013, the Large Taxpayer Division of the Ministry of Finance notified administrative actions No. SRCST-257-10-001-2013 and No. SRCST-10-002-2013 communicating the tax assessment corresponding to the FONATEL tax to be paid in 2008 and 2009 by Telecom operators and suppliers in the amount of ¢2,759 and ¢5,225, respectively (solely principal). On February 12, 2013, through Official Letters 257-017-2013 and 257-018-2013, ICE rejects such administrative actions and requests that they be declared null and void for both periods. On March 18, 2013, the Large Taxpayer Division notified the administrative action No. PREV-DGCN-014-13 corresponding to the aforementioned amounts and periods, granting a term of 30 business days for filing a motion for revocation and appeal for nullity before the Tax Court. On May 6, 2013 a motion of revocation with supplementary appeal was filed under Letter No. 256-062-2013.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

#### **Red Tax on Mobile and Conventional Telephony Services to Finance the Costa Rican Red Cross (Law No. 8690)**

This tax was created by Law No. 8690. The Red Tax corresponds to a fixed monthly payment by the owners of a mobile or conventional telephone line to be collected by ICE or any other institution offering telecommunication services and transferred to the National Treasury. It will be 1% of the monthly billings of mobile and conventional telephone services starting at ¢5,000 colones for the mobile and conventional telephone service provided to natural and legal persons. It will not exceed ¢500 in colones per telephone line.

#### **Tax to Benefit the Fire Department of Costa Rica**

Law Number 8992 Economic Strengthening of the Fire Department of Costa Rica, published in Official Bulletin La Gaceta of September, 2011, amends article 40 of Law N° 8228, Law for the Fire Department of Costa Rica and its amendments. “Financing to the Fire Department” defines the creation of a tax equivalent to one point seventy five percent (1.75%) to the monthly electric bill paid by every client or direct consumer of electric energy.

#### **Customs Duties**

As set forth in the customs legislation, custom duties are comprised of custom duties and internal taxes, and they must be paid in full to legally import goods. The customs tax referred to as DAI is the Import Tariff Law, which is defined as follows: It is an ad-valorem tax determined according to a classification within the tax code established. The following are included among the internal taxes: Selective Excise Tax (rate according to goods), Tax Law No. 6946 (1%), General Sales Tax (13%), other specific taxes from IDA (Instituto de Desarrollo Agrario), IFAM (Instituto de Fomento y Asesoría Municipal), Depósito Libre de Golfito, among others. Thus, based on the type of merchandise or goods eligible for exemption, ICE has to pay the customs duties obligations for goods imported before customs clearance.

#### **Other Obligations**

ICE Group also acts as a tax withholding agent for income tax, pursuant to the provisions contained in the Income Tax Law. Under this scheme, the taxpayer is the withholder, and ICE is jointly and severally liable. As withholding agent, ICE Group is responsible for withholding the respective tax and for reporting the Tax Authorities on behalf of beneficiaries of income of the types specified below:

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

- Salaries, labor payments, compensation for personal services and directors' fees.
- Remittances or credits in favor of non residents for services such as transportation, communications, technical and financial advisory, personal services and other services, according to type and rates defined in articles No. 55 and 59 of the Income Tax Law.

#### **Electrical Agreement – CNFL**

The electrical agreement, in force since 1941, governs CNFL's operation. As set forth in article 32, during the term of the agreement, the Company shall continue paying domestic and municipal taxes that were legally current to that date and that observe a general nature. Also, it must continue paying 5% over gross income received to the Municipality of San José for electrical services in the central canton of San José. The amounts registered for this concept are shown in the consolidated statements of income and expenses under the Commercialization Expenses item.

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements (In millions of colones)

### **Note 38. Institutional Financial Risk Management**

#### **Risk Management Framework**

El ICE Group is exposed to the following risks regarding the use of financial instruments: credit, liquidity and market, in order to keep the control of this risk exposure, the Institution has the following Committees:

The Institutional Investment Committee is the entity empowered to provide control and follow up to management, specifically regarding short-term investment in the ICE's Energy and Telecommunications Sectors. It is the entity unto which the Financial Management Unit delegates the responsibility of defining investment policies and procedures.

This Committee approves the document referred to as the Investment Strategy and Management Limits to operate ICE's investment portfolio, which are reviewed every year, and according to such Committee's criterion, respectively. Also, there is a Financial Investment Policies Manual and the procedure to make investments in the international market, which aims at obtaining more and better diversification of short-term investments.

The Institutional Risk Committee was created on August 26, 2011, with the support of the General Management, with the main goal of "overseeing permanent compliance with an efficient risk management at an institutional level." Said entity started operations on October 4, 2011. In December 2012, ICE's General Manager was appointed as president of such Committee, and it has the representation of ICE's Managements, and all areas that manage risks participate. It is important to mention that they are working on a comprehensive risk management proposal applicable to ICE Group.

The Financial Risk Management and Institutional Financial Coverage Policy was approved and will be in force starting April 12, 2011. Its main goal is to "standardize institutional risk management by minimizing as much as possible the exposure to systemic or market risks in the financial operations, through an efficient financial risk management, taking advantage of the market opportunities, the available financial instruments and in accordance with the Financial Risk Coverage Strategy." The policy and the risk management systems are reviewed every year in order to reflect the changes in the market conditions and ICE's activities.

It is ICE's policy to mitigate exposure as much as possible while taking advantage of the market opportunities, obtaining coverage that is aligned with its strategic goals.

The Finance Management works jointly with all ICE's agencies and its subsidiaries, in order to have each year a map of financial risks of ICE's Group, and follow-up is given to action plans on a semestral basis. The Group's subsidiaries have designed and implemented a set of risk

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

policies in order to minimize the possible adverse effects involving their financial performance, in order to minimize the possible adverse effects on its financial performance.

#### **Credit Risk:**

Potential losses due to noncompliance with the contractual terms of a client or counterpart in the operations performed by ICE, related mainly to cash, equivalents, accounts receivable, and investments.

As a way to mitigate this risk, control and follow up to risk ratings of investments granted by the risk rating agencies is implemented. There are investment limits in the institutional portfolio by market (local and international), by sector (public, rest of the public sector, private sector, and by issue), by sector, by instrument, by issuer, and by issue. For this risk, no collateral has been received as guarantee.

In the case of the subsidiary CNFL, the credit risk is the possibility that the company fails to comply with the payment for capital and/or interests, due both to external and internal factors of CNFL, which negatively affect the cash flow, the operational results and the prospective profits; the negative effect of a liquidity shortage is visualized in the credit risk exposure.

In the case of RACSA, the credit risk results from the inexistence of control measures and practices to administer the credit level that the company can grant to its clients; it compromises income and generates high volume of financial losses due to doubtful accounts. For such purposes, quality controls from its clients are used through credit protection companies, and they purge the delinquent client portfolio, developing client's portfolios.

#### *Accounts Receivable*

Accounts receivable are managed directly in the Energy and Telecommunication Sectors. The process followed in each Sector to recover accounts receivable can be summarized as follows:

- Issuance of invoice and collection process through messengers in the telecommunications sector, with reminders of outstanding payments.
- Immediate suspension of electric and telephone services, after expiration date shown on the invoice, where the average collection period in the Telecommunications Sector is 29 days and 31 days for the Electricity Sector. The terms are established per sector and are included in the Collection Management Policy).
- Online collection process, through contracts with external collectors and banks, or internal collection through ICE cashiers.
- Payments that are not collected through the aforementioned means are taken to administrative collection, for which ICE has companies in charge of making collections or negotiating payment arrangements to mitigate clients in default.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

- Ultimately, residual default is processed at the Institutional Legal Division, for court collection.

#### *Investments*

From the credit risk or counterpart standpoint, there is control and follow up to the investment ratings held by ICE, according to the investment strategy and the risk profile determined by the Investment Committee.

Financial risks to which all financial operations regarding financial instruments are exposed will be determined, such as: short, mid and long term financing, treasury management, credit lines, bank letters, purchase and sale of foreign currencies, investments, bond issuance, purchase of raw materials, among others.

The investment guidelines are approved by the Board and the Manual of Investment Policies by General Management. The latter contains all the guidelines regarding issuers, instruments and sectors allowed, as well as the matters that must be observed for the stock market and custodians.

#### **Liquidity Risk:**

Liquidity risks refers to the potential losses due to anticipated or forced sale of assets with unusual discounts and that do not allow fulfilling obligations, or due to a position not being timely disposed of, acquired or covered through the establishment of an equivalent contrary position, in a timely manner.

Regarding liquidity risk, actions have been generated for the Energy and Telecommunications Sectors to provide a higher level of security in the projection of payments of the liabilities contracted, as well as a more rigorous stance on income projection, resulting in the ability to control treasury cash flow. These measures in the projection of liabilities and expenses, as well as for the income of both sectors, allow follow up and control of cash flow or liquidity risk, and also a better management of treasury operations, regarding the purchase and sale of currencies and access to short and medium term credit lines, among others.

Finance Management performs mid and long term cash flow projections that are used to deliver the information required to banks and other external entities.

Treasury management involves making payments and administering debt, as well as creating annual cash flows with information regarding budgets. It also schedules daily cash inflows and outflows that allow resource planning required for significant disbursements. Besides from the budget, the information generated by the institutional payments system and agencies managing contracts for significant amounts is used.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

Projections are performed for external entities and for Treasury Management. External entities usually request projections for 5 to 10 years; Treasury requests monthly cash flow and daily cash inflow and outflow scheduling. Said projections are mainly used by banking and regulating entities, and internally, by the Liquidity Management process.

It is important to mention that liquidity is guaranteed through the optimization of the payment cycle, using first no cost sources and short term credit lines (if necessary) and the payment policy to suppliers is 30 days, approximately, starting on the date of the event requiring payment and the presentation of due invoice. Also, payments are made once a week, following the institutional policy of paying through wire transfer. Payment orders are processed through the Institutional Payments System.

Lines of credit are used to meet working capital needs, open letters of credit, or issue performance bonds. Limits are the amounts offered by the bank. For the approval of a line of credit, the following applies: for those amounts greater than US\$20 million, these are approved by the Board of Directors, and the sums equal to or less than the amount are approved by the Corporate Procurement Board. According to the cash inflows and outflows schedule, the deficit and term required to quote with banks are defined, and the disbursement is made with the one offering the lowest cost. This operation is formalized with promissory notes or bills of exchange, as it corresponds. The purpose of lines of credit is to cover discrepancies between the date of receipt of income and the date of payment of obligations or other type of obligations typical of cash flow management.

#### **Market Risks:**

The market risk is the risk resulting from changes in market prices, for example, exchange rates, interest rates or stock prices affecting ICE's income or the value of the financial instruments it keeps. The goal of risk management is to manage and control exposure to this type of risk within reasonable parameters while optimizing profitability.

ICE acquires derivative financial instruments to administer part of the existing market risk, which are valued according to the value provided by the instrument's issuer. Hedge accounting is used for those instruments that qualify, in order to mitigate volatility in the market prices of the financial instruments that have an effect on profit or loss.

Derivative financial instruments are traded with first tier banks with which confidentiality agreements and other documentation to trade derivatives have been formalized. ICE has made the decision, according to the Risk Strategy, to trade derivatives, specifically for existing liabilities.

