

Instituto Costarricense de Electricidad and Subsidiaries

Consolidated Financial Statements
March, 2013

Group ICE

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 March 31, 2013 and December 31, 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Property, machinery and equipment:		
Operating assets - cost	¢ 2.816.600	2.773.555
Accumulated depreciation of operating assets - cost	(957.748)	(916.244)
Operating assets - revalued	2.660.368	2.662.496
Accumulated depreciation of operating assets - revalued	(1.562.812)	(1.544.963)
Other operating assets - cost	382.528	374.288
Accumulated depreciation of other operating assets - cost	(216.602)	(206.770)
Other operating assets - revalued	94.005	94.591
Accumulated depreciation of other operating assets - revalued	(61.216)	(60.776)
Other operating assets under finance leases - cost	27.550	27.550
Accumulated depreciation of other operating assets under finance leases - cost	(1.690)	(1.537)
Other operating assets under finance leases - revalued	2.336	2.336
Accumulated depreciation of other operating assets under finance leases - revalued	(92)	(78)
Construction work in progress	735.591	693.515
Materials in transit for investment	152.728	153.512
Inventory for investment	137.088	161.243
Total property, machinery and equipment, net	4.208.634	4.212.718
Long-term assets:		
Long-term investments	48.979	36.626
Notes receivable	8.678	8.780
Total long-term assets	57.657	45.406
Current assets:		
Banks	4.079	8.262
Temporary investments	110.159	138.671
Valuation of investments	1.130	906
Restricted funds	2.438	10.053
Receivables for services rendered	126.081	109.619
Non-trade receivables	96.609	90.768
Allowance for doubtful accounts	(36.317)	(35.616)
Notes receivable	1.663	1.292
Operating inventory	40.826	47.146
Allowance for valuation of inventory	(5.880)	(5.976)
Materials and equipment held in custody	8.835	3.954
Materials in transit for operations	18.280	14.597
Prepaid expenses	65.960	65.251
Total current assets	433.863	448.927
Other assets:		
Non-operating assets - cost	52.972	54.034
Accumulated depreciation of non-operating assets - cost	(908)	(828)
Non-operating assets - revalued	15.884	15.941
Accumulated depreciation of non-operating assets - revalued	(6.294)	(6.260)
Service agreements	7.290	8.755
Project design and execution	99.057	94.773
Technical service centers	5.865	188
Amortizable items	8.747	8.098
Absorption of amortizable items	(3.499)	(3.538)
Intangible assets	73.343	72.103
Absorption of intangible assets	(43.976)	(40.367)
Securities received as guaranty deposits	5.836	5.451
Valuation of financial instruments	(12)	249
Guarantee and Savings Fund (restricted fund)	175.521	172.270
Transfer to Guarantee and Savings Fund	392	1.382
Operating inventory	38.228	23.388
Total other assets	428.446	405.639
	¢ 5.128.600	5.112.690

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

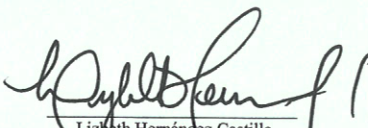
(In millions of colones)
As of March 31, 2013 and December 31, 2012

	<u>2013</u>	<u>2011</u>
<u>Liabilities and Equity</u>		
Long-term liabilities:		
Securities payable	€ 776.920	817.572
Loans payable	639.668	663.142
Obligations derived from credit	3.773	4.266
Security deposits	57.893	56.552
Accounts payable	41.400	44.896
Prepaid income	5.017	5.093
Total long-term liabilities	<u>1.524.671</u>	<u>1.591.521</u>
Short-term liabilities:		
Securities payable	63.168	33.826
Loans payable	154.858	121.825
Accounts payable	156.367	145.406
Institutional accounts payable	319	-
Accrued finance expenses payable	25.718	18.313
Prepaid income	15.545	14.993
Deposits from private individuals or companies	4.863	3.861
Legal provisions	1.000	1.000
Accrued expenses for employer obligations	29.460	40.037
Total short-term liabilities	<u>451.298</u>	<u>379.261</u>
Other liabilities:		
Valuation of financial instruments	24.659	22.401
Accounts payable	4.069	4.114
Legal provisions	40.029	41.826
Guarantee and Savings Fund (restricted fund)	175.521	172.270
Total other liabilities	<u>244.278</u>	<u>240.611</u>
Equity:		
Paid-in capital	156	156
Development reserve	1.586.561	1.589.376
Asset revaluation reserve	1.158.344	1.160.942
Result of valuation of financial instruments	(16.011)	(17.481)
Legal reserve	9.074	9.074
Project development reserve	71	71
Forest development reserve	841	820
Restricted earnings from capitalization of stake in subsidiary	62.380	62.380
Retained earnings	92.292	91.337
Minority interest	4.622	4.622
Total excess of income over expenses	10.023	-
Total equity and minority interest	<u>2.908.353</u>	<u>2.901.297</u>
	€ 5.128.600	5.112.690
Memoranda accounts	€ 332.731	347.734

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



Jose Albero Retana Reyes
Head of Financial Planning Department





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 March 31, 2013 and December 31, 2012
(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
Balances as of December 31, 2012, previously reported	₡ 156	1.160.942	(17.481)	1.589.376	9.074	71	820	62.380	91.337	4.622	2.901.297
Cumulative effect due to changes in accounting policies and adjustments for previous years	(7.680)	-	-	7.680	-	-	-	-	-	-	-
Balance at December 31, 2012, adjusted	(7.524)	1.160.942	(17.481)	1.597.056	9.074	71	820	62.380	91.337	4.622	2.901.297
External audit adjustments to be accounted	7.680	-	-	(10.569)	-	-	-	-	-	-	(2.889)
Asset revaluation for the year	-	(546)	-	-	-	-	-	-	0	-	(546)
Prior period adjustments	-	-	-	74	-	-	-	-	-	-	74
Other adjustments	-	-	-	-	-	-	-	-	(255)	-	(255)
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	21	-	(21)	-	-
Profit for the period net	-	-	-	10.023	-	-	-	-	(807)	-	9.216
Profit for the period net, minority interest	-	-	-	-	-	-	-	-	(13)	-	(13)
Realization of asset revaluation reserve	-	(1.962)	-	-	-	-	-	-	1.962	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	1.246	-	-	-	-	-	-	-	1.246
<i>Inversiones</i>	-	-	224	-	-	-	-	-	-	-	224
Assets retirement during the period	-	(119)	-	-	-	-	-	-	119	-	-
Appropriation to minority interest	-	29	-	-	-	-	-	-	(29)	-	-
Balance at March 31, 2013	₡ 156	1.158.344	(16.011)	1.596.584	9.074	71	841	62.380	92.292	4.622	2.908.353

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
(San José, Costa Rica)

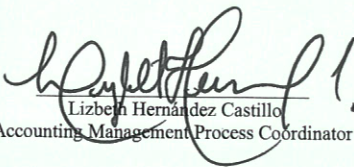
Consolidated Statement of Profit or Loss

(In millions of colones)
For the periods ended as of March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Electricity services	¢ 191.646	156.304
Telecom services	126.350	131.785
Institutional services	528	626
Total operating revenues	<u>318.524</u>	<u>288.715</u>
Operating costs:		
Operation and maintenance	68.296	52.458
Operation and maintenance of leased equipment	50.315	34.379
Depreciation of operating assets	59.492	55.693
Supplemental services and purchases	36.792	29.487
Production management	18.601	16.265
Technical service center	7.783	19.128
Total operating costs	<u>241.279</u>	<u>207.410</u>
Gross profit	<u>77.245</u>	<u>81.305</u>
Operating expenses:		
Administrative	20.971	19.239
Marketing	50.166	42.659
Preliminary studies	5.628	4.951
Preinvestment studies	954	1.338
Other operating expenses	693	319
Total operating expenses	<u>78.412</u>	<u>68.506</u>
Operating profit (deficit)	<u>(1.167)</u>	<u>12.799</u>
Other income:		
Finance income	4.356	4.666
Foreign exchange differences	35.692	19.365
Other income	6.746	10.488
Total other income	<u>46.794</u>	<u>34.519</u>
Other expenses:		
Interest	21.627	20.376
Commissions	4.786	6.544
Foreign exchange differences	5.710	3.560
Other expenses	4.323	7.191
Total other expenses	<u>36.446</u>	<u>37.671</u>
Profit before tax and minority interest	<u>9.181</u>	<u>9.647</u>
Tax and minority interest:		
Deferred tax	-	22
Minority interest	13	41
Profit net	<u>¢ 9.194</u>	<u>9.710</u>

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
(San José, Costa Rica)

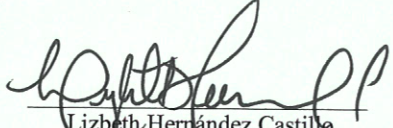
Consolidated Statement of Cash Flows
For the periods as of ended March 31, 2013 and 2012
(In millions of colones)

	<u>2013</u>	<u>2012</u>
Sources (uses) of cash:		
Operating activities:		
Profit (deficit), net	¢ 9.194	9.710
Items not requiring (providing) cash:		
Depreciation	69.906	61.079
Legal provisions	2.598	578
Statutory Christmas bonus	4.938	4.069
Back to school bonus	4.585	3.076
Accumulated vacations	3.920	2.789
Allowance for doubtful accounts	884	757
Allowance for valuation of inventory	17	-
Absorption of amortizable and intangible items	3.286	5.045
Foreign exchange differences	(30.625)	(16.032)
Valuation of financial instruments	3.765	5.658
Cash provided by operations	63.274	67.018
Cash provided by (used for) changes in:		
Committed temporary investments	39	10
Notes and accounts receivable	(22.755)	(1.246)
Operating inventory	(2.357)	10.295
Other assets	17.708	866
Accounts payable	7.420	24.105
Security deposits	1.341	471
Other liabilities	(18.730)	(14.665)
Cash provided by operating activities	55.134	96.564
Financing activities:		
Increase in securities payable	-	43.977
Amortization of securities payable	(224)	(30.536)
Increase in loans payable	56.603	87.828
Amortization of loans payable	(27.506)	(36.549)
Decrease in obligations derived from credit	(493)	(21.490)
Net cash provided by financing activities	28.380	43.230
Investing activities:		
Increase in long-term investments	(12.353)	(945)
Additions to property, machinery and equipment	(81.184)	(125.597)
Increase in other assets	(10.446)	(20.127)
Net cash used in investing activities	(103.983)	(146.669)
Increase (decrease) in cash and cash equivalents	(20.469)	(6.875)
Cash and cash equivalents at beginning of the year	112.119	130.374
Cash and cash equivalents at end of the year	¢ 91.650	123.499

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 AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

March 31, 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 and 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 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).

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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

March 31, 2013

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.

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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

March 31, 2013

Note 2. Basis for the Preparation

(a) Statement of Compliance

The accompanying interim consolidated financial statements were prepared in accordance with the accounting principles contained in the 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.

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 Newspaper 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.”

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

March 31, 2013

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 occur.

The consolidated financial statements were authorized for issuance by ICE Group's Management on June 11, 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.

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 the 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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

March 31, 2013

Note 3. Significant Accounting Policies and Guidelines

The accounting policies applied by ICE Group in preparing the interim consolidated financial statements corresponding to the quarter ended March 31, 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, except for the following:

(a) Consolidation Policies

(i) Subsidiaries

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

<u>Subsidiaries</u>	<u>Country</u>	<u>Percentage of Participation</u>	
		<u>up to March, 30</u>	<u>up to Dec. 31</u>
		<u>2013</u>	<u>2012</u>
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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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										
	Up to December 31										
	<u>2011</u> (Restated)	Additions	Withdraw and transfers	Adjust. and reclassif..	<u>2012</u>	Additions	Withdraw and transfers	Adjust. and reclassif..	*Adjustment External Audit	<u>Up to march, 31 2013</u>	
<u>ICE Electricity:</u>											
Hydraulic generation	¢	569.263	9.702	(787)	(36)	578.142	2.917	1.311	(70)	483	582.783
Thermic generation		76.762	13.863	(959)	(175)	89.491	727	-	-	-	90.218
Substations		106.483	23.005	610	(32)	130.066	62	(132)	(286)	-	129.710
Transmission lines (1)		78.297	40.422	153	(73)	118.799	13.075	-	(2.049)	-	129.825
Distribution lines (2)		131.086	23.536	(922)	(42)	153.658	7.743	-	(199)	-	161.202
Public lighting		2.932	205	(8)	-	3.129	351	-	-	-	3.480
Geothermic generation		152.430	7.047	-	-	159.477	113	-	-	-	159.590
Aeolian generation		7.398	221	(22)	-	7.597	(1)	-	-	-	7.596
Solar generation		1.873	6.849	-	-	8.722	39	-	-	-	8.761
Micro generation - Hydraulic plant		166	-	-	-	166	-	-	-	-	166
Control, communication and infrastructure equipment		5.673	10.722	-	-	16.395	-	-	-	-	16.395
Subtotal ICE Electricity	¢	1.132.363	135.572	(1.935)	(358)	1.265.642	25.026	1.179	(2.604)	483	1.289.726
<u>ICE Telecommunications:</u>											
Transportation	¢	479.864	31.528	(1.287)	(169)	509.936	4.228	-	-	1.687	515.851
Access		342.082	56.244	15	(57)	398.284	3.712	695	-	271	402.962
Civil and electromechanics		179.009	31.943	63	(22)	210.993	4.774	(695)	(2)	-	215.070
Platforms		63.108	21.268	(56)	(26)	84.294	2.130	-	-	-	86.424
Subtotal ICE Telecommunications	¢	1.064.063	140.983	(1.265)	(274)	1.203.507	14.844	-	(2)	1.958	1.220.307
Subtotal ICE	¢	2.196.426	276.555	(3.200)	(632)	2.469.149	39.870	1.179	(2.606)	2.441	2.510.033

*Adjustment external audit 2012, pending of registration

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Assets in operation cost	Plants, substations, lines, stations and other										
	Up to December 31										
	<u>2011</u> (Restated)	Additions	Withdraw and transfers	Adjust. and reclassif..	<u>2012</u>	Additions	Withdraw and transfers	Adjust. and re classif..	*Adjustment External Audit	<u>Up to march, 31 2013</u>	
CNFL:											
Lands	¢	3.273	63	-	-	3.336	-	-	-	-	3.336
Improvements to lands		6.166	4	(15)	(88)	6.067	-	-	-	-	6.067
Buildings		11.869	144	(22)	(292)	11.699	-	-	-	-	11.699
Plants		49.730	403	-	-	50.133	-	-	-	-	50.133
Distribution		92.724	6.847	(354)	-	99.217	1.397	(181)	-	-	100.433
Transmission		2.022	-	-	-	2.022	-	-	-	-	2.022
Substations		13.445	432	-	(54)	13.823	29	-	-	-	13.852
Service connections		17.099	1.783	(60)	-	18.822	400	(19)	-	-	19.203
Equipment for road lighting		3.838	60	(32)	122	3.988	9	(14)	-	-	3.983
Public lighting		5.706	1.406	-	-	7.112	349	-	-	-	7.461
General equipment		24.365	2.178	(689)	(60)	25.794	227	(71)	-	-	25.950
Communication system		633	147	-	-	780	-	-	-	-	780
Subtotal CNFL	¢	230.870	13.467	(1.172)	(372)	242.793	2.411	(285)	-	-	244.919
RACSA:											
Lands	¢	203	-	-	-	203	-	-	-	-	203
Building		768	-	-	-	768	-	-	-	-	768
Communication equipment		36.121	1.587	(988)	-	36.720	40	(2)	-	-	36.758
General equipment		6.334	1.118	(142)	-	7.310	-	(3)	-	-	7.307
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
Subtotal RACSA	¢	60.038	2.705	(1.130)	-	61.613	40	(5)	-	-	61.648
Total Group ICE	¢	2.487.334	292.727	(5.502)	(1.004)	2.773.555	42.321	889	(2.606)	2.441	2.816.600

*Adjustment external audit 2012, pending of registration

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

(1) Transmission Lines

Capitalizations for ¢13,075 are made, and they result mainly from the expansion of the Cachí-Moín Transmission Line.