The following risks have been determined for financial operations: variations in the interest rate (domestic and foreign) and foreign currency exchange rate, which affect the cash flow results, the value of instruments, and others. For such purpose, 8 derivative financial

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Notes to the Interim Consolidated Financial Statements  
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instruments have been acquired: 3 to cover interest rate risk (interest rate swaps), 1 to cover Japanese yen exchange rate to the US dollar, called Cross Currency Swap, and 4 Non Delivery Currency Swap to cover part of the colón/dollar exposure.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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The general characteristics of the positions exposed to market risk that are being covered with derivatives are presented as follows:

Detail	Tranche B	Tranche A	HSBC	Yens	Dollar/colón three year	Dollar/colón seven year	Dollar/colón one year	Dollar/colón three year
Hedged debt:	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project - Extension of capacity of submarine cables	JIBC-CR-P3	BID-1908	BID-1908	CITIBANK	INS título N°1
Principal amount	\$135	\$142,5	\$9	¥6.340	\$40	\$40	\$10	\$20
Hedged amount	\$135	\$142,5	\$9	\$69	¢20.132	¢20.132	¢5.005	¢10.005
Exchange rate	N/A	N/A	N/A	\$91	¢503,30	¢503,30	¢500,5	¢500,259
Hiring date	08/05/2008	27/01/2009	04/11/2010	18/06/2012	29/03/2011	29/03/2011	17/12/2012	22/07/2013
Hedge starting date of first payment	15/08/2008	14/01/2010	08/02/2011	22/10/2012	28/07/2011	02/05/2011	19/12/2013	15/11/2013
Hedge expiration date	15/02/2018	14/07/2023	08/11/2015	20/04/2026	28/01/2014	02/11/2017	19/12/2013	15/05/2016
Term	10 years	15 years	5 years	14 years	3 years	7 years	1 year	3 year
Base rate	Libor 6 months	Libor 6 months	Libor 3 months	2,20	Libor 6 months	Libor 6 months	0,51%	Libor 6 months
Spread over/under base rate	-	-	4,95%	2,91%	2,85 pb	2,95 pb	-	-
Fixed rate	4,37%	3,23%	0,95%	-	Base Rate	Base Rate	10,30%	8,11%
Total Fixed rate	4,37%	3,23%	5,90%	5,11%	Base Rate + 2,85 pb	Base Rate +2,95 pb	10,30%	8,11%
Strategy	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge
Hedged risk	Interest rate	Interest rate	Interest rate	Exchange rate Yen/dollar	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón
Hedge Type	Cash flow hedge	Cash flow hedge	Cash flow hedge	Fair value hedge accounting	Fair value hedge accounting	Fair Value Hedge Accounting	Cash flow hedge	Fair Value Hedge Accounting
Hired instrument	Interest rate swap	Interest rate swap	Interest rate swap	Cross currency swap	Non deliverable currency swap	Non deliverable currency swap	Non deliverable currency swap	Non- Delivery Currency Swap

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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**Capital Management**

The Law for the Creation of *Instituto Costarricense de Electricidad*, Number 449 of April 8, 1949, article 17 of Chapter IV Assets and Profits, establishes the following: ICE's financial policy shall be to capitalize net profits obtained through the sale of energy and any other source it may hold, in the financing and implementation of national electrification plans and the promotion of the industry based on electric energy.

The Government will not obtain any part of these profits, as ICE cannot be considered an income-producing source for the Tax Authorities, but it will rather use all means at its disposal to increase energy production as the basic industry for the Nation.

The policy is to keep a sound capital base, in order to be viewed with confidence by the general market and to guarantee the Group's future growth.

It aims at maximizing profitability with regards to capital and financial investments, through a proper balance between indebtedness level and invested capital, aiming at decreasing the risk involved.

During this quarter, there has been no change in the way ICE Group's capital is managed. ICE Group is not subject to external capital requirements.

The adjusted debt-capital ratio of ICE Group at the end of the consolidated balance sheet period is the following:

Index Debt - Capital	Up to September 30, 2013 2013	Up to December 31, 2011 2012
<b>Group ICE</b>		
Total liabilities	¢ 2.351.483	2.211.393
(-) Cash and equivalent to cash	(116.226)	(122.687)
Debt, net	2.235.257	2.088.706
Total patrimony	2.950.909	2.901.589
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(13.957)	(17.481)
Capital adjusted	2.964.866	2.919.070
<b>Index debt Group ICE</b>	<b>0,755</b>	<b>0,716</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Exposure to Credit Risk**

Book value of financial assets represents the maximum credit exposure. The maximum credit risk exposure is the following:

Value in books of financial assets		Up to September 30, 2013	Up to December 31, 2012
<b>Group ICE</b>			
Banks	¢	13.269	8.262
Transitory investments		152.697	138.671
Valuation of investments		2.139	906
Long term investments		54.661	36.626
Funds of restricted use		2.036	10.053
Documents and account payable		248.614	210.459
<b>Total Group ICE</b>	¢	<b>473.416</b>	<b>404.977</b>

The maximum credit risk exposure for notes and accounts receivable as of the date of the consolidated balance sheet by geographical region is the following:

By geographical region		Up to September 30, 2013	Up to December 31, 2012
National	¢	242.518	199.858
External		6.096	10.601
<b>Total by geographical region</b>	¢	<b>248.614</b>	<b>210.459</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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The maximum credit exposure for notes and accounts receivable by type of client as of the date of the consolidated balance sheet is the following:

By type of client		Up to September 30, 2013	Up to December 31, 2011
Private people	¢	146.206	122.080
Toro III		965	3.214
Wind Power Project - Central Valley		15.053	1.788
Clients high, medium and low tension		26.432	23.315
Telephonic administrators		6.221	10.234
Distributing companies s		14.199	9.845
Government		17.623	13.208
Selling of devices (terminals)		384	243
I.N.S. Indemnity of Cote Plant		-	2.036
Operators and suppliers of services		5.507	9.807
Public lighting system		800	473
Others		15.224	14.216
<b>Total by type of client</b>	¢	<b>248.614</b>	<b>210.459</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The risk ratings for ICE Group reported as of September 30, 2013 are shown as follows:

Issuing	ISIN	Instrument	Risk Rating
<b>ICE</b>			
Banco BAC San José, S.A.	00BSJ00C26U5	Term Certificate of Deposit (global note)	SCR1
Banco BAC San José, S.A.	00BSJ00C36U4	Term Certificate of Deposit (global note)	SCR1
Banco BAC San José, S.A.	00BSJ00C38U0	Term Certificate of Deposit (global note)	SCR1
Banco BAC San José, S.A.	CRBSJ00B1608	Bond BSJ	SCR AAA
Banco BAC San José, S.A.	CRBSJ00B1640	Bond BSJ	SCR AAA
Banco BANSOL Banco de Soluciones	0NR0ICE00328	Term Certificate of Deposit (Window)	SCR2
Banco BANSOL Banco de Soluciones	0NR0ICE00337	Term Certificate of Deposit (Window)	SCR2
Banco BCT	CRBCT00B0143	Bond	SCR AAA
Banco Central de Costa Rica	CRBCCR0B3330	Repurchase	BB
Banco Central de Costa Rica	CRBCCR0B3371	Bond Estabilización Monetaria Tasa Fija	BB
Banco Central de Costa Rica	CRBCCR0B3553	Repurchase	BB
Banco Central de Costa Rica	CRBCCR0B3702	Repurchase	BB
Banco Central de Costa Rica	CRBCCR0B3827	Monetary Stabilization Bond Fixed Rate	BB
Banco Central de Costa Rica	CRBCCR0B4080	Monetary Stabilization Bond Fixed Rate	BB
Banco Central de Costa Rica	CRBCCR0B4429	Repurchase	BB
Banco Central de Costa Rica	CRBCCR0C3966	Repurchase	BB
Banco Central de Costa Rica	CRBCCR0C3974	Monetary Stabilization Bond 0 Coupon	BB
Banco Central de Costa Rica	CRBCCR0C3982	Monetary Stabilization Bond 0 Coupon	BB
Banco Central de Costa Rica	CRBCCR0C4006	Monetary Stabilization Bond 0 Coupon	BB
Banco CITIBANK (CMB COSTA RICA)	00CITIBC40C1	Term Certificate of Deposit (Window)	F1+ (cri)
Banco CITIBANK (CMB COSTA RICA)	00CITIBC41C9	Term Certificate of Deposit (Window)	F1+ (cri)
Banco CITIBANK (CMB COSTA RICA)	00CITIBC44C3	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C01H4	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C17I8	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C22H0	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C37G0	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C70H9	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C72H5	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C80H8	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Crédito Agrícola de Cartago	CRBCAC0B1181	Bond	AA(cri)+
Banco Crédito Agrícola de Cartago	CRBCAC0C1222	Bond	F1+ (cri)
Banco de Costa Rica	00BCR00CGU20	Repurchase	F1+ (cri)
Banco de Costa Rica	00BCR00CHH34	Term Certificate of Deposit (global note)	F1+ (cri)
Banco de Costa Rica	00BCR00CHH67	Repurchase	F1+ (cri)
Banco de Costa Rica	00BCR00CHK96	Term Certificate of Deposit (global note)	F1+ (cri)
Banco de Costa Rica	00BCR00CHL12	Term Certificate of Deposit (global note)	F1+ (cri)
Banco de Costa Rica	00BCR00CIA48	Term Certificate of Deposit (global note)	F1+ (cri)
Banco de Costa Rica	00BCR00CIA89	Term Certificate of Deposit (global note)	F1+ (cri)
Banco de Costa Rica	0NR0ICE00372	Term Certificate of Deposit	F1+ (cri)
Banco de Costa Rica	0NR0ICE00373	Term Certificate of Deposit	F1+ (cri)
Banco de Costa Rica	0NR0ICE00374	Term Certificate of Deposit (Window)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	0NR0ICE00292	Term Certificate of Deposit (Window)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	CRBANVIB0037	Bond Banhvi	F1+ (cri)
Banco Internacional de C.R. -Miami-	0NR0ICE00046	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00049	Term Certificate of Deposit (Window)	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00051	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00052	Overnight CLIPP	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00280	Overnight Cachi	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00336	Term Certificate of Deposit (Window)	F1+ (cri)
Banco Internacional de C.R. -Miami-	0NR0ICE00358	Overnight BID 2747	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00375	Overnight BCIE 2109 PH Reventazón	AA -
Banco Lafise	00BLAFIC93A1	Term Certificate of Deposit (global note)	SCR2
Banco Lafise	0NR0ICE00323	Term Certificate of Deposit (Window)	SCR2-

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

Issuing	ISIN	Instrument	Risk Rating
<b>ICE</b>			
Banco Nacional de Costa Rica	00BNCR0C08M7	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C13M7	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C20N0	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C21N8	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C40M0	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C42M6	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C52M5	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C60K2	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C69M9	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C88M9	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C89K1	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C97K4	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C956	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0491	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0731	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0749	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0814	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0855	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0913	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0954	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0P19	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0P175	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0P233	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0P274	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0P571	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0P654	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0Q116	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0Q124	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0Q223	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0Q496	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPC0C0Q587	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	CRBPC0B6723	Repurchase	F1+ (cri)
Banco Promérica	CRBPR0MB1169	Bond	SCR AA +
Banco Scotiabank de Costa Rica, S.A.	0NR0ICE00324	Term Certificate of Deposit (Window)	F1+ (cri)
Compañía Nacional de Fuerza y Luz -CNFL-	CRCFLUZB0207	Bond CNFL	AAA (cri)
Florida ICE & Farm Company S.A.	CRFIFCOB0972	Bond FIFCO	SCR AAA
Florida ICE & Farm Company S.A.	CRFIFCOB0998	Bond FIFCO	SCR AAA
Government	CRG0000B41G1	Repurchase	BB
Government	CRG0000B54G4	Repurchase	BB
Government	CRG0000B55G3	Repurchase	BB
Government	CRG0000B59G3	Title deed	BB
Government	CRG0000B60G1	Title deed	BB
<b>CRICRSA</b>			
BN Sociedad de Fondos de Inversión, S.A.	FI-000000001	Fondos de inversión	SCR-AA
<b>CNFL</b>			
Banco Nacional de Costa Rica	no standardized	Term Certificate of Deposit	F1+ (cri)

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Exposure to Liquidity Risk**

The following are the contractual maturities of the financial liabilities, including estimated interest payments and excluding the impact of the offsetting agreements:

<b>Liabilities</b>		<b>Value on Books</b>	<b>Expected Cash Flow</b>	<b>12 months or less</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>Long Term Liabilities</b>							
Title deeds payable	¢	<b>1.037.464</b>	1.037.464	-	1.973	112.208	923.283
Documents payable		<b>558.277</b>	558.277	-	96.965	219.185	242.127
Accounts payable		<b>41.363</b>	41.363	-	37.029	4.333	-
<b>Total Long Term Liabilities</b>		<b>1.637.104</b>	<b>1.637.104</b>	<b>-</b>	<b>135.967</b>	<b>335.726</b>	<b>1.165.410</b>
<b>Circulating</b>							
Title deeds payable		<b>63.529</b>	63.529	63.529	-	-	-
Documents payable		<b>113.021</b>	113.021	113.021	-	-	-
Accounts payable		<b>110.349</b>	110.349	110.349	-	-	-
<b>Total Short Term Liabilities</b>		<b>286.899</b>	<b>286.899</b>	<b>286.899</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Grupo ICE</b>	¢	<b>1.924.003</b>	<b>1.924.003</b>	<b>286.899</b>	<b>135.967</b>	<b>335.726</b>	<b>1.165.410</b>



## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

Of ICE's liabilities and investments, the most representative movements for each, according to amount, are as follows:

- Financing of Generation Projects and Improvements of Generation and Transmission Projects, for a total amount of US\$125 million, corresponding to the issuance of E2 Series bonds.
- Prepayment of loan OECF, IADB 796 and Credit Suisse Electricidad y Telecom. for the amount of US\$135.3 million, creditor IADB 1931 Tranche A.
- Prepayment of loan OECF, IADB 796 and Credit Suisse Electricidad y Telecom, for the amount of US\$134.9 million, creditor IADB 1931 Tranche B.
- Financing of Reventazón Hydroelectric Project and El Diquis Hydroelectric Project, for the amount of US\$500 million, corresponding to the issue of international bonds 2021.
- Financing to prepay the following loans: CABEI 1516, CABEI 1599, CABEI 1856, CABEI 1962 and INS #1 y #2, amounting to US\$500 million, corresponding to the International Bond Issue 2043.
- Construction of Pirrís Hydroelectric Plant, in the amount US\$130.9 million, creditor JBIC Pirrís.
- Electric Development Program, 2008 – 2011, for the sum of US\$250 million, creditor CABEI 1908 – CCLIP (this loan is under disbursement period and up to September the amount of the balance is US\$157.8 million).
- Financing of Hydroelectric and Thermal Generation Projects and Improvements to Generation and Transmission Projects for the sum of US\$145 million, corresponding to the issue of series F4 bonds.
- *Instituto Crédito Oficial Reino de España* (I.C.O), with a balance of US\$24.3 million, for CNFL's underground electric distribution network.
- Kreditanstalt Fur Wiederaufbau (KfW), with a balance of US\$19.4, financing for CNFL's El Encanto Hydroelectric Project.
- Banco de Costa Rica, with a balance of US\$80 million, financing for Balsa Inferior Hydroelectric Plant.
- Deutsche Bank S.A.E loan, with a balance of US\$5 million, for CNFL's underground electric distribution network.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

- Issue of Series B-1 bonds, issue of Series B-2 bonds, issue of Series B-3 bonds, for US\$106 million, CNFL's Balsa Inferior Hydroelectric Project.
- Banco Internacional de Centro América, (BICSA), for US\$3 million, CNFL requirements and to finance PHBI.
- Banco Internacional de Centro América, (BICSA), for US\$12 million, CNFL requirements and to finance PHBI.
- Banco Nacional de Desarrollo Económico y Social de Brasil (BNDES), with a balance of US\$12, for the financing of Balsa Inferior Hydroelectric P, CNFL.
- Banco Nacional de Costa Rica and Banco de Costa Rica (Syndicated Loan), US\$44 million, to purchase Parque Eólico Valle Central, S. A.
- Banco Nacional de Costa Rica and Banco de Costa Rica (Syndicated Loan), US\$4 million, to fund Balsa Inferior Hydroelectric Plant.
- ICE \$ 29 million for the Reconversion of Liabilities. RACSA.
- ICE \$ 5 million for the Securitization of Future Revenue, RACSA.
- ICE \$ 2 million to fund 2012 Telephone Books. RACSA.
- ICE \$ 439 thousand for VSAT Equipment. RACSA.
- BICSA for US\$2 million, working capital RACSA

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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The table below presents the periods in which cash flows related to derivative financial instruments are generated. The calculation of expected cash flows includes the projected estimated cash flows for each derivative instrument:

Millions Dollar		Book Value	Expected Cash Flows	6 months or less	6-12 months	1-2 year	2-5 years	More than 5 years
Cross Currency Swap								
Liabilities	¢	(4.444)	12.408	917	886	1.652	4.140	4.814
Swap								
Liabilities		(34)	35	8	7	11	9	-
Forward Staring Swap								
Liabilities		(4.651)	4.479	1.098	1.008	1.716	1.555	(898)
Plain Vanilla Swap								
Liabilities		(5.969)	6.071	1.464	1.221	1.908	1.477	-
Non Delivery Currency Swap 3 años								
Liabilities		(604)	943	943	-	-	-	-
Non Delivery Currency Swap 7 años								
Liabilities		(1.477)	8.826	961	1.081	2.145	4.639	-
Non Delivery Currency Swap 1 año								
Assets		(418)	477	-	477	-	-	-
Non Delivery Currency Swap 3 años								
Liabilities		(377)	2.137	248	399	777	713	-

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The lines of credit with financial institutions used for working capital, acquired during the period ended as of September 30, 2013:

Global Features credit line				Terms of disbursements made					Disbursement Amount (in millions of U.S. dollars, as indicated)
Financial Institution	Purpose	Currency	Interest Rate	Amount approved line	Disbursement Date	Expiration date	Date cancellation	Renewal Date	
Citibank	Working Capital. Opening letters of credit and refinancing	US\$	Libor (1m) + 1.35% = 1.5497%	50	17/04/2013	17/05/2013	17/05/2013	-	12
		US\$	Libor (1m) + 1.33% = 1.5292%		24/04/2013	24/05/2013	24/05/2013	-	3
Scotiabank	Opening letters of credit and refinancing, working capital, issuance of performance bonds	Colones	Fixed rate 9.35%	60	14/12/2012	14/03/2013	-	14/03/2013	7.500
		Colones	fixed rate 7.65%		14/03/2013	12/06/2013	12/06/2013	-	7.500
		US\$	Libor (3m) + 1.48% = 1.789%		19/12/2012	19/03/2013	-	19/03/2013	20
		US\$	Libor (3m) + 1.48% = 1.76%		19/03/2013	17/06/2013	17/06/2013	-	20
		US\$	Libor (1m) + 1.29% = 1.48820%		08/05/2013	07/06/2013	07/06/2013	-	3
		US\$	Libor (3m) + 1.25% = 1.5231%		03/07/2013	24/09/2013	24/09/2013	-	11
		US\$	Libor (2m) + 1.13% = 1.35889%		29/07/2013	30/09/2013	30/09/2013	-	15
BNP Paribas	Opening letters of credit and refinancing and working capital	-	-	30	-	-	-	-	-
		US\$	Libor (6m) + 1.55% = 2.0156%		14/02/2013	13/08/2013	13/08/2013	-	18
BLADEX	Opening letters of credit and refinancing and working capital	US\$	Libor (3m) + 1.48% = 1.76660%	100	28/02/2013	29/05/2013	29/05/2013	-	25
		US\$	Libor (3m) + 1.48% = 1.7601%		18/03/2013	17/06/2013	17/06/2013	-	13
		US\$	Libor (1m) + 1.30% = 1.4992%		24/04/2013	24/05/2013	24/05/2013	-	9
		US\$	Libor (1m) + 1.30% = 1.4982%		30/04/2013	30/05/2013	30/05/2013	-	16
		US\$	Libor (1m) + 1.30% = 1.4982%		08/05/2013	07/06/2013	07/06/2013	-	7
		US\$	Libor (1m) + 1.30% = 1.4992%		10/05/2013	10/06/2013	10/06/2013	-	12
		US\$	Libor (3m) + 1.20% = 1.46760%		18/07/2013	30/09/2013	30/09/2013	-	8
Banco de san José (BAC)	Opening letters of credit and refinancing, working capital, issuance of performance bonds	US\$	Libor (3m) + 0.95% = 1.2164%	10	12/08/2013	12/11/2013	-	-	-
		-	-		-	-	-	-	-
Honk Kong Shanghai Bank Corp (HSBC)	Working capital and issuance of guarantees compliance	-	-	60	-	-	-	-	-
Global Bank	Working capital	-	-	20	-	-	-	-	-
Mercantil Commerce Bank	Working capital, openness and credit card financing	US\$	Libor (3m) + 1.50% = 1.8090%	30	19/12/2012	19/03/2013	19/03/2013	-	13
		US\$	Libor (6m) + 1.53 = 1.9959%		14/02/2013	13/08/2013	13/08/2013	-	17
		US\$	Libor (1m) + 1.34% = 1.5397%		17/04/2013	17/05/2013	17/05/2013	-	13
		US\$	Libor (2m) + 1.05% = 1.27789%		06/08/2013	30/09/2013	30/09/2013	-	10
		US\$	Libor (2m) + 1.00% = 1.2180%		27/09/2013	-	-	-	20
Banco aliado de panamá.	Working capital, openness and credit card financing.	-	-	10	-	-	-	-	-