(2) Distribution Lines

In the distribution line group, capitalizations are made in the component of civil works: distribution and street lighting, for a sum of ¢3,761, and in electric works: distribution and lighting, for the sum of ¢3,982.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

The accumulated depreciation of the operating assets at cost is detailed as follows:

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to march, 31 2013</u>	
ICE Electricity:										
Hydraulic generation	¢	58.096	14.763	(402)	191	72.648	3.855	(69)	(21)	76.413
Thermic generation		16.896	3.829	(216)	(12)	20.497	1.035	-	30	21.562
Substations		25.075	5.474	148	(36)	30.661	1.775	(37)	(84)	32.315
Transmission lines		10.642	3.015	21	775	14.453	1.266	-	(280)	15.439
Distribution lines		43.975	10.338	(465)	(752)	53.096	2.854	-	(5)	55.945
Public lighting		2.074	80	(7)	-	2.147	20	-	-	2.167
Geothermic generation		36.523	5.477	-	(265)	41.735	1.367	-	-	43.102
Aeolian generation		2.538	444	(8)	-	2.974	114	-	-	3.088
Solar generation		492	114	-	-	606	116	-	-	722
Micro generation - Hydraulic plant		13	6	-	-	19	1	-	-	20
Control, communication and infrastructure equipment		3.129	1.102	-	-	4.231	321	-	-	4.552
Subtotal ICE Electricity	¢	199.453	44.642	(929)	(99)	243.067	12.724	(106)	(360)	255.325
ICE Telecommunications:										
Transportation	¢	225.604	41.715	(781)	(9)	266.529	9.723	-	-	276.252
Access		134.491	31.278	7	11	165.787	8.879	52	-	174.718
Civil and electromechanics		105.929	11.779	5	7	117.720	3.736	(52)	(305)	121.099
Platforms		17.745	10.678	(33)	1.533	29.923	3.813	-	-	33.736
Subtotal ICE Telecommunications	¢	483.769	95.450	(802)	1.542	579.959	26.151	-	(305)	605.805
Subtotal ICE	¢	683.222	140.092	(1.731)	1.443	823.026	38.875	(106)	(665)	861.130

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Depreciation accumulated cost	Plants, substations, lines, stations and other								
	Up to December 31								
	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and re classify	<u>2012</u>	Depreciation	Withdraw and transfers	Adjust. and re classify	<u>Up to march, 31 2013</u>
CNFL:									
Improvement to lands	¢	879	135	(3)	1	1.012	34	-	1.046
Buildings		1.767	215	(5)	23	2.000	55	5	2.060
Plants		8.091	1.248	-	56	9.395	326	-	9.721
Distribution		18.410	3.036	(109)	361	21.698	881	(54)	22.525
Transmission		344	68	-	2	414	17	-	431
Substations		2.769	447	-	43	3.259	124	-	3.383
Service connections		3.273	599	(17)	19	3.874	162	(6)	4.030
Equipment for road lighting		626	124	(32)	128	846	36	(13)	869
Public lighting		836	216	-	63	1.115	61	-	1.176
General equipment		10.625	1.437	(538)	909	12.433	344	(47)	12.959
Communication systems		80	22	-	-	102	7	-	109
Subtotal CNFL	¢	47.700	7.547	(704)	1.605	56.148	2.047	(120)	58.309
RACSA:									
Building	¢	212	24	-	-	236	6	-	242
Communication equipment		26.977	3.458	(981)	-	29.454	819	(1)	30.272
General equipment		2.147	611	(141)	-	2.617	172	(2)	2.787
Submarine cable - Maya I		1.418	382	-	-	1.800	-	-	1.800
Submarine cable - Arcos I		778	109	-	-	887	-	-	887
Submarine cable - Costa Rican pacific coast		1.586	490	-	-	2.076	-	-	2.076
Movements period 2013 Submarine Cables		-	-	-	-	-	245	-	245
Subtotal RACSA	¢	33.118	5.074	(1.122)	-	37.070	1.242	(3)	38.309
Total Grupo ICE	¢	764.040	152.713	(3.557)	3.048	916.244	42.164	(229)	957.748

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 Up to December 31							
	<u>2011</u> (Restated)	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2012</u>	Withdraw and transfers	<u>Up to march, 31</u> <u>2013</u>	
ICE Electricity:								
Hydraulic generation	¢	1.131.853	27.941	(8.255)	-	1.151.539	(1.385)	1.150.154
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	-	94.971
Distribution lines		244.125	7.991	(6.258)	-	245.858	-	245.858
Public lighting		4.450	175	(13)	-	4.612	-	4.612
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
Subtotal ICE Electricity	¢	2.027.853	61.517	(15.900)	-	2.073.470	(1.595)	2.071.875
ICE Telecommunications:								
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
Subtotal ICE Telecommunications	¢	264.592	4.730	-	(304)	269.018	-	269.018
Subtotal ICE	¢	2.292.445	66.247	(15.900)	(304)	2.342.488	(1.595)	2.340.893

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other							
	Up to December 31							
	<u>2011</u>	Revaluation	Withdraw	Adjust. and	<u>2012</u>	Withdraw and	Up to march, 31	
	(Restated)		and	reclassif.		transfers	<u>2013</u>	
CNFL:								
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	(438)	124.373
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	(35)	29.373
Public lighting		11.015	724	(77)	135	11.797	(32)	11.765
General equipment		5.546	-	(354)	(2)	5.190	(26)	5.164
Communication system		230	6	-	1	237	-	237
Subtotal CNFL	¢	291.560	16.607	(1.652)	(37)	306.478	(531)	305.947
RACSA:								
Lands		11	-	-	-	11	-	11
Buildings		2.287	-	-	-	2.287	-	2.287
Communication equipment		10.189	-	(456)	-	9.733	-	9.733
General equipment		1.609	-	(110)	-	1.499	(2)	1.497
Subtotal RACSA	¢	14.096	-	(566)	-	13.530	(2)	13.528
Total Group ICE	¢	2.598.101	82.854	(18.118)	(341)	2.662.496	(2.128)	2.660.368

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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

Plants, substations, lines, stations and other										
Up to December 31										
Depreciation accumulated - revaluation	<u>2011</u> (Restated)	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to march.</u> <u>31 2013</u>	
ICE Electricity:										
Hydraulic generation	¢	637.029	28.719	(5.428)	10.426	670.746	7.312	(987)	-	677.071
Thermic generation		51.785	1.920	(639)	2.055	55.121	505	-	-	55.626
Substations		95.079	5.155	(167)	2.764	102.831	1.364	(130)	-	104.065
Transmission lines		62.160	2.577	-	1.474	66.211	552	-	-	66.763
Distribution lines		146.194	8.819	(3.814)	4.014	155.213	2.251	-	-	157.464
Public lighting		4.232	26	(13)	148	4.393	6	-	-	4.399
Geothermic generation		110.014	9.973	-	3.420	123.407	2.590	-	-	125.997
Aeolian generation		1.618	235	(5)	81	1.929	62	-	-	1.991
Solar generation		434	54	-	21	509	14	-	-	523
Micro generation - Hydraulic plant		-	-	-	(2)	(2)	-	-	-	(2)
Control, communication and infrastructure equipment		5.658	478	-	258	6.394	137	-	-	6.531
Subtotal ICE Electricidad	¢	1.114.203	57.956	(10.066)	24.659	1.186.752	14.793	(1.117)	-	1.200.428
ICE Telecommunications:										
Transportation	¢	29.523	11.074	-	(9.643)	30.954	391	-	-	31.345
Access		104.191	7.892	-	(1.509)	110.574	1.549	-	-	112.123
Civil and electromechanics		55.541	8.131	-	(3.191)	60.481	681	-	-	61.162
Platforms		-	193	-	(193)	-	-	-	-	-
Subtotal ICE Telecomunicaciones	¢	189.255	27.290	-	(14.536)	202.009	2.621	-	-	204.630
Subtotal ICE	¢	1.303.458	85.246	(10.066)	10.123	1.388.761	17.414	(1.117)	-	1.405.058

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Plants, substations, lines, stations and other										
Al 31 de diciembre de										
Depreciation accumulated - revaluation	<u>2011</u> (Reestructurado)	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to march,</u> <u>31 2013</u>	
<u>CNFL:</u>										
Improvement to lands	¢	1.964	150	(3)	112	2.223	39	-	-	2.262
Buildings		6.963	305	35	273	7.576	69	-	10	7.655
Plants		21.080	1.675	-	838	23.593	458	-	-	24.051
Distribution		63.141	3.927	(774)	2.112	68.406	908	(335)	-	68.979
Transmission		524	50	-	31	605	15	-	-	620
Substations		8.942	659	-	331	9.932	167	-	-	10.099
Service connections		19.311	949	(109)	174	20.325	157	(25)	-	20.457
Public lighting		6.347	375	(74)	286	6.934	77	(31)	-	6.980
General equipment		4.535	124	(241)	-	4.418	19	(24)	15	4.428
Communication systems		80	8	-	(2)	86	2	-	-	88
Subtotal CNFL	¢	132.887	8.222	(1.166)	4.155	144.098	1.911	(415)	25	145.619
<u>RACSA:</u>										
Edificio	¢	1.116	48	-	-	1.164	12	-	-	1.176
Equipo de comunicación		10.094	78	(455)	-	9.717	6	-	-	9.723
Equipo general		1.260	73	(110)	-	1.223	15	(2)	-	1.236
Subtotal RACSA	¢	12.470	199	(565)	-	12.104	33	(2)	-	12.135
Total Grupo ICE	¢	1.448.815	93.667	(11.797)	14.278	1.544.963	19.358	(1.534)	25	1.562.812

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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	Up to December 31									
	<u>2011</u> (Restructured)	Additions	Adjustments y reclassifications	Withdraw y transfers	<u>2012</u>	Additions	Adjustments y reclassifications	Withdraw y transfers	*Adjustments external audit	<u>Up to March 31, 2013</u>
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	3.586	-	-	-	34.524
Machinery and equipment for production	2.236	96	24	146	2.502	-	-	-	-	2.502
Equipment for construction	49.591	23.295	-	1.271	74.157	768	-	(14)	-	74.911
Transportation equipment	78.952	3.934	-	(573)	82.313	1.132	-	(765)	-	82.680
Communication equipment	12.524	1.031	-	(1.082)	12.473	963	8	(130)	200	13.514
Furniture and office equipment	7.947	1.007	-	(394)	8.560	141	-	(23)	-	8.678
Equipment and computer programs	65.825	7.032	-	(3.080)	69.777	1.363	-	(720)	59	70.479
Sanitary equipment for laboratory and investigation	27.700	5.687	-	(1.021)	32.366	1.053	-	(181)	103	33.341
Educational, sport and recreational equipment and furniture	863	84	-	(282)	665	23	-	(6)	-	682
Diverse machinery and equipment	14.336	3.373	-	17	17.726	185	-	(21)	15	17.905
Maintenance machinery and equipment	31.378	4.213	-	(283)	35.308	662	-	(183)	10	35.797
Equipment for photography, video and publications	3.404	1.757	-	(1.456)	3.705	22	-	(10)	-	3.717
Livestock	5	-	-	(5)	-	-	-	-	-	-
Total Group ICE	322.815	58.237	24	(6.788)	374.288	9.898	8	(2.053)	387	382.528

*Adjustment external audit 2012, pending of registration

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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

Depreciation accumulated - other assets in operation - cost	Up to December 31							Up to March 31, 2013
	<u>2011</u> (Restructured)	Depreciation	Withdraw and transfers	<u>2012</u>	Depreciation	Withdraw and transfers		
Buildings	¢ 3.374	590	(1)	3.963	177	-	4.140	
Machinery and equipment for production	902	81	(324)	659	20	-	679	
Construction equipment	25.853	8.426	(95)	34.184	2.985	(18)	37.151	
Transportation equipment	56.968	8.128	(470)	64.626	1.653	(764)	65.515	
Communication equipment	5.629	1.534	(935)	6.228	389	(100)	6.517	
Office furniture and equipment	3.229	716	(198)	3.747	178	(31)	3.894	
Equipment and computer programs	40.183	11.745	(2.460)	49.468	2.891	(477)	51.882	
Sanitary equipment for laboratory and investigation	12.863	3.267	(1.017)	15.113	922	(138)	15.897	
Educational, sport and recreational equip. and furniture	391	67	(223)	235	18	(1)	252	
Diverse machinery and equipment	6.464	2.309	(133)	8.640	620	(37)	9.223	
Maintenance machinery and equipment	12.333	5.778	(239)	17.872	1.502	(112)	19.262	
Equipment for photography, video and publications	1.470	729	(164)	2.035	163	(9)	2.189	
Livestock	3	-	(3)	-	-	-	-	
Total Group ICE	¢ 169.662	43.370	(6.262)	206.770	11.518	(1.687)	216.602	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Other operating assets expressed at their revalued value are detailed as follows:

Other assets in operation - revaluation	Up to December 31					
	2011 (Restructured)	Revaluation	Withdraw and transfers	2012	Withdraw and transfers	Up to March 31, 2013
Lands	¢ 6.572	309	(37)	6.844	-	6.844
Buildings	44.140	2.505	-	46.645	-	46.645
Machinery and equipment for production	1.835	116	(206)	1.745	-	1.745
Construction equipment	9.855	1.488	(177)	11.166	(27)	11.139
Transportation equipment	14.296	1.390	(272)	15.414	(372)	15.042
Office furniture and equipment	2.045	258	(134)	2.169	(24)	2.145
Equipment y programs de computer	-	(1)	1	-	-	-
Sanitary equipment for laboratory and investigation	5.237	878	(914)	5.201	(56)	5.145
Educational, sport and recreational equipment and furniture	80	19	(36)	63	-	63
Diverse machinery and equipment	1.030	308	(27)	1.311	(9)	1.302
Machinery and equipment for maintenance	2.755	1.013	(46)	3.722	(96)	3.626
Equipment for photography, video and publications	218	106	(13)	311	(2)	309
Total Group ICE	¢ 88.063	8.389	(1.861)	94.591	(586)	94.005

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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	Up to Desember 31				2012	Depreciation	Withdraw and transfers	Up to March 31, 2013
	2011 (Restructured)	Depreciation	Revaluation	Withdraw and transfers				
Buildings	¢ 24.819	958	1.097	-	26.874	255	-	27.129
Machinery and equipment for production	1.022	98	61	(63)	1.118	28	-	1.146
Construction equipment	8.824	407	502	(175)	9.558	199	(27)	9.730
Transportation equipment	12.677	796	528	(271)	13.730	222	(372)	13.580
Communication equipment	(10)	(2)	(1)	13	-	-	-	-
Office furniture and equipment	1.683	90	72	(126)	1.719	23	(22)	1.720
Equipment and computer programs	1	-	(2)	1	(0)	-	-	(0)
Sanitary equipment for laboratory and investigation	4.278	286	284	(902)	3.946	106	(48)	4.004
Educational, sport and recreational equipment and furniture	63	3	3	(33)	36	1	-	37
Diverse machinery and equipment	760	106	95	(26)	935	43	(7)	971
Maintenance machinery and equipment	2.238	207	258	(41)	2.662	120	(95)	2.687
Equipment for photography, video and publications	144	35	33	(14)	198	16	(2)	212
Total ICE	¢ 56.499	2.984	2.930	(1.637)	60.776	1.013	(573)	61.216

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Note 6. Other Operating Assets under Financial Lease

Other operating assets under financial lease are detailed as follows:

		<u>Up to March 31, 2013</u>	<u>Up to December 31, 2012</u>
Lands	¢	1.152	1.151
Buildings		25.315	25.315
Office furniture and equipment		1.083	1.084
Total Group ICE	¢	27.550	27.550

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

Accumulated depreciation		<u>Up to March 31, 2013</u>	<u>Up to December 31, 2013</u>
Buildings	¢	1.393	1.267
Office furniture and equipment		297	270
Total Group ICE	¢	1.690	1.537

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 March 31, 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 in the entities to be included in the consolidated financial statements of ICE Group.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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 execute the object of the Trust agreement.