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Notes to the Interim Consolidated Financial Statements  
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Global Features credit line				Terms of disbursements made					
Financial Institution	Purpose	Currency	Interest Rate	Amount approved line	Disbursement Date	Expiration date	Date cancellation	Renewal Date	Disbursement Amount (in
Citibank	Working Capital. Opening letters of credit and refinancing	US\$	Libor (1m) + 2.25% = 2.60645%	50	27/12/2011	27/01/2012	-	27/01/2012	20
		US\$	Libor (3m) + 2.40% = 3.01360%		28/01/2012	26/04/2012	-	26/04/2012	20
		US\$	Libor (2m)+2.40% = 2.74675%		26/04/2012	25/06/2012	-	25/06/2012	20
		US\$	Libor (1m) + 2.40% = 2.64525%		25/06/2012	29/06/2012	29/06/2012	-	20
		US\$	Libor (1m) + 2.50% = 2.78675%		05/07/2012	20/07/2012	20/07/2012	-	20
Scotiabank	Opening letters of credit and refinancing, working capital, issuance of performance bonds	Colones	Basic Passive Rate = 7.75% (Colones)	50	09/12/2011	09/01/2012	-	-	5,000
		Colones	Basic Passive Rate+1.75%=9.75% (Colones)		10/01/2012	09/05/2012	09/05/2012	-	5,000
		Colones	Basic Passive Rate+1.50% = 11.25% (Colones)		10/05/2012	29/06/2012	29/06/2012	-	5,000
		US\$	Libor (1m) + 1.48% = 1.75%		08/12/2011	09/01/2012	-	09/01/2012	10
		US\$	Libor (4m) + 1.8915% = 2.55%		10/01/2012	09/05/2012	-	09/05/2012	10
		US\$	Libor (2m) + 3.15428% = 3.50%		09/05/2012	29/06/2012	29/06/2012	-	10
		US\$	Libor (6m) + 2.5676% = 3.30%		18/04/2012	18/10/2012	18/10/2012	-	3
		US\$	Libor (1m) + 2.4742% = 2.72%		05/07/2012	20/07/2012	20/07/2012	-	6
		US\$	Libor (1m) + 2.4742% = 2.72%		05/07/2012	20/07/2012	20/07/2012	-	7
		Colones	Basic Passive Rate + 0.25% = 10.00%		05/07/2012	20/07/2012	20/07/2012	-	3,300
		US\$	Libor (1m) + 1.95480% = 2.20%		01/08/2012	03/09/2012	-	03/09/2012	15
		US\$	Libor (1m) + 1.7695% = 2.00%		03/09/2012	03/10/2012	03/10/2012	-	15
		US\$	Libor (2m) + 1.79% = 2.14%		07/08/2012	08/10/2012	08/10/2012	-	5
		US\$	Libor (2m) + 1.77525% = 2.11%		13/08/2012	27/09/2012	27/09/2012	-	5
		Colones	Fixed rate 9.35%		14/12/2012	14/03/2013	-	-	7,500
US\$	Libor (3m) + 1.48% = 1.789%	19/12/2012	19/03/2013	-	-	20			
BNP Paribas	Opening letters of credit and refinancing and working capital	US\$	Libor (6m) + 2.45% = 3.2081%	30	14/02/2012	14/08/2012	14/08/2012	-	10
Bladex	Opening letters of credit and refinancing and working capital	US\$	Libor (6m) + 2.65% = 3.2866%	65	11/09/2011	07/05/2012	07/05/2012	-	6
		US\$	Libor (2m) + 2.25% = 2.59575%		08/05/2012	06/07/2012	06/07/2012	-	6
		US\$	Libor (1m) + 2.50% = 2.7741%		12/08/2011	09/01/2012	09/01/2012	-	10
		US\$	Libor (4m) + 2.65% = 3.31%		10/01/2012	09/05/2012	09/05/2012	-	15
		US\$	Libor (2m) + 2.25% = 2.59575%		10/05/2012	29/06/2012	29/06/2012	-	15
		US\$	Libor (4m) + 2.65% = 3.31%		10/01/2012	09/05/2012	09/05/2012	-	15
		US\$	Libor (2m) + 2.25% = 2.59575%		10/05/2012	09/07/2012	09/07/2012	-	15
		US\$	Libor (6m) + 2.45% = 3.2081%		14/02/2012	14/08/2012	14/08/2012	-	20
		US\$	Libor (6m) + 2.45% = 3.2081%		27/02/2012	24/08/2012	24/08/2012	-	9
US\$	Libor (1m) + 1.50% = 1.7305%	04/09/2012	04/10/2012	04/10/2012	-	15			

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Market Risk**

**Exposure to Currency Risk**

ICE Group's exposure to foreign currency risk is the following:

Balances in foreign currency						
Assets	US\$		Yenes		EUROS	
	September 2013	December 2012	September 2013	December 2012	September 2013	December 2012
<b>ICE</b>						
Material in transit for investment	66	178	6	220	85	94
Long Term Investments	3	2	-	-	-	-
Receivables	36	19	-	-	-	-
Banks and temporary investments	78	299	-	-	-	-
Restricted funds	2	2	-	-	-	-
Accounts receivable for services	16	6	-	-	-	-
Accounts receivable no trade	6	22	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	14	2	4	-	0	-
Valuation of derivative financial instruments	0	4	-	-	-	-
<b>Total foreign currency ICE's assets</b>	<b>222</b>	<b>534</b>	<b>10</b>	<b>220</b>	<b>85</b>	<b>94</b>
<b>CNFL</b>						
Banks and temporary investments	36	18	-	-	-	-
Accounts and notes receivable	5	8	-	-	-	-
Environmental commitments Guarantees	0	2	-	-	-	-
<b>Total foreign currency CNFL's assets</b>	<b>41</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RACSA</b>						
Banks and temporary investments	2	1	-	-	-	-
Accounts Receivable	1	2	-	-	-	-
<b>Total foreign currency RACSA's assets</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total foreign currency ICE Group's assets</b>	<b>266</b>	<b>564</b>	<b>10</b>	<b>220</b>	<b>85</b>	<b>94</b>
<b>Liabilities</b>						
<b>ICE</b>						
Securities payable	1.734	1.204	-	-	-	-
Notes payable long term and short term	885	1.103	12.824	13.820	-	-
Obligations against loans	1	8	-	-	-	-
Deposits received as collateral	1	1	-	-	-	-
Accounts payable	93	73	9	74	69	86
Financial accrued expenses	47	43	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits by individuals provisions	1	2	-	-	-	-
Valuation of derivative financial instruments	1	5	-	-	-	-
Valuation of derivative financial instruments	47	43	-	-	-	-
<b>Total foreign currency ICE' liabilities</b>	<b>2.810</b>	<b>2.482</b>	<b>12.833</b>	<b>13.894</b>	<b>69</b>	<b>86</b>
<b>Excess of liabilities over assets</b>	<b>2.588</b>	<b>1.948</b>	<b>12.823</b>	<b>13.674</b>	<b>(16)</b>	<b>(8)</b>
<b>CNFL</b>						
Notes payable long term and short term	132	76	-	-	-	-
Financial accrued expenses	1	0	-	-	-	-
<b>Total liabilities by currency</b>	<b>133</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of liabilities over assets</b>	<b>92</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RACSA</b>						
Notes payable long term and short term	38	35	-	-	-	-
Deposits received as collateral	1	1	-	-	-	-
Accounts payable	2	3	-	-	-	-
Financial accrued expenses	-	0	-	-	-	-
<b>Total liabilities by currency</b>	<b>41</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of liabilities over assets</b>	<b>38</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total foreign currency ICE Group's liabilities</b>	<b>2.984</b>	<b>2.597</b>	<b>12.833</b>	<b>13.894</b>	<b>69</b>	<b>86</b>
<b>Excess of liabilities over ICE Group's assets</b>	<b>2.718</b>	<b>2.033</b>	<b>12.823</b>	<b>13.674</b>	<b>(16)</b>	<b>(8)</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

The items in US \$ were updated to the currency exchange rate of colones versus dollars, which as of September 30, 2013, was set at ¢503.11 (¢509.23 as of December 31, 2012), respectively.

The main exchange rates used as of September 30, 2013 and as of December 31, 2012 are detailed below:

Name of currency	Exchange rate to U.S. \$	
	At 30 september 2013	At 31 december 2012
Swedish krona	6,41	6,50
Pound sterling	1,61	1,61
Swiss franc	0,90	0,91
Euro	1,35	1,32
Colon	503,11	509,23
Japanese yen	97,73	86,06

ICE Group acts in accordance with the provisions contained in Law 7558 of November 27, 1995, Organic Law of the Central Bank of Costa Rica (BCCR), for currency operations. Article 89 of this law states the following: “The non banking public institutions shall perform their transactions for purchase and sale of currencies through BCCR or the government-owned banks (...).”

**Sensitivity Analysis**

The strengthening of the Costa Rican colón with regards to the currencies mentioned above as of September 30, 2013 has changed equity and results in the amounts shown below:

	Effect on income	
	At 30 september 2013	At 31 december 2012
<b>ICE</b>		
Yenes/COLÓN (Strengthening of 10 percent)	(6.601)	(8.091)
EUROS/COLÓN (Strengthening of 10 percent)	(1.198)	(563)
USD/COLÓN (Strengthening of 10 percent)	130.205	99.215
<b>Net effect ICE</b>	122.406	90.561
<b>CNFL</b>		
USD/COLÓN (Strengthening of 10 percent)	4.629	2.448
<b>Net effect CNFL</b>	4.629	2.448
<b>RACSA</b>		
USD/COLÓN (Strengthening of 10 percent)	1.912	1.833
<b>Net effect RACSA</b>	1.912	1.833
<b>Net effect GROUP ICE</b>	128.946	94.842

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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This analysis is based on a variation in the foreign currency exchange rate that ICE Group considers reasonably possible by the end of the term about which information must be provided. For this, the exchange rates are taken as reference, as previously mentioned. This analysis takes into account all other variables, particularly the interest rates, which are constant.

**Exposure to Interest Rate Risk**

ICE Group maintains important assets and liabilities, mainly represented by short-term investments, long term investments, as well as securities payable and notes payable, obtained for financing its commercial operations, which are subject to variations in the interest rates.

With regards to financial assets and liabilities, a detail of the interest rates are included in the following notes:

	<b>Note</b>
Securities payable	21
Temporary Investments	12
Notes payable	22
Long Term Investments	8
Effects receivable	10

**Sensitivity Analysis**

In interest rate risk management, ICE Group tries to reduce the impact caused by short-term fluctuations in profits. Regarding short-term investments, long-term investments, as well as securities payable and notes payable, permanent changes in the interest rate would have an impact in profits.

During the year ending on September 30, 2013, , it was estimated that a general strengthening of one percentage point in the interest rates meant a variation, according to the following details:

	<b>Results Effects on Income</b>	
	<b>At 30 september 2013</b>	<b>At 31 december 2012</b>
<b>ICE</b>		
Temporary investments (Strengthening of 1 percent)	1.525	1.153
Long-term investments (Strengthening of 1 percent)	259	169
Long-term notes receivable (Strengthening of 1 percent)	71	72
Titles pay long-term value (Strengthening of 1 percent)	(9.972)	(8.132)
Securities Short-term payables (Strengthening of 1 percent)	(635)	(1)
Long-term Notes payable (Strengthening of 1 percent)	(4.539)	(6.923)
Short-term Notes payable (Strengthening of 1 percent)	(1.062)	(243)
<b>Net effect ICE</b>	<b>(14.352)</b>	<b>(13.905)</b>
<b>CNFL</b>		
Temporary investments (Strengthening of 1 percent)	5	25
Securities Short-term payables (Strengthening of 1 percent)	(519)	(416)
Long-term Notes payable (Strengthening of 1 percent)	(726)	(672)
<b>Net effect CNFL</b>	<b>(1.240)</b>	<b>(1.063)</b>
<b>RACSA</b>		
Temporary investments (Strengthening of 1 percent)	-	4
Long-term Notes payable (Strengthening of 1 percent)	(1)	(10)
<b>Net Effect RACSA</b>	<b>(1)</b>	<b>(6)</b>
<b>Net Effect GROUP ICE</b>	<b>(15.593)</b>	<b>(14.974)</b>

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 39. ICE Group's Operating Segments**

The segments are ICE Group's identifiable components that provide related goods and services (business segments), which are subject to different risk and yields from other segments. The business segments are determined based on ICE Group's internal organizational and informational structure.

The profit and loss, assets and liabilities of the segment include items directly attributable to a segment, as well as those that could be reasonable attributable to said segment.

The segments identified by ICE Group are the following: ICE Telecommunications Segment, which includes Telecommunications Sector-ICE, RACSA and CRICRSA, and ICE Energy Segment, which includes Energy-ICE and CNFL.

The information for these segments is detailed below:

**ICE Energy Segment:**

Consolidated Balance Sheet	Up to on September 30 2013	Up to December 31 2012
Properties, machinery and equipment	¢ 3.294.489	3.204.480
Investment and long term accounts receivable	32.442	26.922
Circulating assets	333.831	249.778
Other assets	310.808	263.529
<b>Total assets</b>	<b>3.971.570</b>	<b>3.744.709</b>
Long term liabilities	1.574.629	1.450.455
Short term liabilities	384.841	352.440
Other liabilities	142.073	132.936
<b>Total liabilities</b>	<b>2.101.543</b>	<b>1.935.831</b>
Patrimony	1.870.027	1.808.878
<b>Total liabilities and patrimony</b>	<b>¢ 3.971.570</b>	<b>3.744.709</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**ICE Energy Segment:**

<b>Consolidated statement of income and expend.</b>	<b>For the period ended on September 30</b>	
	<b>2013</b>	<b>2012</b>
Income of operation	¢ 809.438	626.884
Costs and expenses of operation	715.052	608.240
<b>Surplus (Loss) of Operation</b>	<b>94.386</b>	<b>18.644</b>
Other products	39.397	59.224
Other products for exchange fluctuations	29.627	42.910
Financial expenses	69.507	76.021
Other expenses	24.710	39.045
Other expenses for exchange fluctuations	4.360	9.106
<b>Net Surplus (Loss)</b>	<b>¢ 64.833</b>	<b>(3.395)</b>

**ICE Telecommunications Segment:**

<b>Consolidated Balance Sheet</b>	<b>Up to</b>	<b>Up to</b>
	<b>on September 30 2013</b>	<b>December 31 2012</b>
Furniture, machinery and equipment	¢ 969.699	1.022.882
Investment and long term accounts receivable	86.421	89.344
Circulating assets	310.427	292.424
Other assets	151.500	147.229
<b>Total assets</b>	<b>1.518.047</b>	<b>1.551.879</b>
Long term liabilities	192.518	210.015
Short term liabilities	118.485	114.321
Other liabilities	109.351	106.091
<b>Total liabilities</b>	<b>420.355</b>	<b>430.427</b>
Patrimony	1.097.692	1.121.452
<b>Total Liabilities and Patrimony</b>	<b>¢ 1.518.047</b>	<b>1.551.879</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**ICE Telecommunications Segment:**

Consolidated statement of income and expenses		For the period ended on September 30	
		2013	2012
Income of operation	¢	398.250	400.020
Costs and expenses of operation		421.779	397.297
<b>Surplus (Loss) of Operation</b>		<b>(23.529)</b>	<b>2.723</b>
Other products		13.070	16.886
Other products for exchange fluctuations		3.024	6.963
Financial expenses		8.093	8.901
Other expenses		195	101
Other expenses for exchange fluctuations		509	3.144
<b>Net Surplus (Loss)</b>	<b>¢</b>	<b>(16.232)</b>	<b>14.425</b>

**Eliminations between segments:**

Consolidated Balance Sheet		Up to	Up to
		September 30	December 31
		2013	2012
Property, machinery and equipment	¢	(12.036)	(14.644)
Investments and long term accounts receivable		(55.633)	(79.156)
Circulating assets		(111.071)	(93.276)
Other assets		(8.485)	(5.119)
<b>Total Assets</b>		<b>(187.224)</b>	<b>(192.195)</b>
Long term liabilities		(66.240)	(68.947)
Short term liabilities		(105.756)	(87.501)
Other liabilities		1.582	1.582
<b>Total liabilities</b>		<b>(170.414)</b>	<b>(154.866)</b>
<b>Patrimony</b>		<b>(16.810)</b>	<b>(37.329)</b>
<b>Total liabilities and patrimony</b>	<b>¢</b>	<b>(187.224)</b>	<b>(192.195)</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Eliminations between segments:**

<b>Consolidated statement of income and expenditures</b>	<b>For the period ended</b>	
	<b>on September 30</b>	
	<b>2013</b>	<b>2012</b>
Income of operation	(201.531)	(150.232)
Costs and expenditures of operation	(202.699)	(151.755)
<b>Surplus (Loss) of Operation</b>	<b>1.168</b>	<b>1.522</b>
Other products	(3.328)	(5.007)
Financial expenses	(1.198)	(706)
Other expenses	(861)	(828)
Other expenses for exchange fluctuations	(66)	(66)
<b>Surplus before income tax</b>	<b>(35)</b>	<b>(1.885)</b>
Minority interest (1.4%)	(24)	64
<b>Net Surplus (Loss)</b>	<b>(59)</b>	<b>(1.820)</b>

The nature of the balance sheet eliminations at consolidated balance sheet level are as follows:

- Elimination of ICE's long term investment corresponding to subsidiaries for ¢7,559.
- Elimination of the accounts receivable for services rendered to RACSA and accounts payable to ICE for telephone and info-communication services, in the amount of ¢112.
- Interests receivable from RACSA and accounts payable to ICE for interests corresponding to the financing of V-SAT Platform ¢4.
- Elimination of account payable to RACSA for lease of areas in ICE's buildings throughout the entire country, for ¢117.
- Notes and mortgage payable to RACSA on the long term and notes receivable in the long term to eliminate the financing agreement of V-SAT platform between ICE and RACSA for ¢221.
- Notes and mortgage payable to RACSA on the long term and notes receivable on the long term to eliminate liability retranslation agreement for ¢14,672.
- Elimination of account payable to and receivable from ICE-CNFL for telephone services for an amount of ¢523.
- Elimination of notes receivable from ICE-CNFL for secured financing agreement for the sum of ¢889.
- Elimination of accounts payable to and receivable from ICE-CNFL for services provided, including lease of electricity poles, ducts, and other services for the sum of de ¢233.
- Elimination of accounts payable to and receivable from ICE-RACSA for mutual services, for ¢275.
- Elimination of account payable to and receivable from ICE-RACSA for renting physical space to ICE. ¢57.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements (In millions of colones)

- Elimination of the effect of energy sold by ICE to CNFL for ¢34.835.
- Elimination of the effect of energy sold by ICE to CNFL for ¢8.
- Elimination of notes receivable from and payable to between ICE and CNFL for the payments originated for the settled loan of Moín III for ¢ and elimination of financial expenses payable to and interests receivable from ICE to CNFL for settled loan of Moín III for ¢8.
- Elimination of matching items of the 2011 period for ¢1.582.
- Elimination of profits in ICE invoices for the Balsa Inferior project for ¢1.625.
- Elimination of account payable to RACSA for yellow pages amounting to ¢625.
- Elimination of account payable to RACSA for Hosting services – Digital Government Project for ¢135.

The nature of the elimination items in the consolidated Statement of Income and Expense are detailed as follows:

- Elimination of the income and expenses accounts for energy sold by ICE to CNFL for ¢125.967.
- Elimination of the income and expense accounts for leasing electric poles and ducts to Telecomunicaciones ICE by CNFL for ¢647.
- Elimination of income and expense accounts for telephone billing to CNFL for ¢80.
- Elimination of income and expense accounts for electric meter services to CNFL-ICE for ¢3.388.
- Elimination of income and expense accounts for telephone services, rentals, operation and maintenance of Back Haul and warehousing V-SAT for ¢4.
- Elimination of administrative income and expenses for rental of buildings, electricity, and cleaning- ICE-RACSA for ¢40.
- Elimination of operative income and expenses of commercial invoicing - RACSA-ICE for ¢120.
- Elimination of the financial interests for V-SAT and Agreement for ¢608.
- Elimination of purchase made by ICE of bonds placed in the market by CNFL for ¢400.
- Elimination of Maya Cable for ¢3.259.
- Elimination of amortization for the use of the Back Haul for ¢109.
- Elimination of the donation of use of the Back Haul ¢3.063.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
(In millions of colones)

**Note 40. Contingent Assets and Liabilities**

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of September 30, 2013	As of December 31, 2012
				Provision for Lawsuits	
<b>Contingent Assets - Lawsuits filed by ICE:</b>					
Expropriation	Electricity	Expropriation to acquire land necessary for the Diquis Hydroelectric Power, a final decision is pending.	1.703	-	-
Expropriation	Electricity	Expropriation to acquire land necessary for the Reventazon Hydroelectric Power Project, a final ruling is pending.	800	-	-
Legal Collection	Electricity	Legal collection for outstanding bills. Notice of the suit was given. Once the decision is final, the claim is accepted, the payment of interest is submitted on October 25, 2011 as of October 31, 2012 for ¢ 65 and fees for ¢ 41. The Court's resolution of the payment submitted is pending.	717	-	-
Expropriation	Electricity	Expropriation to acquire land necessary for the future Coyol de Alajuela substation. The ruling is appealed and a final decision is pending.	716	-	-
Arbitration	Telecommunications	Claim of damages for noncompliance with Public Tender No. 6378. Verizon filed a plea claiming lack of competence that was taken to the First Chamber .	8.993	-	-
Precautionary measures (in the e	Telecommunications	Request for precautionary measures in order to maintain the pre-judgment attachments to recover the amounts once the arbitration is settled. The Court was declared incompetent; therefore, it was submitted by the Court of Appeals to the First Chamber to settle the conflict of competence. The Chamber stated that the Contentious Court had to issue a decision regarding the precautionary measures. Precautionary measures were issued to keep the attachments of the court deposits.	5.147	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending. New address is submitted on 8/13/12. It is declared expired through Resolution N° 668-2013 17-4-13 by the Administrative Contentious Court.	1.225	-	-
Ordinary Contentious	Telecommunications	Claim for damages resulting from sentences and agreements issued by SEC (Securities Exchange Commission) and the U.S. Department of Justice against Alcatel and Subsidiaries. This process is also a result of the forum non conveniens resolution in the USA, notice was served to the defendants Alcatel-Lucent S.A.	9.000	-	-
Civil	Telecommunications	Suspended, pending resolution of proceeding 12-002154-1027-CA. ICE requests compensation from Alcatel-Lucent S.A., its subsidiaries, and other for damages by ICE resulting from noncompliance with the so-called Florida RICO Act.	500	-	-
Ordinary Contentious	Telecommunications	Annulment of administrative action issued by ARESEP ordering ICE to refund the amounts charged to Radio Mensajes S.A. for its platform to provide content services. Court proceeding filed by ICE to annul the administrative action issued by ARESEP, ordering ICE to refund to Radio Mensajes S.A. the amount of ¢ 305 and to pay the Government a fine of ¢ 1.831. The Executive Branch has not yet processed the collection of said fine. A preliminary hearing was scheduled for March 2013, in which ICE expanded the complaint and amended the claims, which were accepted by the Court; the expansion was transferred and the continuity of the preliminary hearing is pending for August 2013., which took place and a summon for a hearing is pending.	500	-	-
Legal Collection	Electricity	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for electricity services. ICE has 6044 proceedings as of June 15, 2013. ICE's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation .	2.904	-	-
Expropriations		As of June 30, 2013, there are 582 court proceedings for forced expropriation, in order to take possession and gain legal title to the property required for the different projects being developed. Those proceedings are related to appraisals made by ICE appraisers that were not formalized through the administrative venue, either due to legal issues or rejection of the appraisal.	7.758	-	-
Legal Collection	Telecommunications	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for telephone services. ICE has 14451 proceedings as of June 15, 2013. ICE's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	1.692	-	-
<b>Total contingent assets</b>			<b>¢ 41.655</b>	<b>-</b>	<b>-</b>