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

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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

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

The accumulated depreciation corresponding to other revalued operating assets under financial lease are the following:

Deprec. accumulated others assets in operation under financial leasing - revaluation	<u>Up to March</u> <u>31, 2013</u>	<u>Up to</u> <u>December</u> <u>31, 2012</u>
Buildings	¢ 75	64
Office furniture and equipment	17	14
Total Group ICE	¢ 92	78

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Note 7. Works in Progress, Material in Transit, and Inventory for Investment

The following chart indicates the movements during 2012 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	Additions	Capitalizations	Interest and commissions	Ingreso almacén	Adjustments and reclassifications	Used in works	* Adjust. External audt	As of March 31, 2013
ICE:																	
Major construction work in progress	230.877	178.189	(64.860)	20.071	-	650	-	-	364.927	33.760	(13.004)	7.119	-	-	-	-	392.802
Other construction work in progress	224.996	209.246	(200.399)	5.169	-	(4.665)	-	-	234.347	29.987	(28.939)	1.761	-	(1.023)	-	-	236.133
Subtotal construction work in progress	455.873	387.435	(265.259)	25.240	-	(4.015)	-	-	599.274	63.747	(41.943)	8.880	-	(1.023)	-	-	628.935
Materials in transit for investment	174.698	39.668	-	-	(42.915)	(35)	(17.940)	-	153.476	5.355	-	-	(6.974)	(2)	-	872	152.727
Inventory for investment	138.636	34.019	-	-	119.422	26.676	(161.227)	-	157.526	(91)	-	-	18.153	(19.609)	(24.153)	1.488	133.314
Subtotal ICE	769.207	461.122	(265.259)	25.240	76.507	22.626	(179.167)	-	910.276	69.011	(41.943)	8.880	11.179	(20.634)	(24.153)	2.360	914.976
CNFL:																	
Construction work in progress	41.053	64.934	(11.044)	-	-	6.070	-	(6.939)	94.074	20.649	(2.185)	-	-	(6.070)	-	-	106.468
Inventory and materials for investment	4.496	-	-	-	-	-	(779)	-	3.717	-	-	-	57	-	-	-	3.774
Subtotal CNFL	45.549	64.934	(11.044)	-	-	6.070	(779)	(6.939)	97.791	20.649	(2.185)	-	57	(6.070)	-	-	110.242
RACSA:																	
Construction work in progress	540	167	(556)	-	-	16	-	-	167	21	-	-	-	-	-	-	188
Materials in transit for investment	718	18	(700)	-	-	-	-	-	36	-	-	-	-	(35)	-	-	1
Subtotal RACSA	1.258	185	(1.256)	-	-	16	-	-	203	21	-	-	-	(35)	-	-	189
Total ICE Group	816.014	526.241	(277.559)	25.240	76.507	28.712	(179.946)	(6.939)	1.008.270	89.681	(44.128)	8.880	11.236	(26.739)	(24.153)	2.360	1.025.407
ICE GROUP:																	
Major construction work in progress	272.470	243.290	(76.460)	20.071	-	6.736	-	(6.939)	459.168	54.430	(15.189)	7.119	-	(6.070)	-	-	499.458
Other construction work in progress	224.996	209.246	(200.399)	5.169	-	(4.665)	-	-	234.347	29.987	(28.939)	1.761	-	(1.023)	-	-	236.133
Subtotal construction work in progress	497.466	452.536	(276.859)	25.240	-	2.071	-	(6.939)	693.515	84.417	(44.128)	8.880	-	(7.093)	-	-	735.591
Materials in transit for investment	175.416	39.686	(700)	-	(42.915)	(35)	(17.940)	-	153.512	5.355	-	-	(6.974)	(37)	-	872	152.728
Inventory for investment	143.132	34.019	-	-	119.422	26.676	(162.006)	-	161.243	(91)	-	-	18.210	(19.609)	(24.153)	1.488	137.088
Total ICE Group	816.014	526.241	(277.559)	25.240	76.507	28.712	(179.946)	(6.939)	1.008.270	89.681	(44.128)	8.880	11.236	(26.739)	(24.153)	2.360	1.025.407

* Adjustment external audit - pending of registration.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

The detail of movement of works in progress and other works in progress as of March 31, 2013 is presented as follows:

Works under construction and other works under construction	<u>Up to december, 31, 2012</u>	Additions	Capitalizations	Interests capitalized to work	Adjustments and Reclassifications	<u>Up to december, 31, 2013</u>
ICE						
Reventazón Hydroelectric Project (1)	228.928	23.450	-	3.859	-	256.237
P.E.S.S.O (2)	41.687	103	(1.637)	323	-	40.476
Cachí Hydroelectric Project (3)	33.132	3.894	-	972	-	37.998
Advanced mobile services (4)	24.677	3.923	(396)	-	(1)	28.203
Expansion and modernization of the system (5)	23.837	4.243	(92)	154	6	28.148
Peñas Blancas-Garita transmission line (6)	21.552	(357)	-	408	-	21.603
Creation and restoration of civil and metal structures (7)	19.888	836	(1.938)	40	-	18.826
Network development (8)	19.077	2.999	(3.640)	152	-	18.588
Continuous quality improvement (Distribution) (9)	13.254	1.720	(1.550)	221	108	13.753
Cariblanco-Trapiche transmission line (10)	11.517	1.580	-	329	-	13.426
Expansion of mobile telephone service (11)	14.412	(482)	(1.504)	87	(872)	11.641
Toro San Miguel Deviation (12)	11.606	2	-	1	-	11.609
Río Macho Hydroelectric Project (13)	8.208	2.298	-	159	-	10.665
Logic security management system for RAI (14)	10.033	-	-	-	-	10.033
Technical services for distribution projects	10.785	1.503	(3.697)	155	(11)	8.735
Fiber optics of advanced connectivity (FOCA)	9.541	1.178	(2.108)	-	40	8.651
Coronado transmission	5.609	871	-	19	-	6.499
Cócano transmission	5.190	319	-	93	-	5.602
Las Pailas Geothermal Project	5.245	218	-	98	-	5.561
Energy transformation	5.016	385	-	70	-	5.471
Venecia transmission	5.240	85	-	15	-	5.340
Río Macho t.s. modernization	4.726	192	-	79	-	4.997
Auxiliary rods	4.423	250	-	164	-	4.837
Expansion of platform and renewal of technological infrastructure	4.398	37	-	18	-	4.453
Improvements in electricity transportation network	3.674	671	(62)	102	-	4.385
Improvements telecommunications in transportation networks	2.891	3.555	(2.071)	1	3	4.379
Permanent investment in transmission works	3.311	225	-	15	-	3.551
Technological infrastructure	2.517	576	-	81	-	3.174
Management of network elements	653	2.034	(30)	-	-	2.657
Interconnection - Ingenio El Viejo	2.510	-	-	56	-	2.566
Public lightning	2.038	166	(332)	18	-	1.890
Tarbaca transmission line	1.551	15	-	29	-	1.595
New energy control center	1.340	196	-	15	-	1.551
Transmission system - Miravalles, extension No.8	1.442	1	-	22	-	1.465
Reinforcement of the distribution system	466	945	-	2	-	1.413
Sustainability and growth of the telecommunication sector income	256	1.107	-	-	35	1.398
Medium voltage connections	1.179	130	-	33	-	1.342
Miravalles II Geothermal Project	1.155	151	-	35	-	1.341
Siepac Transmission - transmission lines	854	466	-	5	-	1.325
Sustainability and soundproofing of the infrastructure	3.652	1.088	(3.469)	-	-	1.271
Corobicí Hydroelectric Project	1.041	22	-	26	-	1.089
Anillo Sur transmission	1.018	5	-	41	-	1.064
Modernization of lightning, tests	729	263	-	10	-	1.002
Energy conservation	682	134	(19)	15	6	818
Common infrastructure buildings/lands	337	312	(22)	-	-	627
Peñas Blancas Hydroelectric Project (mini-switchboard, ICE)	548	60	-	16	-	624
Río Macho-Moín transmission line (15)	13.325	(558)	(13.004)	799	-	562
Sundry projects	10.124	2.936	(6.372)	143	(337)	6.494
Subtotal ICE	599.274	63.747	(41.943)	8.880	(1.023)	628.935
CNFL:						
Baka Inferior Hydroelectric Project	88.737	18.000	-	-	(6.070)	100.667
Anonos Hydroelectric Project	1.742	110	-	-	-	1.852
San Buenaventura Eolic Project	800	25	-	-	-	825
Others	2.795	2.514	(2.185)	-	-	3.124
Subtotal CNFL	94.074	20.649	(2.185)	-	(6.070)	106.468
RACSA:						
Forestry projects	-	21	-	-	-	21
300 Km fiber optics network	76	-	-	-	-	76
Virtualization of JES servers	91	-	-	-	-	91
Subtotal RACSA	167	21	-	-	-	188
Total ICE Group	693.515	84.417	(44.128)	8.880	(7.093)	735.591

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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

(1) Reventazón Hydroelectric Project

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 ₡23,450 in additions, which correspond mainly to the acquisition of materials and supplies.

(2) 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 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.

(3) 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.

As of March 31, 2013, additions amount to ₡3,894, which correspond mainly to the acquisition of materials, supplies, and remunerations.

(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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

The additions for ¢3,923 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).

(5) 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 ¢4,243 mainly correspond to the purchase of materials and supplies.

(6) 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).

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 the needs.

(7) 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.

(8) 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

(9) 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.

(10) Expansion of Mobile Telephone Services

The increase of the mobile telephone service expansion project mainly arises from the GSM Network Expansion Project, Project Management for Mobile Network and the acquisition of equipment, licenses and services necessary to inter-operate and integrate the GSM technology system with the 3G technology system.

(11) Toro - San Miguel Diversion

The Toro - San Miguel Diversion Project is located in San Rafael de Varablanca, 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.

(12) Río Macho – Moín Transmission Line

This line is located in the cantons of Paraíso, Turrialba, Siquirres and Limón.

It consists of the reconstruction of the Río Macho-Moín transmission line, expanding its transporting capacity from 138 to 230 kilowatts. Reconstruction consists of the structures that support the cables, increasing their height and the transporting capacity of the cable. This project includes the expansion of the Moín Substation.

(13) Logic Safety Management System for the Advanced Internet Network)

The project's main objective is to implement a comprehensive logic security system for the Advanced Internet Network that ensures integrity of the information and services provided by the different access networks that use the IP network as means of transportation. The approximate cost of the project is US\$18.5 million.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

(14) Río Macho – Moín Transmission Line

This line is located in the cantons of Paraíso, Turrialba, Siquirres and Limón.

It consists of the reconstruction of the Río Macho-Moín transmission line, expanding its transporting capacity from 138 to 230 kilowatts. Reconstruction consists of the structures that support the cables, increasing their height and the transporting capacity of the cable. This project includes the expansion of the Moín Substation.

The capitalizations of this project in 2013 amount to the sum of ¢13,004.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

ICE – Electricity Sector

As of March 31, 2013, the principal works in progress, detailed by source of financing, which remain under construction, are detailed as follows:

Works in Progress	Financing Source																		
	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	CABEI	Third party services	Other international development organizations	As of March 31, 2013
Hydraulic Generation - Hydroelectric Project:																			
Río Macho HP	3.239	-	-	-	-	-	-	1	-	-	1.293	-	-	141	4.598	-	-	-	9.272
Cachí HP	8.410	-	-	-	-	-	-	-	2	-	-	-	43	170	13.698	15.459	-	-	37.782
Pirris HP	(142.726)	-	6.650	52.886	-	723	6.714	-	10.119	-	-	(533)	-	20.064	42.691	-	59	3.350	(3)
Reventazón HP	101.049	-	-	-	-	-	-	9	9	7.205	-	12	146.773	1.122	58	-	-	-	256.237
Subtotal hydraulic generation	(30.028)	-	6.650	52.886	-	723	6.714	10	10.130	7.205	1.293	(521)	146.816	21.497	61.045	15.459	59	3.350	303.288
Substations:																			
Río Macho - Moín Transmission	289	-	-	-	-	-	-	-	-	-	-	-	-	-	267	-	-	-	556
Cariblanco-Trapiche Transmission	1.025	7	-	-	-	-	-	-	-	-	569	-	-	-	1.649	-	-	-	3.250
Poás Transmission	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Tarabaca Transmission	683	47	-	-	-	-	-	-	-	73	-	-	-	-	319	-	-	-	1.122
Peñas Blancas-Garita Transmission	1.042	291	-	-	-	-	-	-	110	3	52	-	-	29	1.860	-	-	-	3.387
Coronado Transmission	1.263	-	-	-	-	-	-	-	-	113	5.121	-	-	-	-	-	-	-	6.497
Support program - Quín 03-07 transformers	3.173	141	-	-	-	-	15	-	98	585	-	-	464	67	928	-	-	-	5.471
Mid tension Connections	552	-	-	-	-	-	14	-	-	230	-	-	-	3	543	-	-	-	1.342
PH Pirris Transmission	(2.147)	-	(56)	1.484	-	2	(8)	-	-	-	-	-	-	159	566	-	-	-	-
Anillo Sur Transmission	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7
High tension rods	2.860	8	-	-	-	-	179	-	(614)	593	-	-	-	150	1.660	-	-	-	4.836
Ingenio El Viejo interconnection	1.369	25	-	-	-	-	1	-	208	273	-	-	-	370	320	-	-	-	2.566
Miravalles S.T. - Renovation No.8	956	-	-	-	-	-	39	-	-	159	-	-	-	26	285	-	-	-	1.465
Río Macho S.T. modernization	1.865	-	-	-	-	-	-	-	-	171	1.292	-	3	-	1.666	-	-	-	4.997
Venecia Transmission	5.004	-	-	-	-	-	-	-	-	-	-	-	-	337	-	-	-	-	5.341
Subtotal, substations	17.943	519	(56)	1.484	-	2	240	110	(305)	2.249	6.982	-	467	804	10.400	-	-	-	40.839
Transmission Lines																			
Río Macho-Moín Transmission	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7
Cariblanco-Trapiche Transmission	3.143	(51)	-	-	-	16	220	36	202	-	-	-	3	305	6.302	-	-	-	10.176
Parríta Transmission	68	1	-	-	-	-	-	-	3	-	-	-	-	-	59	-	-	-	131
Poás Transmission	(85)	141	-	-	1	16	2	-	-	-	-	-	-	-	-	-	-	-	75
Tarabaca Transmission	200	3	-	-	-	-	-	-	-	-	-	-	-	-	270	-	-	-	473
Peñas Blanca-Garita Transmission	7.581	(486)	-	-	49	10	504	2.823	1.809	-	-	-	-	18	5.908	-	1	-	18.217
Cóbano Transmission	3.192	-	-	-	-	-	-	-	-	-	-	-	-	-	2.411	-	-	-	5.603
Siepac Transmission Lines	1.010	-	-	-	(27)	(99)	23	-	39	-	-	-	-	-	379	-	-	-	1.325
Anillo Sur Transmission	60	-	-	-	-	-	-	-	-	-	-	-	-	-	997	-	-	-	1.057
Toro San Miguel Diversion	11.594	-	-	-	-	-	-	-	-	-	-	-	-	-	16	-	-	-	11.610
Subtotal, transmission lines	26.770	(392)	-	-	23	(57)	749	2.859	2.053	-	-	-	3	323	16.342	-	1	-	48.674
Geothermal Generation:																			
Las Pailas GP	(7.538)	-	-	-	-	47	1.065	-	28	-	-	-	-	1.422	4.977	-	-	-	1
Subtotal, geothermal generation	(7.538)	-	-	-	-	47	1.065	-	28	-	-	-	-	1.422	4.977	-	-	-	1
Total works in progress	€ 7.147	127	6.594	54.370	23	715	8.768	2.979	11.906	9.454	8.275	(521)	147.286	24.046	92.764	15.459	60	3.350	392.802

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 March 31 2013	As of December 31 2012
ICE:		
Investments in shares valued at cost:		
Toro III Hydroelectric Power Project Trust	11.203	11.203
Empresa Propietaria de la Red, S.A.	2.872	2.872
Red centroamericana de fibras opticas S.A.	143	-
Cooperativa de Electrificación Rural	43	43
Subtotal	14.261	14.118
Long term financial investments:		
Government (External Debt Bonds)	19.160	9.780
Central Bank of Costa Rica (Bond)	3.089	1.765
Banco de San José (BAC)	1.500	500
Mutual Cartago de Ahorro y Préstamo	1.419	1.413
Banco de Costa Rica	1.000	1.000
Banco Hipotecario de la Vivienda (Bond)	500	500
Florida Ice and Farm Company, S.A. (FIFCO)	500	500
Costa Rican Oil Refinery (RECOPE)	500	509
Instituto Nacional de Cemento	350	350
Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	316	316
Banco Promerica	300	300
Banco Crédito Agrícola de Cartago	250	-
Banco BCT	250	-
	29.134	16.933
	43.395	31.051
CNFL:		
Eólico Valle Central, S.A.	5.322	5.322
Empresa Propietaria de la Red, S.A.	252	253
Red Centroamericana Telecomunicaciones S.A.	10	-
Subtotal CNFL	5.584	5.575
Total long term investments - Group ICE	48.979	36.626

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

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.