(Continues)

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of September 30, 2013	As of December 31, 2012
			Provision for Lawsuits		
<b>Contingent liabilities - lawsuits filed against ICE:</b>			Brought forward	41.655	-
Ordinary	Electricity	Claim filed by Hidroenergía del General HDG requesting the adjustment of the purchase price of power due to an economic unbalance of the contract during the construction stage of the works, the claim was answered.	1.931	-	-
Ordinary	Corporate	Claim for damages resulting from the return of steal pipes, the claim was answered.	270	-	-
Ordinary	Electricity	Claim for reimbursement of collected fines, the claim was answered.	606	-	-
Ordinary	Electricity	Lawsuit seeking the recognition of a number of items for machinery rental, the lawsuit was answered.	1.589	-	-
Ordinary	Electricity	Lawsuit filed to lift the disqualification handed down and pay damages for lack of authorization of a tender process. The lawsuit is being answered.	7.158	-	-
Ordinary	Telecommunications	Claim for damages due to termination of the agreement. The claim is being answered.	2.495		
Arbitration	Electricity	The plaintiff seeks reimbursement from ICE for penalties resulting from noncompliance with the delivery of potential energy plus damages and, consequently, for the event that allegedly caused such noncompliance to be considered an act of God or force majeure. A resolution against ICE at 10:00 hours on July 18, 2013.	518	-	-
Arbitration	Electricity	The plaintiff alleges that, due to reasons attributable to ICE, start up of the plant's commercial operation was delayed. The claim is in the amount of US\$1.8 million (plus interest, damages, costs, and other proven expenses). A motion for nullity filed by Hidroenergía with the First Chamber is pending.	933	-	-
Ordinary Contentious	Telecommunications	A security officer who worked for a hired company suffers an occupational accident at the premises of ICE. The security officer seeks compensation for damages. The claim was answered.	1.600	-	-
Ordinary Contentious	Electricity	Lawsuit seeking the declaration of nullity of the Decree of the Public and National Interest, expropriation, and damages. Proceedings suspended due to an appeal claiming violation of constitutional rights against the Indigenous Law and its decree.	103.638	-	-
Ordinary Contentious	Electricity	The main claim is the nullity of several administrative actions by the Electricity Management, making ICE to submitting the issue of these extra-costs to arbitration, and the subsidiary claim is the recognition for the plaintiff the payment of damages in the amount of USD \$ 7. 9, and the scheduling of the oral trial is pending.	4.026	-	-
Ad Hoc Arbitration	Electricity	The award was issued on September 7, 2012, dismissing the main claims of the plaintiff and accepting the subsidiary claims and sentencing ICE to recognize the value of the Doka concrete forms, the provisional works which amount will be determined when a decision is handed down, and for the Symons concrete forms, were were sentenced to pay the amount of \$63 380 (sixty-three thousand three hundred eighty dollars). Astaldi is seeking civil liability of ICE for an alleged purchase-sale agreement for the agreed price plus damages due to willful non compliance as well as civil liability and payment for the Symons concrete forms.	500	500	250
Ordinary Contentious	Electricity	ICE claims payment of outstanding fines and Odebrecht claims breach of contract. The First Chamber upheld the ruling issued in the second instance in favor of ICE. Both parties claimed payment of attorney's fees and costs in the execution of the judgment. Claim by Odebrecht: € 1.942, claim by ICE: € 974 is in the execution of the judgment.	1.942	1.942	1.942
Ordinary	Electricity	Claim of damages and loss of property value due to installation of high-voltage towers. Ruling N° 32-2012- VII issued by the Administrative Litigation Court annulled ruling N°1800-2011 issued in the first instance. Subsequently, the Administrative Litigation Court issued ruling N° 1149-2012 on May 28, 2012 dismissing in every respect the claim of the plaintiffs and the plaintiffs are ordered to pay attorneys fees and court costs. The judge upholds the lack of legal right. On June 18, 2012, we were notified about the appeal filed by the plaintiffs. ICE claims tort to the Administrative Litigation Court on June 25, 2012 via fax.	1.794	-	-
Ordinary	Electricity	As of today, the date of the trial is pending. Through Resolution 6-6-13, an expert is appointed to submit an expert report regarding rates; Sardimar and Inolasa sued us for the effects of a rate adjustment of the Electricity Sector.	1.326	1.326	1.326
Ordinary Contentious	Electricity	Challenge of three official letters issued by the Procurement Department in respect of proceedings related to administrative sanctions. Ruling handed down in favor of ICE. The plaintiff filed an appeal for nullification with a higher court.	801	-	-
Ordinary Contentious	Electricity	Final ruling from the Court issued in first instance in favor of the plaintiff. A claim seeks recognition of price adjustment.	716	707	358
Ordinary	Electricity (a)	Claim for indemnity for a failed parallel generation project (Los Gemelos). The appeal filed by ICE was accepted. The plaintiffs filed an appeal for nullification with a higher court, which we opposed before the First Chamber on October 11, 2011. The Chamber accepted the appeal and a hearing was scheduled for February 8, 2012. Ruling N° 174-2013 by the First Chamber is pending, which according to the website of the Judiciary was dismissed and costs must be paid by Antheus. Upon being served, it would pay the costs. The case was won in a second instance and the Court has still to issue a ruling regarding the appeal for nullification with a higher court filed by Antheus.	509	-	-
Ordinary	Electricity	The claim of this proceeding is the recognition of damages caused by ICE for the execution of the energy purchase-sale agreement, rulings in the first and second instance in favor of the plaintiff. An appeal for nullification with a higher court against ICE, a full ruling is pending.	500	500	500
Ordinary	Electricity	Annulment of administrative actions and payment of demonstrable damages in execution of a judgment for removing an excavator in the Miravalles Project. The appeal for nullification with a higher court filed by the plaintiff was dismissed in May 2011. The execution of judgment by the plaintiff is pending.	500	500	500
			Subtotal - Carried forward	175.007	5.475
				4.875	

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of	As of	
				September 30, 2013	December 31, 2012	
				Provision for Lawsuits		
			Brought forward	€ 175.007	5.475	4.875
Ordinary	Telecommunications	The plaintiff requests compensation from ICE due to the termination of an agreement in the administrative venue. A trial is to be scheduled.		12.941	-	-
Ordinary Contentious	Electricity	The lawsuit was dismissed in most respects according to Resolution of May 2011; an appeal for nullification with a higher court was filed and a ruling is pending. The public or private property of the subsoil in Costa Rica, related to the excavation of a tunnel in Toro III HP, is under discussion. There is a favorable ruling with respect to the allegations; however, ICE filed an appeal for nullification with a higher court in relation to environmental legislation issues.		500	-	-
Ordinary Contentious	Telecommunications	The plaintiff requests compensation from an ICE's contractor for alleged losses as a result of a breach of contract by ICE and the contractor. It is in the oral-trial stage.		33.297	-	-
Ordinary	Telecommunications	Unfair term in a tender through ruling N° 321-212 at 14:25 hours on February 17, 2012, the Administrative Litigation Court upholds the lack of legal right, but partially upholds the claim of the plaintiffs. The majority of the administrative actions of ICE and others are upheld. ICE is ordered to reimburse US\$ 379 175.25 (three hundred seventy-nine thousand one hundred seventy-five dollars and twenty-five cents). The ruling is appealed through a document dated February 28, 2012, and tort is claimed on July 18, 2012 (accrued to file N° 07-000162-0163-CA).		5.433	-	-
Ordinary Contentious	Telecommunications	Claim for alleged disruptive actions in property. The lawsuit was answered, and the hearing on the accumulation of proceedings was answered, a formality that was rejected by the Court through ruling 675-2012 at 9:20 hours on March 21, 2012.		4.222	-	-
Injunction with precautionary measures	Electricity	Claim for alleged disruptive actions in property. It was partially dismissed, and ICE was not ordered to pay costs or damages.		500	-	-
Injunction with precautionary measures	Electricity	Claim for alleged disruptive actions in property. The precautionary measures were accepted through ruling of September 8, 2011. A hearing on the accumulation of proceedings was answered, a formality that was rejected by the Court through resolution 675-2012 of March 21, 2012.		500	-	-
Ordinary	Telecommunications	Through ruling No.014-2010-IX, the lawsuit was upheld and ICE was ordered to pay for damages, attorney's fees and court costs. The plaintiff submitted a payment for € 565. ICE objected the amount determined. The expert submitted the corresponding report which was duly appealed. The judge's ruling is pending. Annulment of administrative actions and payment of damages for having disqualified the company due to breach of contract.		565	565	564
Punitive administrative	Electricity - Telecommunications	On September 17, 2009, ICE was issued assessment notices related to the general sales tax for December 2007, which as of today's date is being disputed. The balance of the provision as of December 31, 2010, corresponding to interest and fines is for € 404, interest and fines for € 221, plus the estimated amount of the lawsuit determined by ICE's Legal Department is € 883, so an appeal was filed against the ruling by the Tax Administration, a record of interest for the year 2011 for € 128, a record of interest for period as of June 2012 for € 54, a record of interest as of December 2012, for € 76. A record of accounting opinion #v 349 for the adjustment of interest and fees for the year of 2007 for € (66).		1.701	-	728
Administrative Proceeding	Telecommunications	Collection of special parafiscal contribution of operators and suppliers of telecommunications to Fonatel, 2008-2009 periods. GG-ICE submits through Official Letter 0150-0398-2010, a formal consultation with the Costa Rican Tax Administration (DGT), in accordance with article 119 of the Tax Code of Standards and Procedures (CNPT), on whether the parafiscal contribution of article 39 of Law No. 8642 should be applied by ICE with respect to the 2008-2009 periods. Official Letter No. DGT-416-2010 dated May 25, 2010 dismissed the consultation under article 119 of the CNPT and qualified it as mere consultation, stating that for the 2008-2009 periods there is a taxable event that causes ICE to pay a parafiscal contribution for both periods. ICE files a petition to revoke the ruling with a subsidiary appeal with the Administrative Tax Court and requests annulment of Official Letter No. DGT 416-2010 issued by DGT. The petition is dismissed; accordingly, the Large Taxpayer Division of the Tax Administration issues the administrative action of payment through Official Letter No. PREV-DGCN-014-13		7.984	-	-
Administrative Proceeding	Telecommunications	Collection of reserve tax on the radio-frequency spectrum for the 2012 budget period. Start of the administrative proceedings of the assessment notice for the adjustment of the reserve tax on the radio-frequency spectrum for the 2012 budget period. ICE challenges the administrative actions through Official Letter No. 094-197-2012 dated October 31, 2012, requesting to nullify assessment notice No. SRCST-TC-108-2012 and suspend the current administrative proceedings until a ruling is issued by the Board of Directors of ARESEP with respect to the concomitant appeal and annulment filed by ICE against agreement No. 002-018-2012.		1.099	-	-
<b>Total contingent assets and liabilities -ICE</b>				<b>€ 258.770</b>	<b>6.040</b>	<b>6.168</b>

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Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of	As of
			September 30, 2013	December 31, 2012
			Provision for Lawsuits	
Electricity	Lawsuit against an insurance provider to recover amounts invested to correct damages caused by a landslide that were not covered by the insurance policy. The insurance agency deposited 78% of the amount chimed with the Court, which was booked as an account receivable. A favorable judgment was handed down by the Court in the second instance. The claim against INS amounts to €4.485 million (US\$ 8 million). In March 2012, INS deposited a partial amount of €2,054 million (US\$4 million).	€ 1.134		-
<b>Total contingent assets - CNFL</b>		<b>€ 1.134</b>		<b>-</b>

Electricity	Lawsuit filed against Compañía Nacional de Fuerza y Luz S.A by the minority shareholders as a result of a donation authorized by the Legislative Assembly for a plot to Fundación Consejo de la Tierra los Hermanos, S.A. As of December 31, 2010, no judgment had been issued and no costs assessed.	€ 1.386		-
Electricity	Compañía Nacional de Fuerza y Luz S.A deposited funds as payment of indemnity for flooding of a property near Lake Cote in connection with a hydroelectric power project. The plaintiff (Rufea, S.A.) is disputing the amount deposited. In June 2012, the amount of €230 million was paid. A provision of €199 million was established for attorneys fees, court costs, and interest.	200	72	200
Electricity	The plaintiff (Vega Fonseca Wendy) files a lawsuit against CNFL and CONAVI alleging that the lighting of the Florencio del Casto Highway did not meet the respective regulations; consequently, her husband died in a car accident.	445		-
Electricity	Refusal by CNFL to recognize a claim in relation to execution of the contract for the construction, design, and start-up of operations of a hydroelectric power plant. (Consortio Hydrocote S.A.).	1.528	15	144
Electricity	Counterclaim filed against CNFL for the requested collection from a third party of fines rested to the underground electrification project in San Jose and for the delays in the review and approval of engineering plans. No judgment has been issued and no costs assessed.	4.801		-
Electricity	Counterclaim filed against CNFL for the requested collection from a third party of 15 claims filed during the underground electrification project in San Jose. No judgment has been issued and no costs assessed.	5.090		-
Electricity	The plaintiff (Ghella Spa Costa Rica) is requesting an extension to the execution term, nullity of certain actions taken by CNFL, reversal of withholdings for fines, and reimbursement of those amounts plus statutory interest. No judgment has been issued and no costs assessed.	359		-
Electricity	The purpose of this lawsuit is to nullify the limits established in Addendum No. 01 to the contract for the design, construction, fitting, and start-up of a hydroelectric power project and the annexes thereto for recognition of price adjustments. Accordingly, CNFL must pay the plaintiff (Ghella Spa Costa Rica) based on those price adjustments.	18.332		-
Electricity	The plaintiff (Grupo Corporativo Saret) filed for precautionary measures against CNFL as a result of execution of the performance bond and collection of fines. A formal complaint was also filed to collect indemnity for consequential damages, lost profits, and lost opportunity.	13.878		-
Electricity	Lawsuit filed on the grounds of civil tort liability for damages (Ortiz Mongragen Cesar). Lawsuit filed by Banco de San José for a change in voltage that damaged computer equipment and lighting. Provisiion for ruling 2608-2012. (Banco de San José)	275	182	133
<b>Total contingent liabilities - CNFL</b>		<b>€ 46.294</b>	<b>279</b>	<b>477</b>

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of	As of
				September 30, 2013	December 31, 2012
				Provision for Lawsuits	
<b>Contingent liabilities - Lawsuits filed against RACSA:</b>					
Ordinary contentious	Telecommunications	Ordinary, administrative, and civil proceedings of the Ministry of Finance seeking payment for alleged damages caused by RACSA. The plaintiff filed an appeal for annulment with a higher court.	€ 3.225	-	-
Labor and ordinary contentious	Telecommunications	Several minor ordinary, administrative, and labor proceedings, which are in different stages.	61	-	-
Ministry of Finance	Telecommunications	The General Tax Administration (DGTD), seeks the collection of sales tax in connection with Internet services provided in 2008. Precautionary measures and a claim were filed.	12.500	-	-
FONATEL	Telecommunications	Administrative claim. Appeal dismissed by the Administrative Tax Court.	1.463	-	-
<b>Total contingent liabilities RACSA</b>			<b>€ 17.249</b>	<b>-</b>	<b>-</b>

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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#### **Note 41. General Telecommunications Law**

The General Telecommunications Law Number 8642 was published in Official Bulletin La Gaceta of June 30, 2008, setting forth the scope and regulation mechanisms for telecommunications, including the use and exploitation of networks and provision of services.

The objectives defined by this Law are:

- Guarantee the right of inhabitants to access telecommunications services, in the terms established in this Law.
- Ensure the application of the principles of universality and solidarity regarding the telecommunications services.
- Strengthen the mechanisms of the principles of universality and solidarity regarding the telecommunications services, guaranteeing access to inhabitants who require them.
- Protect the rights of the telecommunication service users, ensuring efficiency, equality, continuity, quality, larger and better coverage, more and better information, more and better alternatives in the provision of services, as well as guaranteeing the privacy and confidentiality in the communications, according to the Political Constitution of Costa Rica.
- Promote effective competition in the telecommunications market, as a mechanism for increasing availability of services, improving their quality and insuring accessible prices.
- Promote the development and use of telecommunications services within the scope of information and knowledge and as a means of support to sectors, such as health, public safety, education, culture, commerce and electronic government.
- Ensure the efficient and effective allocation, use, exploitation, management, and control of the radio electric spectrum and other scarce resources.
- Stimulate investment in the telecom sector using a legal framework that provides mechanisms that guarantee transparency, non-discrimination, equity, and legal stability and that does not promote levying taxes.
- Try for the country to obtain the maximum benefits regarding technological progress and convergence.
- Obtain telecommunications development indexes to similar to those of developed countries.

In addition, this law indicates that concessions will be granted for the use and exploitation of the radio electric spectrum frequencies, as required for the operation and exploitation of

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telecommunications networks. Said concessions will enable the holder for the operation and exploitation of the network. When the concession relates to public telecom networks, the concession holder is entitled to provide all types of telecom services available to the public. The concession will be awarded for a specific coverage area (regional or national) in order to guarantee the efficient use of the radio spectrum.

This law establishes that the radio spectrum is a public good and the planning, management, and control of its use must be in line with the provisions of the Political Constitution of the Republic of Costa Rica, international treaties, the General Telecommunications Law, the National Telecom Development Plan, the National Frequency Distribution Plan, and other regulations.

Through the procedures set forth in this Law, concessions or authorizations relating to the operation of public telecommunications networks associated with rendering services for basic traditional telephone services cannot be granted. In this case, the legislative special concession referred to in subparagraph 14 of article 121 of the Political Constitution is required. For this process, the winning bids were presented by Claro CR Telecomunicaciones, in the amount of US\$75 million for one concession, and Azules y Platas (Telefónica) for US\$95 million, for another concession.

This Law created the national telecommunications fund (Fondo Nacional de Telecomunicaciones – FONATEL) as an instrument for managing the resources allocated to finance compliance with the goals regarding universal access, universal service and solidarity established in this Law, as well as the goals and priorities defined in the National Telecommunications Development Plan. SUTEL is responsible for managing FONATEL's resources.

Other important matters contained in this Law are the following:

- The operators of public networks and providers of telecommunication services available to the public must guarantee the secret of communications, the right to privacy and the protection of the personal information regarding clients and final users, through the implementation of the systems and technical and administrative measures necessary.
- The rates for telecommunication services available to the public are established initially by SUTEL, pursuant to the use of methodology of maximum prices, or any other that promotes competition and efficiency in the use of resources, according to the bases, procedures and periodicity set forth in the regulations.
- The rates for telecommunication services available to the public are established initially by SUTEL, pursuant to the use of methodology of maximum prices, or any other that promotes

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competition and efficiency in the use of resources, according to the bases, procedures and periodicity set forth in the regulations.

- A tax corresponding to SUTEL is established for the Telecommunication Services, which is a single annual regulatory charge determined in conformity with article 59 of Law No. 7593 dated August 9, 1996. This tax will provide the resources necessary for effective management.
- In 2012, Directive 3675-SUTEL of September 7, 2012 communicates the agreement reached by the Board of SUTEL in extraordinary meeting No. 043-2012 held on July 12, 2012 and included in Decision No. 001-043-2012 whereby Extraordinary Budget No.04-2012 is approved in order to include in SUGEF's total budget the specific regulatory surplus for 2011 and the decrease in the regulatory charge paid by regulated entities from September 2012 to December 2012. The above is in accordance with the comments of the CGR in respect of such Extraordinary Budget: "[. . .] *I considering that the reimbursement sought by the regulatory entity in favor of public entities is in line with the budgetary technique and consistent with the at-cost-service principle applicable to the regulation charge, on the understanding that a difference is identified in respect of actually incurred expenses in the prior year in favor of the payers of the regulatory operation costs.*" Accordingly, the total amount paid during the 2012 period, from January to August, amounts to ¢3,115.
- A radio electric spectrum reserve tax is created, which establishes that the operators of networks and providers of telecommunication services must annually pay a radio electric spectrum reserve tax, which goal is planning, management, and control of the use of the radio electric spectrum and not for compliance with the fiscal policy objectives. The collection is aimed towards financing the activities that SUTEL must develop, according to articles 7 and 8 of this Law.
- Taxpayers will be the network operators or telecommunication service providers to whom frequency bands within the radio electric spectrum has been assigned, regardless of the use of the band or lack thereof. The amount to be paid for this tax is estimated directly by SUTEL, considering a number of engineering and economic parameters established in the law. This tax is defined by the taxpayer in a tax return issued for periods of one calendar year. The term for filing the tax return and paying the corresponding tax is two months and fifteen days after yearend.

Tax litigation is in process related to assessment notice No. SRCST-TC-108-2012 for an adjustment to the reserve tax on the Radio-frequency Spectrum for the 2012 budget period, which was imposed pursuant to Decree No. 36922-MINAET. This assessment notice was notified to ICE on October 4, 2012 and it is a result of an abbreviated review performed by

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the Large Taxpayer Division of the Finance Ministry. ICE objected, timely and in due form, to the improper tax collection performed by SUTEL and the Tax Administration, through the corresponding legal recourse. Currently, a decision is pending in respect of the claim filed with the Tax Administration. ICE had already paid the amount corresponding to the tax for the 2012 period. According to the opinion of the Legal Department, there is a high probability of a favorable outcome; therefore, no provision should be booked as of December 31, 2012 (see note 40).

#### ***Number Portability***

As defined by SUTEL, the agreements between the mobile telephony operators and the Number Portability Reference Entity (ERP) and the addendum, which establishes that the commissioning of the Number Portability System will take place not later than November 30, 2013, were signed on April 25, 2013.

ICE is currently in the execution phase of the agreement. Therefore, the Technical Committee for Number Portability have continued its weekly sessions at SUTEL to coordinate the five mobile operators and the information technology company, “El Corte Inglés”, for implementation.

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### **Note 42. Law for Strengthening and Modernizing Public Entities in the Telecommunications Sector.**

The Law for Strengthening and Modernizing Public Entities in the Telecommunications Sector Number 8660 was published in Official Bulletin La Gaceta on August 13<sup>th</sup> of the year 2008, creating through it the Telecommunications Sector and the Telecommunications Superintendence (SUTEL), which will be the entity in charge of regulating, applying, overseeing and controlling the legal framework regarding telecommunications. Additionally, this law prescribes the duties and authority of the Ministry of Science, Technology, and Telecommunications, which Minister will be responsible for directing the sector.