Valle Central Wind Power Plant

Grupo ICE 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 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. The amount contributed by the CNFL amounts to ¢5.322.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

As of March 31, 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 December 31, 2012					
								Face value	Value traded	Costo Total	Rate	Coupon	Net return
BCR bond	CRBCCR00B2760	AA (cri)+	Colones	Banco de Costa Rica	28-Apr-2011	14-Jun-13	766 e	1,000	1,074	1,075	Fixed	10.12%	8.14%
BSI bond	CRBSJ00B1608	SCR AAA	Colones	Banco BAC San José, S.A.	28-Jun-2012	27-Mar-14	629	500	500	500	Fixed	10.85%	10.85%
INC (HOLCIM) bond	CRINCO0B0126	AAA (cri)	Colones	Industria Nacional de Cemento	7-May-2012	2-May-14	715	350	351	351	Variable	9.25%	10.29%
Bond	CRBPROMB1169	SCR AA +	Colones	Banco Promérica	5-Oct-2012	3-Oct-14	718	300	300	300	Fixed	12.50%	12.47%
BANHVI bond	CRBANVIB0037	F1+ (cri)	Colones	Banco Hipotecario de la Vivienda -BANHVI-	15-Apr-2010	7-Apr-15	1792	500	504	504	Variable	11.10%	10.32%
MADAP bond	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	13-Jan-2011	9-Dec-15	1766	318	318	318	Variable	9.40%	9.63%
Bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	19-Feb-2013	15-Feb-16	1076	250	251	251	Fixed	8.75%	8.63%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-2012	25-Mar-16	1347	500	468	469	Fixed	10.50%	12.66%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-2012	25-Mar-16	1347	500	468	469	Fixed	10.50%	12.68%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-2012	25-Mar-16	1347	500	468	468	Fixed	10.50%	12.68%
CNFL bond	CRCFLUZB0207	AAA (cri)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	4-Oct-2010	30-Sep-17	2516	400	400	401	Fixed	10.53%	10.51%
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	8-Nov-2012	6-Nov-17	1798	500	501	501	Fixed	11.27%	11.25%
BSI bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-18	1800	400	400	400	Fixed	8.25%	8.23%
BSI bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-18	1800	600	600	600	Fixed	8.25%	8.25%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-2011	19-Mar-14	1076	1,000	996	997	Fixed	8.28%	8.41%
Central Bank bond	CRG0000B62G3	Country risk	Colones	Government	19-Mar-2011	19-Mar-14	1076	1,000	995	996	Fixed	8.28%	8.46%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	12-Feb-2013	19-Mar-14	397	406	425	426	Fixed	8.28%	6.75%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	12-Feb-2013	19-Mar-14	397	100	105	105	Fixed	8.28%	6.75%
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	11-Feb-2013	28-Jan-15	707	160	164	164	Fixed	7.22%	7.22%
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	22-Feb-2013	28-Jan-15	696	500	515	515	Fixed	8.51%	7.12%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	3-Oct-2012	23-Sep-15	1070	500	498	498	Fixed	10.58%	10.84%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	2-Oct-2012	23-Sep-15	1071	500	498	498	Fixed	10.58%	10.84%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	18-Oct-2012	23-Mar-16	1245	500	465	465	Fixed	8.74%	11.36%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	4-Feb-2013	23-Mar-16	1129	500	528	528	Fixed	8.74%	7.83%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	12-Feb-2013	23-Mar-16	1121	500	533	533	Fixed	8.74%	7.53%
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	27-Mar-2013	22-Jun-16	1165	500	565	565	Fixed	10.58%	6.98%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	12-Jan-2011	28-Jun-17	2326	800	819	820	Fixed	9.89%	9.45%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	19-Feb-2013	28-Jun-17	1569	170	185	185	Fixed	9.89%	7.84%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	1-Mar-2013	28-Jun-17	1557	675	743	743	Fixed	9.89%	7.58%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	8-Feb-2013	27-Sep-17	300	583	583	583	Fixed	11.04%	7.74%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	12-Feb-2013	27-Sep-17	1665	500	583	584	Fixed	11.04%	7.75%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	19-Feb-2013	27-Sep-17	1658	500	584	584	Fixed	11.04%	7.76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	4-Mar-2013	24-Jan-18	1760	1,000	28.381	1.049	Fixed	8.74%	7.76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	5-Mar-2013	24-Jan-18	1759	1,500	1.573	1.573	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-18	1758	500	524	524	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-18	1758	1,000	1.048	1.049	Fixed	8.74%	7.77%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-2012	28-Mar-18	1975	500	494	494	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	24-Oct-2012	28-Mar-18	1954	1,000	994	994	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-18	1847	165	194	194	Fixed	11.13%	7.88%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-18	1847	300	353	353	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-18	1847	500	588	588	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-18	1846	125	147	147	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-18	1846	286	336	336	Fixed	11.13%	7.90%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-18	1839	350	411	412	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-18	1839	300	588	588	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-18	1979	500	505	506	Fixed	7.82%	7.57%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-18	1979	500	505	505	Fixed	7.82%	7.58%
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	11-Feb-2013	27-Mar-19	2206	120	131	131	Fixed	9.20%	7.94%
Central Bank bond	CRG0000B59G3	Country risk	Colones	Government	27-Mar-2013	23-Dec-20	2786	500	542	543	Fixed	8.97%	7.88%
Monetary stabilization bond - fixed rate	CRBCCR0B3496	***	Colones	Banco Central de Costa Rica	6-Apr-2011	3-Jul-13	807	1,000	1,000	1,001	Fixed	7.06%	7.91%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	***	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-14	1065	286	281	281	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	***	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-14	1065	500	491	492	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3827	***	Colones	Banco Central de Costa Rica	11-May-2009	20-Mar-14	1749	613	628	629	Fixed	6.55%	6.13%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-19	2362	395	435	435	Fixed	9.20%	7.98%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-19	2362	250	275	275	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-19	2362	155	171	171	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	***	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-19	2362	20	22	22	Fixed	9.20%	8.00%
Total investments							e	28.381					
Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Costo Total	Rate	Coupon	Net return
Bond	CRBCCACOB1181	AA(cri)+	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-13	29-Jan-18	1780 \$	500	504	504	Fixed	4.70%	4.69%
Repoce standardized bond	CRRECOB0012	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petroleo	7-Dec-2012	5-Dec-22	3598	1,000	1,017	1,018	Fixed	5.50%	5.27%
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	11-May-2009	20-Mar-14	1749	613	628	629	Fixed	6.55%	6.13%
Costa Rican external debt bond	USP3699PEM451	***	U.S. dollars	Government	9-Mar-2010	20-Mar-14	1451	498	557	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	28	Fixed	10.00%	5.12%
Total investments								US\$ 2.631					

*** Not rated according to SUGEVAL information

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

The main characteristics of long-term financial investments for 2011 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	CRCLUZB0207	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 Mutua Alajuela - La Vivienda de Ahorro y Préstamo	13-Jan-11	09-Dec-15	1766	318	318	Variable	9.40%	9.63%
BCR bond	CRBRCR0B2760	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%
Total investments							€	16,454				
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%
Total investments							US\$	2,131				

*** Not rated according to SUGEVAL information

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 March 31 2013	As of December 31 2012
ICE Group		
Public and private entities	¢ 4.079	8.262
Total ICE Group	¢ 4.079	8.262

Note 10. Notes and Accounts Receivable

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

		As of March 31, 2013		As of December 31, 2012	
		Long-term	Short-term	Long-term	Short-term
ICE:					
Loan to autonomous entities	¢	7.035	-	7.075	0
Private people		-	1.163	-	799
Others		87	100	120	100
Subtotal ICE	¢	7.122	1.263	7.195	899
CNFL:					
Central Valley wind power project - Principal		1.551	200	1.579	203
In legal collections		-	108	-	108
Payment arrangements		-	52	-	67
Other		5	40	6	15
Subtotal CNFL	¢	1.556	400	1.585	393
Total Group ICE	¢	8.678	1.663	8.780	1.292

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Loan to Autonomous Entities

- (1) 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 March 31, 2013, the debt is equivalent to ¢4,784.

In accordance with the note receivable on the long-term note in 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 ¢2.251, which corresponds to the two main items related to autonomous entities.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 March 31 2013	As of December 31 2012
ICE:		
Private people	¢ 58.794	48.387
Electric cooperatives and municipal companies of electric distribution	11.560	9.768
Operators and suppliers of services	8.269	9.808
Telephone administrations	9.000	9.441
Public offices	4.964	5.750
Selling of devices (terminals)	487	243
Subtotal ICE	¢ 93.074	83.397
CNFL:		
Electric services consumers	24.437	18.274
Electric services government	1.154	864
Electric services	562	491
Subtotal CNFL	¢ 26.153	19.629
RACSA:		
Clients	¢ 3.274	3.141
Others	1.698	1.565
Accounts under judicial collection	1.005	1.006
Foreign lines	647	793
Government of Costa Rica	229	87
Accounts under payment settlement	1	1
Subtotal RACSA	¢ 6.854	6.593
Total Group ICE	¢ 126.081	109.619

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Accounts receivable not commercial	As of March 31 2013	As of December 31 2012
ICE:		
Private people (1)	¢ 42.096	30.268
Judicial and administrative collection	38.461	38.291
Government tax	5.027	4.315
Toro III (2)	763	3.214
Other	460	3.384
Employees	117	251
Subtotal ICE	¢ 86.924	79.723
CNFL:		
I.N.S. Cote Plant indemnity	2.000	2.036
Other services rendered	1.548	2.192
Fiscal credit sales tax	1.430	1.367
Commercial transactions receivable	1.322	1.343
Covenants, services cleared and others	824	937
Various services government	622	135
Damages to electric installations	544	473
Accounts receivable various	277	301
Retention 2% income tax	265	614
Funds of savings and loans	200	200
Advance payment sales tax	102	85
Officers	14	16
Social interest electricity services	9	10
Bounced checks	-	3
Subtotal CNFL	¢ 9.157	9.712
RACSA:		
Accounts receivable - others	378	1.177
Advance payment income tax	145	154
Advance payments to suppliers	5	-
Interests receivable	-	2
Otras cuentas por cobrar	-	-
Subtotal RACSA	¢ 528	1.333
Total Group ICE	¢ 96.609	90.768

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 ¢9,956, which correspond to advance payments made to suppliers, receivables for uncharged services for ¢2,592, which correspond to the services provided by the different Strategic Business Units and advance payments to purchase fuel for plants amounting to ¢16,175.

(2) Toro III

For 2011, 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 2012 and 2013 due to the progress of the Toro III Hydroelectric Project.

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 March 31, 2013
ICE									
Receivables for services rendered and non-trade receivables	33,333	(4,807)	909	3,207	32,642	(229)	114	807	33,334
Subtotal ICE	33,333	(4,807)	909	3,207	32,642	(229)	114	807	33,334
CNFL									
Receivables for services rendered and non-trade receivables	2,296	(1,282)	-	780	1,794	(67)	-	76	1,803
Subtotal CNFL	2,296	(1,282)	-	780	1,794	(67)	-	76	1,803
RACSA									
Receivables for services rendered and non-trade receivables	1,437	-	-	(257)	1,180	-	-	-	1,180
Subtotal RACSA	1,437	-	-	(257)	1,180	-	-	-	1,180
Total ICE Group	€ 37,066	(6,089)	909	3,730	35,616	(296)	114	883	36,317

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 March 31, 2013	As of December 31, 2012
<u>ICE:</u>		
San José	¢ 38.297	40.102
Limón	19.127	23.483
Puntarenas	8.191	17.758
Alajuela	7.745	5.203
Cartago	7.205	7.649
Guanacaste	6.897	6.825
Subtotal ICE	87.462	101.020
Reclassification to inventory for investment and other assets	(51.554)	(59.271)
Total ICE	35.908	41.749
<u>CNFL:</u>		
San José	4.683	5.157
Subtotal CNFL	4.683	5.157
<u>RACSA:</u>		
San José	235	240
Subtotal RACSA	235	240
Total ICE Group	¢ 40.826	47.146

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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 March 31, 2013
	2011	Used	Expenses	2012	Used	Expenses	
ICE:							
Allowance for valuation of inventory	€ 7.236	(2.324)	1.015	5.927	(113)	-	5.814
Sub total ICE	7.236	(2.324)	1.015	5.927	(113)	-	5.814
CNFL:							
Allowance for valuation of inventory	75	(175)	149	49	-	17	66
Sub total CNFL	75	(175)	149	49	-	17	66
Total ICE Group	€ 7.311	(2.499)	1.164	5.976	(113)	17	5.880

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 March 31, 2013	As of December 31, 2012
ICE:		
Terminals and other devices	€ 7.398	3.016
Spare parts not in warehouse custody	951	951
Subscriber identification cards	480	(19)
Telephones for the disabled	6	6
Total ICE Group	€ 8.835	3.954

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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 March 31, 2013			
		Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months			
ICE Electricity										
Uncommitted:										
	<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Investment funds	€	9,292	-	4.93%-6.33%	Demand	
			Banco de Costa Rica	Investment funds		5,989	-	5.49%-5.58%	Demand	
			National Insurance Institute (INS)	Investment funds		1,667	-	4.46%	Demand	
		U.S. dollars	Banco de Costa Rica	Investment funds	\$	2,071	-	2.60%	Demand	
			Banco Internacional de Costa Rica	Overnight deposit		18,450	-	0.20%	Demand	
	<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	Term certificate of deposit		1,000	1,000	4.05%	Mar 2013 to Apr 2013	
			Banco Central de Costa Rica	Electronic term deposit		1,913	1,913	3.30%	Mar 2013 to Apr 2013	
			Banco Nacional de Costa Rica	Short-term investment		9,553	9,554	4.05%	Mar 2013 to Apr 2013	
Subtotal ICE Electricity					€	49,935				
ICE Telecom										
Committed:										
	<i>Held-to-maturity</i>	U.S. dollars	Scotiabank	Term certificate of deposit (over the counter)		1,101	1,120	3.80%	Nov 2012 to May 2013	
Uncommitted:										
	<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Investment funds		7,463	-	4.93%-6.33%	Demand	
			Banco Nacional de Costa Rica	Term certificate of deposit		1,500	1,500	10.25%	May 2012 to May 2013	
			Banco de Costa Rica	Investment funds		7,745	-	5.49%-5.60%	Demand	
			Banco de Costa Rica	Term certificate of deposit		2,000	2,000	7.49%-10.05%	Jul 2012 to Jul 2013	
			Government	Zero-coupon Central Bank global bond		2,967	3,000	8.98%-9.14%	Jun 2012 to Jun 2013	
			National Insurance Institute (INS)	Investment funds		1,074	-	4.46%-5.03%	Demand	
			Banco Popular y de Desarrollo Comunal	Investment funds		659	-	5.09%	Demand	
			Banco Popular y de Desarrollo Comunal	Term certificate of deposit		1,095	1,095	7.39%-8.33%	Feb 2013 to Feb 2014	
			Banco Popular y de Desarrollo Comunal	Short-term bonds		997	1,000	11.91%	Oct 2012 to Jul 2013	
			Banco Central de Costa Rica	Monetary Stabilization Bond		968	1,000	6.29%	Feb 2013 to Oct 2013	
			Banco Central de Costa Rica	Fixed-rate Monetary Stabilization Bond		1,000	1,000	6.25%	Feb 2013 to Jul 2013	
			Banco Crédito Agrícola de Cartago	Term certificate of deposit		1,400	1,400	10.45%-10.67%	Jul 2012 to Oct 2013	
			Repurchase operations	Repurchase operations		8,813	8,896	3.30%-6.86%	Nov 2012 to Jun 2013	
			Scotiabank	Investment funds		2,302	-	4.92%	Demand	
			Grupo Mutual Aljuela-La Vivienda de Ahorro y Préstamo	Bond		310	310	10.27%	Feb 2013 to Sep 2013	
			Banco Lafise, S.A.	Term certificate of deposit (global bond)		1,000	1,000	10.99%	Nov 2012 to Nov 2013	
			Mutual de Ahorro y Préstamo	Mortgage participation certificate		250	250	12.00%	Aug 2012 to Aug 2013	
		U.S. dollars	Banco de Costa Rica	Investment funds		634	-	2.62%	Demand	
			Government	Fixed-rate Central Bank bond		500	509	3.46%-3.51%	Oct 2012 to Aug 2013	
			Banco Internacional Costa Rica	Overnight Tele. # 104600328 BICSA \$		3,295	-	0.20%	Demand	
			Banco Crédito Agrícola de Cartago	Term certificate of deposit		250	255	3.90%	May 2012 to May 2013	
			Banco Crédito Agrícola de Cartago	Bond		250	255	3.68%	Feb 2013 to Jan 2014	
			Repurchase operations	Repurchase operations		2,523	2,577	2.86%-3.33%	Feb 2013 to Jun 2013	
			Banco Popular y de Desarrollo Comunal	Term certificate of deposit		500	509	3.49%	Mar 2013 to Sep 2013	
			Mutual Cartago de Ahorro y Préstamo	Mortgage participation certificate		500	509	3.77%	Oct 2012 to Apr 2013	
			Cariblanco Securitization Trust	Cariblanco Securitization Trust		316	321	4.44%-4.45%	Dec 2012 to Sep 2013	
	<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	Term certificate of deposit		3,862	3,862	3.73%	Mar 2013 to Apr 2013	
			Banco Central de Costa Rica	Electronic term deposit		585	585	3.30%	Mar 2013 to Apr 2013	
			BANHVI	Term certificate of deposit		2,350	2,350	8.74%	Jan 2013 to Jan 2014	
			Banco de Soluciones Bansol de Costa Rica, S.A.	Term certificate of deposit (over the counter)		500	500	10.00%	Nov 2012 to May 2013	
		U.S. dollars	Banco Internacional de Costa Rica	Term deposit - BICSA, Miami branch		1,001	1,018	2.00%	Mar 2013 to Sep 2013	
Subtotal ICE Telecom					€	59,710				
Subtotal ICE					€	109,645				
CNFL:										
	<i>Held-to-maturity</i>	U.S. dollars	Banco Nacional de Costa Rica	Term certificate of deposit		500	-	2.75%	3 month	
Sub total CNFL					€	500				
CRICRSA:										
	<i>Available-for-sale</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.	Investment funds	€	14	-	-	-	
Subtotal CRICRSA					€	14				
Total ICE Group					€	110,159				

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

				As of December 31, 2012			
	Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months	
ICE Electricity							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Investment funds	€ 2	-	6,66%-6,90%	Demand
		Banco de Costa Rica	Investment funds	2	-	6,29%-7,13%	Demand
		National Insurance Institute (INS)	Investment funds	2	-	5,66%	Demand
	U.S. dollars	Banco de Costa Rica	Investment funds	16	-	1,92%	Demand
		Banco Internacional de Costa Rica	Overnight deposit	15.491	-	0,20%	Demand
<i>Held-to-maturity</i>	Colones	Banco Central de Costa Rica	Electronic term deposit	173	173	3,04%	Dec 2012 to Jan 2013
		Banco Nacional de Costa Rica	Short-term investment	18.941	18.941	6,00%	Dec 2012 to Jan 2013
	U.S. dollars	Banco de Costa Rica	Term certificate of deposit (over the counter)	153	153	2,49%-2,50%	Dec 2012 to Jan 2013
Subtotal ICE Electricity				€ 34.780			
ICE Telecom							
Committed:							
<i>Held-to-maturity</i>	U.S. dollars	Scotiabank	Term certificate of deposit (over the counter)	1.120	1.120	3,80%	Nov 2012 to May 2013
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Investment funds	468	-	6,66%-6,90%	Demand
		Banco Nacional de Costa Rica	Term certificate of deposit	7.615	7.615	8,89%-10,53%	Jan 2012 to May 2013
		Banco de Costa Rica	Investment funds	533	-	6,29%-7,13%	Demand
		Banco de Costa Rica	Term certificate of deposit	3.000	3.000	9,00%-10,05%	Oct 2011 to Jul 2013
		Banco de Costa Rica	Commercial paper (global bond)	880	887	9,39%-10,89%	May 2012 to Jul 2013
		Government	Zero-coupon Central Bank global bond	8.731	9.000	8,64%-9,14%	May 2012 to Jun 2013
		National Insurance Institute (INS)	Investment funds	73	-	5,66%	Demand
		Banco Popular y de Desarrollo Comunal	Investment funds	2	-	5,52%	Demand
		Banco Popular y de Desarrollo Comunal	Short-term bonds	995	1.000	11,91%	Oct 2012 to Jul 2013
		BCCR	Monetary Stabilization Bond	971	1.000	8,73%	May 2012 to May 2013
		Banco Crédito Agrícola de Cartago	Term certificate of deposit	1.400	1.400	10,45%-10,67%	Jul 2012 to Oct 2013
		Repurchase operations	Repurchase operations	23.401	23.714	3,30%-8,11%	Nov 2012 to May 2013
		Scotiabank	Investment funds	56	-	5,56%	Demand
		CABEI	Commercial paper	500	500	9,42%	Jun 2012 to Dec 2012
		Banco Lafise, S.A.	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	250	250	12,00%	Aug 2012 to Aug 2013
	U.S. dollars	Banco de Costa Rica	Investment funds	9	-	1,92%	Demand
		Government	Fixed-rate Central Bank bond	509	509	3,46%-3,51%	Oct 2012 to Aug 2013
		Banco de Costa Rica	Commercial paper	518	519	3,10%	Aug 2012 to Feb 2013
		Banco Internacional de Costa Rica	Overnight deposit No. 104600328 BICSA US\$	5.588	5.588	0,20%	Demand
		Banco Crédito Agrícola de Cartago	Term certificate of deposit	255	255	3,90%	May 2012 to May 2013
		Repurchase operations	Repurchase operations	9.680	9.729	2,50%-3,90%	Nov 2012 to Feb 2013
		Mutual Cartago de Ahorro y Préstamo	Mortgage participation certificate	509	509	3,77%	Oct 2012 to Apr 2013
		Cariblancos Securitization Trust	Cariblancos Securitization Trust	322	321	4,44%-4,45%	Dec 2012 to Sep 2013
<i>Held-to-maturity</i>	Colones	Banco Nacional de Costa Rica	Short-term investment	8.415	8.415	6,00%	Dec 2012 to Jan 2013
		BANHVI	Term certificate of deposit	2.245	2.245	8,56%	Jul 2012 to Jan 2013
		Banco de Soluciones Bansol de Costa Rica, S.A.	Term certificate of deposit (over the counter)	500	500	10,00%	Nov 2012 to May 2013
	U.S. dollars	Banco de Costa Rica	Term certificate of deposit (over the counter)	8.148	8.148	2,76%	Dec 2012 to Jan 2013
		Banco Internacional de Costa Rica	Term deposit - BICSA, Miami branch	1.018	1.018	2,00%	Sep 2012 to Mar 2013
		Banco CMB (Citibank)	Term certificate of deposit	10.185	10.185	4,00%	Dec 2012 to Feb 2013
		Banco Lafise, S.A.	Term certificate of deposit (over the counter)	2.037	2.037	3,75%	Oct 2012 to Jan 2013
Subtotal ICE Telecom				€ 100.933			
Subtotal ICE				€ 135.713			
CNFL:							
<i>Held-to-maturity</i>	Colones	Banco Nacional de Costa Rica	Term certificate of deposit	59	-	7,26%	45 days
	U.S. dollars	BCCR	Monetary Stabilization Bond	102	-	2,96%	1 month
		Government	Central Bank bond	356	-	3,15%	1 month
		Government	Central Bank bond	106	-	2,91%	1 month
		Government	Central Bank bond	107	-	2,92%	1 month
		Government	Central Bank bond	300	-	3,10%	1 month
		Government	Central Bank bond	560	-	3,15%	1 month
		Government	Central Bank bond	145	-	3,06%	1 month
		Banco de Costa Rica - US\$	Investment funds	96	-	3,61%	1 month
		Government	Central Bank bond	204	-	3,38%	1 month
		Banco de Costa Rica - US\$	Term certificate of deposit (US\$)	509	-	1,75%	17 days
Subtotal CNFL				€ 2.544			
RACSA:							
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	Term certificate of deposit	200	200	5,35%	Nov 2012 to Jan 2013
		Banco de Costa Rica	Term certificate of deposit	200	200	5,60%	Dec 2012 to Jan 2013
Subtotal RACSA				€ 400			
CRICRSA:							
<i>Available-for-sale</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.	Investment funds	14	-	-	-
Subtotal CRICRSA				€ 14			
Total ICE Group				€ 138.671			

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

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* (PIPICA), 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 March 31, 2013 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of ¢1,130 (¢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 March 31, 2013	As of December 31, 2012
ICE:		
Guarantees received from third parties:		
In U.S. dollars, account No. 164475-0	¢ 497	540
In U.S. dollars, account No. 192916-0	235	292
In colones, account No. 192915-1	170	162
In colones, account No. 58166-6	98	84
Subtotal ICE	1.000	1.078
CNFL:		
Specific purpose funds		
BCR Platinum (¢) - Cash for payments of ICE services	440	3.764
BNCR Gold - Cash for amortization of short-term debt	998	5.210
BCR Platinum - Bonds	-	1
Subtotal CNFL	1.438	8.975
Total ICE Group	¢ 2.438	10.053

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

Note 14. Prepaid Expenses

Prepaid expenses are detailed as follow:

Prepaid expenses	As of March 31, 2013	As of December 31, 2012
<u>ICE:</u>		
Mobile terminals and devices (4)	27.866	22.825
Use agreements (1)	16.201	19.000
Fuel (3)	15.460	15.460
U-500 insurance policy, net (2)	1.617	4.128
All-risk insurance policy - construction	493	606
Sundry policies	23	24
Stationery	-	377
Subtotal ICE	61.660	62.420
<u>CNFL:</u>		
Sundry policies	897	228
U-500 insurance policy, net	7	209
Subtotal CNFL	904	437
<u>RACSA:</u>		
Yellow pages	3.380	2.253
Other	18	31
National Insurance Institute (INS) - vehicles	2	4
U-500 insurance policy, net	-	59
Vacation	(4)	47
Subtotal RACSA	3.396	2.394
Total ICE Group	65.960	65.251

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

	As of March 31, 2013	As of December 31, 2012
ICE:		
Amount of premium	€ 33	10.114
Amortization of premium	1.584	(5.986)
Subtotal ICE	1.617	4.128
CNFL:		
Amount of premium	209	1.046
Amortization of premium	(202)	(837)
Subtotal CNFL	7	209
RACSA:		
Amount of premium	236	307
Amortization of premium	(236)	(248)
Subtotal RACSA	-	59
Total ICE Group	€ 1.624	4.396

(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.

(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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Interim Consolidated Financial Statements
(In millions of colones)

(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 lubricant 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 lubricant 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, ICE registered the amount pending recognition under "Prepaid expenses" as of March 31, 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 must be recognized retrospectively in the consolidated financial statements for the affected periods (see note 2 (e)).

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) Y SUBSIDIARIAS

Notas a los Estados Financieros Intermedios Consolidados
(En millones de colones)

Prepaid expenses include premiums for insurance policies which coverages are detailed as follows:

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March 31, 2013	As of December 31, 2012
ICE:				
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, 0 Comprehensive Customer Service Center (CAIC), power generation centers, power transformers, autotransformers, and mobile transformers.	3.191.787	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 Cachi	65.740	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	61.264	61.046
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	35.839	-
02-01-INS-44 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 of the insured good.	Goods imported by ICE and in custody of the bonded warehouse	1.792	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	1.028	1.028
02 01 EQE-0000335-00 Electronic Equipment All Risk LIDAR	Covers all risks of loss or damage under an R coverage called Direct Damage to Electronic Equipment, as well as the collision and/or overturn of a vehicle transporting insured assets (mobile or portable equipment) .	LIDAR electronic equipment and vehicle where it is installed	481	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	34	151

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) Y SUBSIDIARIAS

Notas a los Estados Financieros Intermedios Consolidados
(En millones de colones)

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March 31, 2013	As of December 31, 2012
0201VAG77 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, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), daily costs of a hospital stay. Exchange rate \$516.41, amount of insurance \$21,530.96	Officers traveling abroad	26	161
01-01-ACG-245-01 Collective Accident	Covers accidental death, total 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:				
			Amount insured	
			As of March 31, 2013	As of December 31, 2012
U-500 Now 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, C: Umbrella liability for damages to third party property.	CNFL's vehicle fleet.	6.594	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	Comprehensive Insurance		50	50
EQC-3868	Contractor's Equipment Insurance.	Forklifts and tractors.	50	50

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) Y SUBSIDIARIAS

Notas a los Estados Financieros Intermedios Consolidados
(En millones de colones)

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March 31, 2013	As of December 31, 2012
RACSA:				
			Amount insured	
			As of March 31, 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 it (supplies and electronic and telecommunications equipment); and the RACSA-ZURQUI Teleport buildings (located in Calle Blancos) and their contents.	74.768	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), medial expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medial repatriation, repatriation of remains, air travel for a companion upon medial 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 billing 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 AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Note 15. Services Agreements

The principal services agreements entered into with third parties are detailed as follows:

Contracts for services	As of March 31, 2013	As of December 31, 2012
<u>ICE:</u>		
Toro III Hydroelectric Project	¢ 6.950	8.410
Others	340	345
Total Group ICE	¢ 7.290	8.755

Toro III Hydroelectric Project:

The Toro III Hydroelectric Project is located over the Río Sarapiquí tributary, Heredia, Costa Rica. It is forecasted that this project will generate 46 megawatts for the National Energy System.

The construction of this Project will be under the responsibility of ICE and the *Junta Administrativa del Servicio Eléctrico de Cartago* (JASEC), pursuant to an alliance agreement executed by both entities, which established that ICE and JASEC will have an equitable participation regarding rights and obligations and will jointly perform the activities and steps necessary for the design, financing, construction, operation and maintenance of the Toro III Project. In order to perform this project, the parties have agreed to create a trust with Banco de Costa Rica, which must ensure financing and resource management to develop the infrastructure works necessary to generate energy, which will be later leased to ICE and JASEC for their operation.

The sum of ¢6.950 (¢8.410 in 2012) corresponds to the balance pending for reimbursement by the trust for the construction costs and the technical services rendered by ICE.