The main objectives of this Law are the following:

- Strengthen, modernize and provide the *Instituto Costarricense de Electricidad* (ICE), its companies and affiliated entities with the legislation that will allow adapting to all the changes in the legal framework regarding generation and rendering of services in the energy sector, as well as telecommunications, info-communication, information products and services, and other converging services.
- Supplement Law Decree Number 449 of April 8, 1949, Regulation for the Creation of *Instituto Costarricense de Electricidad*, and its amendments, to provide ICE with the legal, financial, and administrative conditions necessary to continue providing and marketing products and services within the energy and telecommunication sectors within the national territory and abroad.
- Create the Telecommunications Sector and its regulating entity, as well as developing the rights and functions and powers pertaining to the Sector Minister, who will create the National Telecommunications Development Plan, along with the President of the Republic.
- Streamline and expand the mechanisms and procedures concerning public procurement for ICE and its companies.
- Guarantee and ensure the administrative and financial autonomy of ICE and its companies.
- Guarantee accountability and evaluation of results by ICE and its companies.

The Law authorizes ICE to enter into strategic alliances, sell services regarding consultancies, training and any other related product or service, to implement the usual commercial

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practices, create promotions, including the provision of terminal equipment (free of charge or not), discounts, sponsoring, service packages, among others.

ICE may enter into contracts for the creation of trusts of any nature, within the country or abroad.

It states that when ICE and its companies act as carriers or providers for in the national competitive markets for telecommunication or energy services and products, it shall be subject to the payment of income and sales tax. Payment of income tax is excluded for income resulting from basic traditional telephone service.

It is established that neither the State nor its institutions may impose financial restrictions or limitations to ICE and its companies investments and debts not contained in the Law, nor may they request or demand transfers, purchase of bonds. In general terms, ICE and its companies cannot be compelled to keep deposits in checking accounts or in Government securities.

ICE is entitled to negotiate, contract and enforce, autonomously, medium and long term internal and external debt up to an indebtedness level of 45% with regards to its total assets. Indebtedness will be calculated based on the consolidated total of the value of ICE's total assets and its companies as of December 31 of the previous year. In the event that ICE requires increasing its debt in a higher percentage than the one stated above, it shall present its additional financing requirements for approval from the Executive Branch of the Government of Costa Rica.

Additionally, it may issue all types of securities, in domestic or foreign currency, with the interest and amortization rate, and amount the Board determines appropriate, under the terms of the applicable laws. Said securities shall have the guarantee that ICE and its companies appoint in the issuance agreement. For this, it may securitize its current and future income or its property, through financial contracts, such as leases or trusts, or may burden its properties or income.

ICE and its companies will have a Corporate Acquisition Board, whose goal shall be enforcing the corresponding administrative procurement procedures, including awarding bids and contestations.

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### **Note 43. Water Law and National Electric Service Law**

On August 28, 1942, Water Law Number 276 was published in the Official Bulletin La Gaceta, which establishes the regulatory framework for the differentiation of public domain and private water, the common and special exploitation of public water, and other general interest matters.

For the exploitation of public water by public interest or private companies, it is necessary to have the corresponding authorization, which is granted by the Ministry of the Environment and Energy (MINAEC). It is this Ministry's responsibility to arrange and rule on matters concerning domain, exploitation, use, management and surveillance of public domain water.

According to this legislation, the term of duration for the concessions will be determined in a case by case basis, according to the circumstances and the maximum term is set at thirty (30) years.

In regards to exploitation of public water, it shall include public domain land necessary for the construction of the dam, channels and ditches. Regarding property owned by the Government, Municipalities, towns or individuals, a forced easement will proceed, according to each case, for the corresponding expropriations, pursuant to the terms contained in the law.

Also, water given in concession for exploitation cannot be destined for any other use without the corresponding authorization, which will be granted as a new concession.

Concessions for exploitation of public water for the development of hydraulic and hydroelectric sources for public and private services are governed by the provisions contained in Article 46 of Law Number 276 while it was in force by the National Energy Service Law Number 258 of August 18<sup>th</sup>, 1941.

### **Judgment No. 115-2011-VI pronounced by the Court for Contentious Administrative Proceedings at 15:15 hours of May 13, 2011.**

In the operative part of the Judgment, the Court for Contentious Administrative Proceedings resolved in Item 3, Now Therefore, that, "3) (...) *In this regard, ICE and JASEC are instructed a): In the future, prior to developing or executing other hydroelectric power projects to hold the concession for use of water referred to in Article 17 of the Water Law (...).*"

ICE filed an appeal for review of Judgment 115-2011-VI in June 2011 on the grounds, inter alia, that Article 16 of Law No. 8723, filling the legal vacuum created by repeal of Law No. 258,

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clearly stated that Law No. 8723 was not applicable to ICE. To date, this appeal is pending for resolution by the First Chamber of the Supreme Court of Justice.

#### **Note 44. Law on the Public Services Regulatory Authority**

With Law No. 7593 of September 5, 1996, Law on the Public Services Regulatory Authority (ARESEP), entering into force, the former National Electric Service (SNE) is transformed into the Public Services Regulatory Entity (ARESEP), which will be responsible for setting rates of utility services, among them, electric energy in the generation, transmission, distribution, and commercialization stages.

Law No. 7593 repealed Law No. 258, which left without legal grounds the granting of concessions to use hydraulic power to generate energy.

#### **Note 45. Framework Law on Concession for Utilization of Hydraulic Power for Hydroelectric Generation**

The Framework Law on the Concession for Utilization of Hydraulic Power for Hydroelectric Generation (Law No. 8723) as of April 22, 2009 filled the legal vacuum created by repeal of Law No. 258 and established the regulatory framework to grant concessions for utilization of hydraulic power that may be obtained from public waters across the country, as provided in subparagraph 14), Article 121 of the Political Constitution for hydroelectric generation.

Similarly, Law No. 8723 provides that concessions for utilization of hydroelectric power for hydroelectric generation will be effective for twenty-five (25) years from the start of business operations in the hydroelectric power plant. Being that the concessionaire will have up to five (5) years from the grant of the concession to start project operations, when due to reasons for which the concessionaire is not responsible the term is not met, this may be extended one time only for a period not to exceed one year.

It is important to consider that Article 16 of Law No. 8723 provides that this Law will supersede any other rule on concessions for utilization of hydroelectric power for hydroelectric generation, thereby revoking any other rule to the contrary.

*Instituto Costarricense de Electricidad (ICE) and subsidiaries, including Compañía Nacional de Fuerza y Luz, are exempt from the application of this Law.*

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**Note 46. Regulations for Concessions for the Provision of Electric Energy, Executive Order Number N°30065 MINAE of November 28, 2001 and in force according to Sinalevi as of January 15, 2002.**

In accordance with the preamble of Decree Number 30065, Law Number 7593 on the Public Services Regulatory Authority allows the Government, through the Ministry of the Environment and Energy, to grant public service concessions for the supply of electric energy provided the conditions set forth in Article 13 of said law are met.

Article 13 of Law Number 7593 on the Public Services Regulatory Authority establishes the following requirements for the granting of new public service concessions: the existence of a service demand that justifies it or that the service can be provided to users under better conditions, always giving priority to concessionaires who are already providing the service.

Moreover, Article 9 of Law Number 7593 on the Public Services Regulatory Authority sets forth that public and private institutions are not required to take care of the formalities of the granting of public service concessions if their creating laws authorize them to provide such services.

According to Article 2 of said Regulations, their purpose is to establish the requirements and regulations for concessions of public services of electric energy in accordance with Articles 5 subparagraph a) and 9 of Law Number 7593, because it should not be applied to concessions of water use by Water Law Number 276.

Pursuant to provisions contained in Article 3 of the aforesaid law, MINAE will be in charge of all the formalities related to the granting and cancellation of electric energy public service concessions in the stages of generation, distribution, and commercialization of electric energy, except for those under Law Number 7200 and amendments, which will be processed by ARESEP, in accordance with provisions contained under Article 9 of Law Number 7593.

**Note 47. Law on the Framework Agreement for Electricity Market in Central America**

Pursuant to Law No. 7848 as of November 20, 1998, the Framework Agreement for Electricity Market in Central America was approved, committing their members to establishing the regional market.

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Under this Agreement, ICE was assigned "(...) the rights and obligations of Costa Rica as the contracting State, as well as the role of relevant market agents according to domestic laws, for *Instituto Costarricense de Electricidad* was commissioned for reasonable development of physical energy production sources across the country and planning of the national electricity system (...)."

#### **Note 48. Law on the Second Protocol to the Framework Agreement for Regional Electricity Market**

Law No. 9004 on the Second Protocol to the Framework Agreement for Regional Electricity Market provides that as an additional commitment to making National Electricity Market (MEN) and Regional Electricity Market (MER) work properly, governments in the area should take "(...) the necessary actions to gradually align national regulations with those of the region, allowing for regulatory coexistence of the regional market and national markets for smooth operation of the MER."

Pursuant to Article 3 of Law Number 9004 of October 31, 2011 which decreed the approval of the Second Protocol to the Framework Agreement for Regional Electricity Market in Central America, the Government of Costa Rica interpreted the provisions contained in Article 3 of said Protocol under the following terms: "The Republic of Costa Rica interprets the provisions contained in Article 3 of said Protocol, which amends paragraph 5 of the Framework Agreement for Electricity Market in Central America, in the sense that the only agents of the regional electricity market for Costa Rica are Instituto Costarricense de Electricidad (ICE) and its companies, pursuant to provisions contained in subparagraph b) of Article 6 of Law Number 8660, Strengthening and Modernizing Public Entities in the Telecommunications Sector of August 8, 2008...".

#### **Note 49. Regulations and Regulatory Alignment for the National Electricity Market and the Electricity Market in Central America.**

According to resolution RJD-036-2013 at 15:45 hours as of May 22, 2013, ARESEP published these Regulations, subject to public hearing on March 21, 2013, being that the purpose of these Regulations under Article 3 is "(...) to regulate participation of Costa Rican Electricity Industry stakeholders in the performance of Rights and Obligations under the Framework Agreement for the Electricity Market in Central America (...)."

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Additionally, these Regulations define the National Electricity Market (MEN) as "the scope of service provision transactions for the sale or purchase of electricity through those engaged in generation, transmission, distribution, and marketing activities. This National Electricity Market shall be equally referred to as Wholesale Electricity Market."

### **Note 50. Electricity Services Regulations – Decree No. 29847-MP-MINAE-MEIC**

The scope of these Regulations is regulated by Article 1 hereof in the following terms, "(...) *main conditions for the provision of electricity services, under normal production conditions, are defined and described.*

*The application of these regulations is mandatory for those power companies established in the country or eventually established by concession under applicable laws.*

*The conditions herein may be extended and detailed, in whole or in part, by the terms of the service agreement entered into by and between the subscriber and the company or by and between companies, subject to approval of the Regulatory Authority, provided that service conditions for third parties are not affected."*

### **Note 51. Subsequent Events**

#### Notes Payable

- 1) **CABEI 2076:** In October 2013, disbursement number 9 was made in the amount of USD \$4.9, a rate of 6.4%, maturity on November 27, 2028, to expand Cachí.

#### Credit Lines

- 2) **Credit Line with Mercantil Commercebank:** In October 2013, a disbursement was made in the amount of USD \$ 5, at a rate of 1.2145%, with a term of 59 days, interest and capital at maturity and no fees.

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