The percentage of completion of the project is estimated at 100%, except for the compensation works established in the Environmental Management Plan, which percentage of completion is 95%. The project started operations in December 2012 without having conducted efficiency tests. Compensation works are expected to be completed by June 21, 2013 and the formalization of the administrative closure is expected for September 30, 2013.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

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:

Design and Planning of Implementation	As of March 31, 2013	As of December 31, 2012
El Diquís Hydroelectric Project (1)	67.591	68.902
Borinquén Geothermal Project (2)	17.254	15.252
Transmission Lines	5.747	5.328
Las Pailas II Geothermal Project	3.880	3.823
South - Central Transmission Reinforcements	3.103	-
Others	1.482	1.468
Total ICE Group	99.057	94.773

(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 March 31, 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 ¢67,591 (¢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 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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 March 31, 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 17. Non Operating Assets

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

Cost	As of December 31,						
	2011 (Restructured)	Additions	Retirements and transfers	2012	Additions	Retirements and transfers	As of March 31, 2013
ICE:							
Land	€ 21.728	754	(368)	22.114	96	16	22.226
Buildings	4.290	-	315	4.605	-	-	4.605
Land and rights of way	19.166	2.652	(166)	21.652	274	(1.448)	20.478
Artwork and collector's items	82	-	(59)	23	-	-	23
Substations	3.036	-	(1.073)	1.963	-	-	1.963
Subtotal ICE	48.302	3.406	(1.351)	50.357	370	(1.432)	49.295
CNFL:							
Land	937	45	-	982	-	-	982
Buildings	283	-	(148)	135	-	-	135
Hydroelectric plants	674	-	-	674	-	-	674
General equipment	899	-	-	899	-	-	899
Other assets	146	-	-	146	-	-	146
Subtotal CNFL	2.939	45	(148)	2.836	-	-	2.836
RACSA :							
Surco Tico, S.A.- Forestry project	755	86	-	841	-	-	841
Subtotal RACSA	755	86	-	841	-	-	841
Total Group ICE	€ 51.996	3.537	(1.499)	54.034	370	(1.432)	52.972
As of December 31,							
Accumulated depreciation:	2011 (Restructured)	Additions	Retirements and transfers	2012	Additions	Retirements and transfers	As of March 31, 2013
ICE:							
Land	€ 61	213	146	420	57	-	477
Artwork and collector's items	22	-	(22)	-	-	-	-
Substations	120	63	-	183	16	-	199
Subtotal ICE	203	276	124	603	73	-	676
CNFL:							
Land and rights of way	26	9	-	35	2	-	37
Buildings	52	5	-	57	1	-	58
Hydroelectric plants	100	17	-	117	4	-	121
General equipment	2	-	-	2	-	-	2
Other assets	13	1	-	14	-	-	14
Subtotal CNFL	193	32	-	225	7	-	232
Total Group ICE	€ 396	308	124	828	80	-	908

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

<u>Revaluation</u>	<u>As of December 31</u>						<u>As of March 31, 2013</u>
	<u>2011 (Restructured)</u>	<u>Revaluation</u>	<u>Retirements and transfers</u>	<u>2012</u>	<u>Revaluation</u>	<u>Retirements and transfers</u>	
ICE:							
Land	¢ 2.425	899	(38)	3.286	-	-	3.286
Buildings	161	202	277	640	-	-	640
Land and rights of way	634	-	6	640	-	(57)	583
Substations	86	48	-	134	-	-	134
Subtotal ICE	3.306	1.149	245	4.700	-	(57)	4.643
CNFL:							
Land	2.932	146	-	3.078	-	-	3.078
Buildings	719	12	(100)	631	-	-	631
Hydroelectric plants	7.178	196	-	7.374	-	-	7.374
General equipment	1	-	-	1	-	-	1
Other assets	144	13	-	157	-	-	157
Subtotal CNFL	10.974	367	(100)	11.241	-	-	11.241
Total Group ICE	¢ 14.280	1.516	145	15.941	-	(57)	15.884

<u>Accumulated depreciation - revaluacion</u>	<u>As of December 31</u>						<u>As of March 31, 2013</u>
	<u>2011 (Restructured)</u>	<u>Revaluation</u>	<u>Retirements and transfers</u>	<u>2012</u>	<u>Revaluation</u>	<u>Retirements and transfers</u>	
ICE:							
Buildings	¢ 94	19	128	241	8	-	249
Land and rights of way	-	-	6	6	-	-	6
Substations	3	6	-	9	1	-	10
Subtotal ICE	97	25	134	256	9	-	265
CNFL:							
Land	195	18	-	213	1	-	214
Buildings	542	16	-	558	1	-	559
Land and rights of way	4.982	203	-	5.185	23	-	5.208
General equipment	1	-	-	1	-	-	1
Other assets	42	5	-	47	-	-	47
Subtotal CNFL	5.762	242	-	6.004	25	-	6.029
Total Group ICE	¢ 5.859	267	134	6.260	34	-	6.294

Revaluations of non operating assets are determined by applying the same methodology and indexes used for the operating assets (see note 4).

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Note 18. Intangible Assets

Intangible assets with finite life are detailed as follows:

Intangible assets	As of March 31, 2013	As of December 31, 2012
Licenses, systems and applications		
Opening balance	72.104	61.717
Additions	1.536	22.308
Transfers	156	(533)
Retirements	(711)	(11.389)
Adjustments	(72)	-
*Adjustments external audit	330	-
Subtotal cost ICE Group	73.343	72.103
Amortization of intangible assets		
	2013	2012
Licenses, systems and applications		
Opening balance	40.367	27.962
Additions	467	1.069
Amortization - expenses	3.248	14.505
Adjustments	(71)	(57)
Transfers	-	(530)
Retirements	(35)	(2.582)
Subtotal amortization ICE Group	43.976	40.367
Net total ICE Group	29.367	31.736

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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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 March 31, 2013, the balance of the employer contributions transferred by ICE Group to the Guarantee and Savings Fund is distributed as follows:

	As of March 31, 2013		As of December 31, 2012	
	Amount	%	Amount	%
ICE:				
Electricity	¢ 67.362	39%	65.990	39%
Telecom	93.271	54%	91.371	54%
Corporate	12.091	7%	11.844	7%
Subtotal ICE	¢ 172.724	100%	169.205	100%
RACSA:				
RACSA Guarantee and Savings Fund	2.797	100%	3.065	100%
Subtotal RACSA	2.797	100%	3.065	100%
Total ICE Group	¢ 175.521	100%	172.270	100%

From the employer's contributions, the sum of ¢101,537 correspond to the Complementary Pension Fund Plan, and ¢71,187 are allocated to the Savings Fund, according to the application of 4.5% and 6% respectively, over monthly wages for permanent employees of ICE.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

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 March 31, 2013
Projects									
Miravalles III Geothermal Project	180 months	Straight line	¢ 176	-	-	176	-	-	176
Electrona Bekén Hydroelectric Project	480 months	Straight line	573	-	-	573	-	-	573
Investment transaction costs:									
Investment transaction costs	30 days	Effective interest	2	(5)	3	0	-	-	0
Investment transaction costs	60 days	Effective interest	-	(33)	50	17	(17)	7	7
Investment transaction costs	90 days	Effective interest	-	-	23	23	(22)	-	1
Investment transaction costs	120 days	Effective interest	-	(1)	11	10	(10)	-	-
Investment transaction costs	More than 180 days	Effective interest	361	(205)	62	218	(93)	940	1.065
Sub total, investment and project transaction costs			1.112	(244)	149	1.017	(142)	947	1.822
Financing agreement fees									
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	(156)	-	1
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
Honk Kong Shangai 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	120 months	Effective interest	602	-	343	945	-	-	945
Sub total, financing agreement fees			7.043	(305)	343	7.081	(156)	-	6.925
Total amortizable items - Cost - ICE Group			¢ 8.155	(549)	492	8.098	(298)	947	8.747

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Absorption Amortizable Items	Term	Method	As of December 31,2011	Amortizations	Liquidation	As of December 31, 2012	Amortizations	Liquidation	As of March 31, 2013
Projects									
Miravalles III Geothermal Project	180 months	Straight line	€ 137	12	-	149	3	-	152
Electrona Belén Hydroelectric Project	480 months	Straight line	286	15	-	301	4	-	305
Insurance	1 month	One single payment	-	-	-	-	-	-	-
Investment transaction costs:									
Investment transaction costs	30 days	Effective interest	3	1	(3)	1	-	-	1
Investment transaction costs	60 days	Effective interest	-	23	(12)	11	3	(11)	3
Investment transaction costs	90 days	Effective interest	-	14	(1)	13	-	(13)	-
Investment transaction costs	120 days	Effective interest	-	4	(1)	3	-	(3)	-
Investment transaction costs	More than 180 day	Effective interest	200	108	(169)	139	34	(77)	96
Sub total, investment and project transaction costs			626	177	(186)	617	44	(104)	557
Financing agreement fees									
A bonds	120 months	Effective interest	220	80	-	301	10	-	311
B bonds	120 months	Effective interest	257	-	-	257	11	-	268
Citibank	120 months	Effective interest	193	49	-	242	11	-	253
CABEI No. 1856	180 months	Effective interest	32	8	-	40	2	-	42
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	138	40	-	178	9	-	187
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	179	58	(5)	232	10	(5)	237
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	379	118	-	497	21	(4)	514
INS Title 1	60 months	Effective interest	53	18	-	71	5	-	76
INS Title 2	60 months	Effective interest	6	2	-	8	-	-	8
INS Title 3	36 months	Effective interest	274	31	(305)	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	404	169	-	573	40	-	613
M & T Bank	84 months	Effective interest	15	8	-	23	2	-	25
Scotiabank tranche A	36 months	Effective interest	102	55	-	157	14	(157)	14
Scotiabank tranche B	60 months	Effective interest	57	31	-	88	8	-	96
BNP Paribas A	60 months	Effective interest	8	6	-	14	2	-	16
BNP Paribas B	60 months	Effective interest	27	23	-	50	6	-	56
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	11	11	-	22	3	-	25
Nordea Export & Project Finance No.2	12 months	Effective interest	45	41	-	86	11	-	97
Citibank N°2	12 months	Effective interest	-	-	(14)	(14)	-	-	(14)
M & T Bank N°2	12 months	Effective interest	17	17	-	34	4	-	38
International issue of bonds	120 months	Effective interest	3	59	-	62	18	-	80
Sub total, financing agreement fees			2,421	824	(324)	2,921	187	(166)	2,942
Total amortizable items - Cost - ICE Group			€ 3,047	1,001	(510)	3,538	231	(270)	3,499

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Note 21. Securities Payable (Bonds)

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

Securities payable	As of December 31,								As of March 31, 2013	Long- term	Short- term
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements			
ICE:											
Internal debt:											
INS Security No. 1	¢ 12.388	-	(217)	-	¢ 12.171	-	(215)	-	¢ 11.956	-	11.956
INS Security No. 2	1.230	-	(22)	-	1.208	-	(21)	-	1.187	-	1.187
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	-	(673)	-	37.519	37.519	-
Series B2 bonds	25.917	-	(455)	-	25.462	-	(449)	-	25.013	25.013	-
Series A2 bonds - 2010	28.426	-	-	-	28.426	-	-	-	28.426	28.426	-
Series B3 bonds - U.S. dollars (Electricity)	38.875	-	(683)	-	38.192	-	(674)	-	37.519	37.519	-
Series A3 bonds - colones	20.000	-	-	-	20.000	-	-	-	20.000	20.000	-
Series E1 bonds - U.S. dollars (Electricity)	30.357	-	(533)	-	29.824	-	(526)	-	29.298	29.298	-
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	-	(148)	-	8.221	8.221	-
Series A6 bonds - Electricity	18.756	-	-	-	18.756	-	-	-	18.756	18.756	-
Serie E2 bonds - Electricity	64.791	-	(1.138)	-	63.654	-	(1.123)	-	62.531	62.531	-
Series F1 bonds	-	-	(301)	17.155	16.853	-	(297)	-	16.556	16.556	-
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	-	(269)	-	15.008	15.008	-
Series F4 bonds - U.S. dollars (Electricity)	-	-	(1.320)	75.158	73.838	-	(1.302)	-	72.536	72.536	-
Subtotal internal debt - ICE	¢ 420.206	30.500	(5.773)	113.489	¢ 497.422	-	(5.697)	-	¢ 491.726	478.584	13.143

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Securities payable	As of December 31,										Long-term	Short-term
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements	As of March 31, 2013			
ICE:												
External debt:												
A bonds - Credit Suisse First Boston	€ 20.733	-	(364)	-	€ 20.369	-	(359)	-	€ 20.010	-	20.010	
B bonds - Credit Suisse First Boston	31.100	-	(546)	-	30.554	-	(539)	-	30.015	-	30.015	
International bond issue	129.583	-	(4.550)	129.583	254.615	-	(4.490)	-	250.125	250.125	-	
Other:												
Premium Series A1 bonds	151	7	-	-	144	4	-	-	140	140	-	
Premium Series A2 bonds	90	2	-	-	87	3	-	-	85	85	-	
Premium Series B1 bonds	161	11	-	-	149	3	-	-	147	147	-	
Premium Series B2 bonds	376	77	-	-	299	20	-	-	279	279	-	
Series A2 bonds - 2010	8	-	-	-	8	-	-	-	8	8	-	
Series B3 bonds - U.S. dollars (Electricity)	1.216	81	-	-	1.135	21	-	-	1.114	1.114	-	
Premium Series A3 bonds (Electricity)	4	-	-	-	4	-	-	-	4	4	-	
Premium Series E1 bonds (Electricity)	195	17	-	-	178	4	-	-	174	174	-	
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	127	-	-	6.066	6.066	-	
Premium Series F4 bonds - U.S. dollars (Telecom)	-	2	-	176	174	2	-	-	173	173	-	
Premium Series F4 bonds - U.S. dollars (Electricity)	-	1	-	117	116	1	-	-	115	115	-	
Discounts:												
Series A2 bonds - 2010	(612)	(17)	-	-	(595)	(14)	-	-	(581)	(581)	-	
Series A3 bonds (Electricity)	(94)	(6)	-	-	(88)	(2)	-	-	(86)	(86)	-	
Series A4 bonds (Telecom)	(25)	(3)	-	-	(20)	(1)	-	-	(19)	(19)	-	
Series A2 bonds (Electricity)	(440)	(13)	-	-	(427)	(9)	-	-	(418)	(418)	-	
Series E2 bonds - U.S. dollars (Electricity)	(207)	(10)	-	-	(198)	(3)	-	-	(195)	(195)	-	
Series F1 bonds	-	(23)	-	(244)	(221)	(7)	-	-	(214)	(214)	-	
Series F4 bonds - U.S. dollars	-	(2)	-	(188)	(186)	(2)	-	-	(184)	(184)	-	
Subtotal external debt - ICE	€ 182.244	411	(5.460)	135.926	€ 312.298	146	(5.388)	-	€ 306.762	256.740	50.025	
Standardized commercial paper												
Standardized commercial paper Series C1, C2 and D1 (6)	-	27.068	-	27.147	78	78	-	-	-	-	-	
Subtotal short-term securities payable - ICE	-	27.068	-	27.147	78	78	-	-	-	-	-	
Subtotal securities payable - ICE	602.450	57.979	(11.233)	276.562	€ 809.798	224	(11.085)	-	€ 798.488	735.324	63.168	
CNFL:												
Internal debt:												
Series A bonds	-	-	-	-	-	-	-	-	-	-	-	
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	-	
Subtotal CNFL	29.596	-	-	12.004	41.600	-	-	-	41.600	41.600	-	
Total ICE Group	€ 632.046	57.979	(11.233)	288.566	€ 851.398	224	(11.085)	-	€ 840.088	776.924	63.168	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 March 31, 2013	As of December 31, 2012
ICE:									
Bonos colones:									
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	140	144
Premium Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	85	87
Premium Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	8	8
Premium Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	4	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	(581)	(595)
Discount Series A2 bonds - 2011	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	(418)	(427)
Discount Series A4 bonds	Standardized bonds	Colones	10.87%	Fixed	-	14-Dec-10	14-Dec-17	(19)	(20)
Discount Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	(86)	(88)
Bonds in U.S. dollars:									
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	120.356	124.846
Credit Suisse First Boston	Series B bonds	U.S. dollars	6.45%	Fixed	-	3-Feb-04	3-Feb-14	30.015	30.554
Credit Suisse First Boston	Series A bonds	U.S. dollars	7.10%	Fixed	-	1-Dec-03	10-Dec-13	20.010	20.369
Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21	37.518	38.192
Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16	25.012	25.462
Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22	37.518	38.192
Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	29.298	29.824
Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	8.221	8.369
Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24	62.531	63.654
Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19	16.556	16.853
Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	87.544	89.115
Premium Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21	147	149
Premium Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16	279	299
Premium Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22	1.114	1.136
Premium Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	174	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	6.066	6.192
Premium series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	288	291
Discount Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24	(195)	(198)
Discount Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19	(214)	(221)
Discount Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	(184)	(186)
Securities:									
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	11.955	12.171
INS	Security No. 2	U.S. dollars	2.75%	Variable	0,75%	11-Nov-08	28-Nov-13	1.187	1.208
Standardized commercial paper:									
Standardized commercial paper	Commercial paper	Colones	Zero Coupon	-	-	8-Mar-12	8-Dec-12	-	78
Sub total ICE								798.488	809.798
CNFL:									
Bonds in U.S. dollars:									
Series B3 bonds	Bonos estandarizados	Colones	BDR + 3.21%	Variable	-	25-Jan-12	25-Jan-27	12.000	12.000
Series B2 bonds	Bonos estandarizados	Colones	BDR + 3.27%	Variable	-	28-Jun-11	28-Jun-23	14.600	14.600
Series B1 bonds	Bonos estandarizados	Colones	11.45%	Fixed	-	30-Sep-10	30-Sep-17	15.000	15.000
Subtotal CNFL								41.600	41.600
Total ICE Group								840.088	851.398

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Issue of bonds - ICE

A detail of the principal characteristics of the issue of bonds made by ICE as of March 31, 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 on bond issue	Discount on bond issue
A1	30-Sep-09	30-Sep-21	Base deposit rate + 1.75%	¢	50.000	50.000	-	140	-
A2	6-Nov-09	6-Nov-24	Base deposit rate + 1.75%		50.000	50.000	-	93	999
A3	3-Nov-10	3-Nov-20	11,41% fixed		20.000	20.000	-	4	86
A4	14-Dec-10	14-Dec-17	10,87% fixed		10.000	10.000	-	-	19
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%		20.000	18.756	1.244	1	-
F3	3-Apr-12	3-Apr-23	Base deposit rate + 3%		50.000	5.627	44.373	3	-
				¢	220.000	174.383	45.617	241	1.104

Millones de dólares									
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium on bond issue	Discount on bond issue
B1	17/11/2009	17-Nov-21	7,65% fixed	US\$	75	75	-	147	-
B2	20-May-10	20-May-16	5,71% fixed		50	50	-	279	-
B3	24-Jun-10	24-Jun-22	7,18% fixed		75	75	-	1.114	-
E1	14-Feb-11	12-Nov-20	5,98% fixed		75	75	-	177	-
E2	12-Dec-11	12-Dec-24	7,61% fixed		125	125	-	-	195
F1	13-Feb-12	13-Feb-19	5,97% fixed		100	33	67	-	214
F4	7-Sep-12	7-Sep-27	7,61% fixed		175	175	-	288	184
				US\$	675	608	67	2.005	593

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 22. Notes Payable

As of March 31, 2013, the movements of the notes payable are detailed as follows:

	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of March 31, 2013	Long-term	Short-term	2013 (in U.S. dollars)	
	2011	Amortization	Foreign exchange differences	Disbursements									
ICE													
Internal debt:													
Tranche V													
Purchase of non-restructured debt - Tranche V	¢	802	229	(10)	-	563	-	(10)	-	553	332	221	1,1
Subtotal Tranche V		802	229	(10)	-	563	-	(10)	-	553	332	221	US\$ 1,1
Banco Nacional de Costa Rica (B.N.C.R)		34.275	1.050	-	-	33.226	292	-	-	32.934	30.359	2.575	65,8
Parallel cooperation		13	13	-	-	-	-	-	-	-	-	-	-
Sub-total		34.288	1.063	-	-	33.226	292	-	-	32.934	30.359	2.575	US\$ 65,8
Scotiabank													
Scotiabank - Tranche A		12.958	-	(228)	-	12.731	-	(225)	-	12.506	10.005	2.501	25,0
Scotiabank - Tranche B		11.107	3.670	(163)	-	7.275	-	(128)	-	7.146	3.573	3.573	14,3
Subtotal Scotiabank		24.065	3.670	(390)	-	20.005	-	(353)	-	19.652	13.578	6.074	US\$ 39,3
BCR Trust - Telecom building		25.787	1.199	-	-	24.588	361	-	-	24.227	22.605	1.622	48,4
Supplier credit (1)		5.345	6.278	(509)	29.571	28.128	2.446	(630)	10.034	35.086	27.896	7.190	70,1
Subtotal internal debt		90.287	12.439	(909)	29.571	106.510	3.099	(993)	10.034	112.452	94.770	17.682	US\$ 224,8
External debt													
CABEL:													
CABEL No. 1599		64.964	9.995	(965)	-	54.005	-	(952)	-	53.053	43.407	9.646	106,1
CABEL No. 1856		49.174	4.683	(781)	-	43.710	-	(771)	-	42.939	38.419	4.520	85,8
CABEL No. 1962		33.692	1.379	(592)	-	31.721	-	(559)	-	31.162	28.452	2.710	62,3
CABEL Restructuring		17.364	3.758	(239)	-	13.367	1.018	(218)	-	12.131	8.035	4.096	24,2
CABEL No. 1516 - Moín III Thermal Plant		6.797	2.266	(80)	-	4.451	-	(79)	-	4.372	2.186	2.186	8,7
Subtotal CABEL	¢	171.991	22.080	(2.656)	-	147.254	1.018	(2.579)	-	143.657	120.499	23.158	US\$ 287,2

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

	As of December 31,								Marzo 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	-	(43)	-	2.442	-	2.442	4.9
IDB:												
IDB No. 598	2.277	569	(43)	-	1.665	277	(52)	-	1.335	786	549	2.7
IDB No. 1931 A/OC-CR Conversion - Tranche B	101.074	15.550	(1.502)	-	84.023	7.638	(1.347)	-	75.038	60.030	15.008	150,0
IDB No. 1931 A/OC-CR Conversion - Tranche A	84.941	7.386	(1.362)	-	76.194	3.628	(1.280)	-	71.286	64.157	7.129	142,5
IDB No. 1908/OC-CR	34.211	(240)	(1.197)	33.739	66.993	-	(1.181)	-	65.812	65.812	-	131,6
Subtotal IDB	222.503	23.265	(4.104)	33.739	228.873	11.543	(3.860)	-	213.471	190.785	22.686	US\$ 426,7
BNP Paribas:												
BNP Paribas loan A	1.921	274	(29)	(1.617)	-	-	-	-	-	-	-	-
BNP Paribas loan B	5.176	1.466	(78)	-	3.632	-	(64)	-	3.568	2.141	1.427	7,1
Subtotal BNP Paribas	7.097	1.740	(107)	(1.617)	3.632	-	(64)	-	3.568	2.141	1.427	US\$ 7,1
Nordea:												
Nordea Export & Project Finance	9.955	3.982	(105)	-	5.868	1.956	(69)	-	3.843	(1)	3.844	7,7
Nordea Export & Project Finance	3.892	965	(60)	-	2.867	-	(51)	-	2.816	1.876	940	5,6
Subtotal Nordea	13.847	4.947	(165)	-	8.735	1.956	(120)	-	6.659	1.875	4.784	US\$ 13,3
M & T Bank												
M&T Bank	3.214	643	(45)	-	2.526	316	(39)	-	2.171	1.861	310	4,3
M&T No. 2	2.245	557	(35)	-	1.654	-	(29)	-	1.626	1.084	542	3,2
Subtotal M&T Bank	5.459	1.199	(80)	-	4.179	316	(68)	-	3.797	2.945	852	US\$ 7,6
Otros Acreedores:												
Andean Development Corporation (CAF)	49.673	4.319	(796)	-	44.558	-	(786)	-	43.772	39.603	4.169	87,5
Citibank	16.368	4.056	(251)	-	12.061	-	(213)	-	11.848	7.899	3.949	23,7
Japan Bank for International Cooperation	96.234	6.637	(10.932)	-	78.665	-	(8.080)	-	70.585	64.180	6.405	141,1
Natexis Banque	200	177	-	-	24	20	20	-	24	21	3	0,0
Hong Kong Shanghai Bank Corp. (HSBC) Panamá	8.293	2.073	(109)	-	6.111	509	(99)	-	5.503	3.501	2.001	11,0
Cisco Systems Capital Corporation	667	441	(4)	-	222	111	(2)	-	109	-	109	0,2
Cisco Systems	20.096	307	(380)	1.796	21.204	796	(360)	-	20.048	16.942	3.106	
CABEI No. 2076 (2)	-	-	(268)	26.412	26.145	-	(506)	2.546	28.185	28.185	-	56,3
Multibank INC.	-	-	-	1.617	1.617	270	-	-	1.347	818	530	2,7
Subtotal other creditors	191.531	18.010	(12.741)	29.825	190.606	1.706	(10.026)	2.546	181.421	161.149	20.272	US\$ 0,7
Subtotal external debt	617.338	73.624	(19.896)	61.947	585.765	16.539	(16.759)	2.546	555.015	479.394	75.621	US\$ 1.109,5
Total ICE - Long-term loans payable	€ 707.626	86.062	(20.805)	91.518	692.276	19.638	(17.752)	12.580	667.467	574.164	93.303	US\$ 1.334,3

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of March 2013	Long-term	Short-term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements								
Short-term loans payable - ICE:												
Internal debt:												
Scotiabank (3)	15.959	54.846	3	56.570	17.685	-	(387)	1.606	18.904	-	18.904	37,8
Subtotal internal debt	€ 15.959	54.846	3	56.570	17.685	-	(387)	1.606	18.904	-	18.904	US\$ 37,8
External debt:												
BNP Paribas	-	5.183	-	5.183	-	-	-	-	-	-	-	-
Citibank No.1	10.367	20.733	-	10.367	-	-	-	-	-	-	-	-
Honk Kong Shanghai Bank Corp. (HSBC)	15.032	26.953	-	11.922	-	-	-	-	-	-	-	-
Bladex (4)	8.293	65.310	-	57.016	-	-	(503)	28.517	28.014	-	28.014	56,0
Global Bank Corporation	5.183	20.733	-	15.550	-	-	-	-	-	-	-	-
Mercantil Commercebank (5)	15.550	46.650	-	37.720	6.620	6.620	(269)	8.657	8.388	-	8.388	16,8
Banco Aliado de Panamá	-	18.142	-	18.142	-	-	-	-	-	-	-	-
Banco de San José (BAC)	3.300	6.600	-	3.300	-	-	-	-	-	-	-	-
Subtotal external debt	57.725	210.304	-	159.200	6.620	6.620	(772)	37.174	36.402	-	36.402	US\$ 72,8
Total short-term loans payable - ICE	73.684	265.150	3	215.769	24.306	6.620	(1.159)	38.780	55.307	-	55.306	110,6
Total internal debt - ICE	106.246	67.285	(907)	86.140	124.195	3.099	(1.380)	11.640	131.356	94.770	36.586	262,6
Total external debt - ICE	675.063	283.927	(19.896)	221.147	592.385	23.159	(17.531)	39.720	591.417	479.394	112.023	1.182,2
Total debt - ICE	€ 781.309	351.212	(20.802)	307.287	716.580	26.258	(18.911)	51.360	722.773	574.164	148.609	US\$ 1.444,8

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

	As of December 31,												
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements	As of March 31, 2013	Long-term	Short-term	2013 (in U.S. dollars)	
CNFL:													
External debt:													
Instituto Crédito Oficial (Spain)	€	13.266	-	(233)	-	13.034	320	(230)	-	12.484	11.843	640	25,0
Deutsche Bank, Sociedad Anónima Española		4.643	1.290	(94)	-	3.259	-	(57)	-	3.202	1.921	1.280	6,4
Kreditanstalt für Wiederaufbau loan 1		9.615	1.348	(171)	-	8.096	663	(143)	-	7.290	5.965	1.326	14,6
Kreditanstalt für Wiederaufbau loan 2		4.186	483	(75)	-	3.628	238	(64)	-	3.326	2.851	475	6,6
BICSA - Line of credit		7.775	6.046	(201)	-	1.528	-	(27)	-	1.501	-	1.501	3,0
BCR Balsa Inferior (6)		-	-	-	31.550	31.550	-	-	5.243	36.793	36.793	-	73,5
BICSA Balsa Inferior		-	-	65	6.046	6.111	-	(108)	-	6.003	6.003	-	12,0
Subtotal external debt - CNFL	€	39.485	9.167	(709)	37.596	67.205	1.221	(629)	5.243	70.599	65.377	5.221	US\$ 141,1
Subtotal CNFL	€	39.485	9.167	(709)	37.596	67.205	1.221	(629)	5.243	70.599	65.377	5.221	US\$ 141,1
RACSA:													
External debt:													
CABEL	€	5.030	4.893	(137)	-	-	-	-	-	-	-	-	-
Control Electrónico, S.A. (CESA)		5.475	5.314	(156)	-	5	-	-	-	5	-	5	-
BICSA		1.037	-	(8)	-	1.029	-	-	-	1.029	-	1.029	2,1
CSI Leasing		4.494	4.453	(41)	-	-	-	-	-	-	-	-	-
Prival Bank		2.073	2.057	(16)	-	-	-	-	-	-	-	-	-
ICE-RACSA loan conversion		-	-	148	-	148	-	-	-	148	148	-	0,3
Movement Period 2013		-	-	-	-	-	28	-	-	(28)	-	(28)	-
Subtotal external debt - RACSA	€	18.109	16.717	(210)	-	1.182	28	-	-	1.154	148	1.006	US\$ 2,4
Total internal debt - ICE Group		106.246	67.285	(907)	86.140	124.195	3.099	(1.380)	11.640	131.356	94.770	36.586	248,3
Total external debt - ICE Group		675.063	283.927	(19.896)	221.147	660.772	24.407	(18.160)	39.720	591.417	479.394	112.023	- 1.320,9
Total debt - ICE Group	€	838.903	377.096	(21.722)	344.883	784.967	27.506	(19.540)	56.603	794.526	639.689	154.836	US\$ 1.569,1

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

As of December 31, 2012, the movements for notes payable is as follows:

	As of December 31,								2012 (in U.S. dollars)	
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Long-term	Short-term			
ICE										
Internal debt:										
Tranche V										
Purchase of non-restructured debt - Tranche V	¢	802	229	(10)	-	563	338	225		1,1
Subtotal Tranche V		802	229	(10)	-	563	338	225	US\$	1,1
Banco Nacional de Costa Rica		34.275	1.050	-	-	33.226	30.650	2.575		65,2
Parallel cooperation		13	13	-	-	-	-	-		-
Subtotal		34.288	1.063	-	-	33.226	30.650	2.575	US\$	65,2
Scotiabank										
Scotiabank - Tranche A		12.958	-	(228)	-	12.731	12 731	-		25,0
Scotiabank - Tranche B		11.107	3.670	(163)	-	7.275	3 637	3 637		14,3
Subtotal Scotiabank		24.065	3.670	(390)	-	20.005	16.368	3.637	US\$	39,3
BCR Trust - Telecom building		25.787	1.199	-	-	24.588	23 179	1.409		48,3
Supplier credit (1)		5.345	6.278	(509)	29.571	28.128	22 134	5.994		55,2
Subtotal internal debt		90.287	12.439	(909)	29.571	106.510	92.670	13.840	US\$	209,2
External debt										
CABEI:										
CABEI No. 1599		64.964	9.995	(965)	-	54.005	44.186	9 819		106,1
CABEI No. 1856		49.174	4.683	(781)	-	43.710	39.109	4 601		85,8
CABEI No. 1962		33.692	1.379	(592)	-	31.721	28.963	2 758		62,3
CABEI Restructuring		17.364	3.758	(239)	-	13.367	9.293	4 074		26,2
CABEI No. 1516 - Moín III Thermal Plant		6.797	2.266	(80)	-	4.451	2.225	2 226		8,7
Subtotal CABEI	¢	171.991	22.080	(2.656)	-	147.254	123.776	23.478	US\$	289,2

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

		Loans payable							2012 (in U.S. dollars)	
		As of December 31,								
		2011	Amortization	Foreign exchange differences	Disbursements	2012	Long-term	Short-term		
European Investment Bank (BEI)	€	4.910	2.381	(44)	-	2.485	-	2.485	US\$	4,9
IDB:										
IDB No. 598		2.277	569	(43)	-	1.665	1.105	559		3,3
IDB No. 1931 A/OC-CR Conversion - Tranche B		101.074	15.550	(1.502)	-	84.023	68.746	15.277		165,0
IDB No. 1931 A/OC-CR Conversion - Tranche A		84.941	7.386	(1.362)	-	76.194	68.937	7.257		149,6
IDB No. 1908/OC-CR (2)		34.211	(240)	(1.197)	33.739	66.993	66.993	-		131,6
Subtotal IDB		222.503	23.265	(4.104)	33.739	228.874	205.781	23.093	US\$	449,5
BNP Paribas:										
BNP Paribas loan A (3)		1.921	274	(29)	(1.617)	-	-	-		-
BNP Paribas loan B		5.176	1.466	(78)	-	3.632	2.179	1.453		7,1
Subtotal BNP Paribas		7.097	1.740	(107)	(1.617)	3.632	2.179	1.453	US\$	7,1
Nordea:										
Nordea Export & Project Finance		9.955	3.982	(105)	-	5.868	1.956	3.912		11,5
Nordea Export & Project Finance		3.892	965	(60)	-	2.867	1.910	957		5,6
Subtotal Nordea		13.847	4.947	(165)	-	8.735	3.867	4.869	US\$	17,2
M&T Bank										
M&T Bank		3.214	643	(45)	-	2.526	1.894	631		5,0
M&T No. 2		2.245	557	(35)	-	1.654	1.102	552		3,2
Subtotal M&T Bank		5.459	1.199	(80)	-	4.179	2.997	1.183	US\$	8,2
Other creditors:										
Andean Development Corporation (CAF)		49.673	4.319	(796)	-	44.558	40.314	4.244		87,5
Citibank		16.368	4.056	(251)	-	12.061	8.040	4.020		23,7
Japan Bank for International Cooperation		96.234	6.637	(10.932)	-	78.665	72.145	6.520		154,5
Natexis Banque		200	177	-	-	24	1	23		0,0
HSBC Panama		8.293	2.073	(109)	-	6.111	4.074	2.037		12,0
Cisco Systems Capital Corporation		667	441	(4)	-	222	-	222		0,4
Cisco Systems		20.096	307	(380)	1.796	21.204	18.039	3.165		41,6
CABEI No. 2076 (4)		-	-	(268)	26.412	26.145	26.145	-		51,3
Multibank INC.		-	-	-	1.617	1.617	1.078	539		3,2
Subtotal other creditors		191.531	18.010	(12.741)	29.825	190.606	169.836	20.770	US\$	374,3
Subtotal external debt		617.338	73.624	(19.896)	61.947	585.766	508.435	77.331	US\$	1.150,3
Total ICE - Long-term loans payable	€	707.626	86.062	(20.805)	91.518	692.276	601.105	91.171	US\$	1.359,5

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

	Loans payable				As of December 31,				2012 (in U.S. dollars)
	<u>2011</u>	Amortization	Foreign exchange differences	Disbursements	<u>2012</u>	Long-term	Short-term		
Short-term loans payable - ICE:									
Internal debt:									
Scotiabank (5)	15.959	54.846	3	56.570	17.685	-	17.685		34,7
Subtotal internal debt	15.959	54.846	3	56.570	17.685	-	17.685	US\$	34,7
External debt:									
BNP Paribas	-	5.183	-	5.183	-	-	-		-
Citibank No.1	10.367	20.733	-	10.367	-	-	-		-
HSBC	15.032	26.953	-	11.922	-	-	-		-
Bladex (6)	8.293	65.310	-	57.016	-	-	-		-
Global Bank Corporation	5.183	20.733	-	15.550	-	-	-		-
Mercantil Commercebank (7)	15.550	46.650	-	37.720	6.620	-	6.620		13,0
Banco Aliado de Panamá	-	18.142	-	18.142	-	-	-		-
Banco de San José (BAC)	3.300	6.600	-	3.300	-	-	-		-
Subtotal external debt	57.725	210.304	-	159.200	6.620	-	6.620	US\$	13,0
Total short-term loans payable - ICE	73.684	265.150	3	215.769	24.306	-	24.305		47,7
Total internal debt - ICE	106.246	67.285	(907)	86.140	124.195	92.670	31.525		243,9
Total external debt - ICE	675.063	283.927	(19.896)	221.147	592.386	508.435	83.951		1.163,3
Total debt - ICE	781.309	351.212	(20.802)	307.287	716.581	601.105	115.476	US\$	1.407,2

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Loans payable - Subsidiaries									
As of December 31,									
	<u>2011</u>	Amortization	Foreign exchange differences	Disbursements	<u>2012</u>	Long-term	Short-term		2012 (in U.S. dollars)
CNFL:									
External debt:									
Instituto Crédito Oficial (Spain) ¢	13.266	-	(233)	-	13.034	12.382	651		25,6
Deutsche Bank, Sociedad Anónima Española	4.643	1.290	(94)	-	3.259	1.956	1.303		6,4
Kreditanstal für Wiederaufbau loan 1	9.615	1.348	(171)	-	8.096	6.747	1.349		15,9
Kreditanstal für Wiederaufbau loan 2	4.186	483	(75)	-	3.628	3.144	484		7,1
BICSA - Line of credit	7.775	6.046	(201)	-	1.528	-	1.528		3,0
BICSA Línea de Crédito Desembolso N°2	-	-	-	-	-	-	-		0,0
BCR Balsa Inferior	-	-	-	31.550	31.550	31.550	-		62,0
BICSA Balsa Inferior	-	-	65	6.046	6.111	6.111	-		12,0
Subtotal external debt - CNFL	39.485	9.167	(709)	37.596	67.205	61.890	5.315	US\$	132,0
Subtotal CNFL	39.485	9.167	(709)	37.596	67.205	61.890	5.315	US\$	132,0
RACSA:									
External debt:									
CABEI	5.030	4.893	(137)	-	-	-	-		-
Honk Kong Shanghai Bank Corp. (HSBC)	-	-	-	-	-	-	-		0,0
Control Electrónico, S.A. (CESA)	5.475	5.314	(156)	-	5	-	5		-
BD Consultores S.A.	-	-	-	-	-	-	-		0,0
BICSA	1.037	-	(8)	-	1.029	-	1.029		2,0
CSI Leasing	4.494	4.453	(41)	-	-	-	-		-
Prival Bank	2.073	2.057	(16)	-	-	-	-		-
ICE-RACSA loan conversion	-	-	148	-	148	148	-		0,3
Subtotal external debt - RACSA	18.109	16.717	(210)	-	1.182	148	1.034	US\$	2,3
Total internal debt - ICE Group	106.246	67.285	(907)	86.140	124.195	92.670	31.525		243,9
Total external debt - ICE Group	675.063	283.927	(19.896)	221.147	660.772	570.472	90.300	-	1.297,6
Total debt - ICE Group ¢	838.903	377.096	(21.722)	344.883	784.967	663.142	121.825	US\$	1.541,5

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

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

General features of debt (in millions of U.S 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 (march 2013)	Accumulated disbursed amount (2012)	Currency	Guarantee	Financing
Loans payable - ICE:																
ICE Electricity:																
Internal debt:																
Restructured debt - Tranche V	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
Parallel cooperation	01-Jul-09	01-Jun-12	3	-	3	Monthly	0.69%	Fixed	-	-	48	48	48	€	ICE	Recognition of investment in telecom equipment (DIURSA)
Series F3 bonds	03-Apr-12	03-Apr-23	11	11	-	Quarterly	BDR + 3%	Var.	-	-	50.000	5.627	5.627	€	ICE	New power generation projects
Banco Nacional de Costa Rica	25-Aug-10	31-Aug-25	15	-	15	Quarterly	BDR + 2.75%	Var.	2%	-	35.000	35.000	35.000	€	ICE	Investment in transmission projects
Commercial banks:																
Scotiabank - Tranche A	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
Scotiabank - Tranche B	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
External debt:																
European Investment Bank (BEI)	30-Nov-93	25-Nov-13	20	5	14.5	Half-yearly	6.32%	Fixed	2%	-	50	50	50	US\$	Government	Execution of Electrical Development Project III
Multilateral organizations:																
CABEI:																
CABEI No. 1599	17-Mar-03	25-Apr-18	15	5.5	9.5	Half-yearly	6.40% - Bank policy	Var.	3%	0.75%	172	172	172	US\$	ICE	Construction of and equipment for Pirris Hydroelectric Power Plant
CABEI 2005 Prepayment	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)
CABEI No. 1856	12-Apr-07	11-May-22	15	3	12	Half-yearly	7.68% - Bank policy	Var.	3%	-	110	108	108	US\$	ICE	Expansion of and maintenance to national electricity system 2007
CABEI No. 1516 - Moín III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	7.68% - Bank policy	Var.	-	-	12	12	12	US\$	ICE	Acquisition of Moín III Thermal Power Plant
CABEI No. 1516 - Moín III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	6.35% - Bank policy	Var.	-	-	21	21	21	US\$	ICE	Acquisition of Moín III Thermal Power Plant
CABEI No. 1962	19-Jun-09	19-Jun-24	15	3	12	Half-yearly	6.40% - Bank policy	Var.	-	0.75%	65	62	65	US\$	ICE	Programa de Obras Eléctricas 2008 - 2009
CABEI No. 2076	13-Feb-12	27-Nov-28	16	4	12	Half-yearly	6.40%	Fixed	30%	0.25%	140	51	-	US\$	ICE	Expansion of Cachi Hydroelectric Power Plant to increase capacity from 100 MW to 160 MW
IDB:																
IDB No. 463/SF-CR	13-Apr-76	13-Apr-11	35	8	27	Half-yearly	2.00%	Fixed	2%	0.50%	-	-	-	US\$	Government	Rural electrification with cooperatives (various currencies)
IDB No. 598	09-Sep-80	09-Sep-15	35	8	27	Half-yearly	2.00%	Fixed	2%	0.50%	27	26	26	\$-JPY-EURO	Government	National Rural Electrification Project (various currencies)
Conversion IDB No. 1931 A/OC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	6M LIBOR + 3.625%	Var.	2%	0.50%	159	159	159	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse - Electricity and Telecom
Conversion IDB No. 1931 A/OC-CR - Tranche B	10-Jul-08	15-Feb-18	9.7	3	6.6	Half-yearly	6M LIBOR + 3.00%	Var.	2%	0.50%	196	196	196	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse - Electricity and Telecom
IDB No. 1908/OC-CR CLIPP	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
Bilateral organizations:																
Andean Development Corporation (CAF)	09-Apr-08	09-Apr-23	15	3	12	Half-yearly	6M LIBOR + 1.70%	Var.	2%	-	100	88	100	US\$	ICE	Studies for or construction of Toro III, Diquís, Pacuare, and Pirris Projects
Japan Bank for International Cooperation	09-Apr-01	20-Apr-26	25	7	18	Half-yearly	2.2%	Fixed	2%	-	206	164	164	JPY	Government	Pirris Hydroelectric Project
Commercial banks:																
Citibank	14-Dec-05	19-Dec-15	10	1	9	Half-yearly	8.25% - Bank policy	Var.	-	-	75	75	75	US\$	ICE	Loan prepayment 572
M&T Bank No. 1	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)
M&T Bank No. 2	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
BNP Paribas - loan A	01-Sep-10	20-Jun-15	5	-	5	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	6	5	5	US\$	ICE	Sundry projects
Multibank INC	17-Aug-12	20-Jun-15	3	-	3	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	3	3	-	US\$	ICE	Sundry projects
BNP Paribas - loan B	01-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 AND SUBSIDIARIES
Notes to the 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	
ICE Telecom																	
Internal debt:																	
Restructured debt - Tranche V	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	
Series B2 bonds	20-May-10	20-May-16	7	6	1	Quarterly	5.71%	Fixed	-	-	50	50	50	US\$	ICE	Telecom sector needs	
Series F1 bonds	13-Feb-12	13-Feb-19	7	7	-	Quarterly	5.97%	Fixed	-	-	100	33	33	US\$	ICE	Telecom sector needs	
Series A4 bonds	14-Dec-10	14-Dec-17	7	7	-	Quarterly	10.87%	Fixed	-	-	10	10	10	€	ICE	Operation support system	
BCR Trust - Telecom building	22-Apr-10	22-Jul-22	12	-	12	Monthly	BDR + 3.75%	Var.	-	-	28	28	28	€	ICE	Securitization of property - ICE	
External debt:																	
Multilateral organizations:																	
Conversion IDB No. 1931 A/OC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	6M LIBOR+ 3.625%	Var.	2%	-	12	12	12	US\$	ICE	Loan prepayment OEFC, IDB No. 796, and Credit Suisse	
Conversion IDB No. 1931 A/OC-CR - Tranche B	10-Jul-08	15-Feb-18	10	3	7	Half-yearly	6M LIBOR +3.00%	Var.	2%	-	14	14	14	US\$	ICE	Loan prepayment OEFC, IDB No. 796, and Credit Suisse	
Organisms bilaterales																	
Natexis Banque	09-Sep-82	30-Jun-13	31	16	15	Half-yearly	3.50%	Fixed	3%	-	4	4	4	Euros	Government	Restructuring of debt with Akatel CIT	
Commercial banks																	
Nordea Export & Project Finance No. 1	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	
Nordea Export & Project Finance No. 2	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	
Cisco Systems No. 1	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	
Cisco Systems No. 2 - No. 3	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	
Cisco Systems No. 4	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	
Cisco Systems No. 5 - No. 6	25-May-11	08-Oct-18	7	1	6	Quarterly	3.01%	Fixed	13%	-	56	11	11	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 7 - No. 8	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	
Cisco Systems No. 9	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	
ECI Telecom (provider credit)	16-Mar-11	01-Jun-16	5	-	5	Quarterly	4.95%	Fixed	-	-	11	-	-	US\$	ICE	Expansion and modernization of DWDM network	
ECI Telecom 2 (provider credit)	08-Dec-11	11-Nov-16	5	-	5	Quarterly	4.95%	Fixed	-	-	4	4	4	US\$	ICE	Installation of network equipment and training	
ECI Telecom 3 (provider credit)	26-Feb-13	31-Jan-18	5	-	5	Quarterly	4.95%	Fixed	-	-	12	12	12	US\$	ICE	Expansion and modernization of DWDM network	
Huawei Technologies Co. LTD. (provider credit)	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	
Huawei Technologies Co. LTD. Phase I and II (provider credit)	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	
Bank No. 2	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	-	10	9	9	US\$	ICE	Expansion of mobile telephony	
HSBC Panama	01-Nov-10	08-Nov-15	5	-	5	Quarterly	6M LIBOR + 4.95%	Var.	0%	-	20	20	20	US\$	ICE	Internet services	
Loans payable - Subsidiaries																	
CNFI																	
External debt																	
Instituto Crédito Oficial (Spain)	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	
Deutsche Bank, Sociedad Anónima Española	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	
Kreditanstalt für Wiederaufbau (KfW) - loan 1	16-Dec-05	30-Sep-18	10	2 years, 9 months	12 years, 9 months	Half-yearly	3.80%	Var.	6M LIBOR +2	1.25%	26	26	26	US\$	ICE	El Encanto Hydroelectric Project	
Kreditanstalt für Wiederaufbau (KfW) - loan 2	25-Sep-08	30-Mar-20	10	2	12	Half-yearly	3.80%	Var.	6M LIBOR +2	1.25%	9.5	9.5	9.5	US\$	ICE	El Encanto Hydroelectric Project	
BICSA - Line of credit, disbursement No. 1	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	
BICSA - Balsa Inferior	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	
Banco de Costa Rica	04-Jun-12	06-Jul-32	20	2	18	Monthly	BDR + 2% & BDR + 3%	Var.	Current rate + 2.00%	350% formalization & 10% appraisal	40,428	36,793	40,428	€	Promissory note	Balsa Inferior Hydroelectric Project	
RACSA																	
External debt																	
CABEI	04-Dec-06	12-Jan-17	10	3	7	Half-yearly	6.85%	Var.	30%	0.75%	-	-	-	US\$	Promissory note	Acquisition of submarine communications cable - Pacific (Costa Rica)	
Control Electrónico S.A. (CESA)	06-May-10	06-Nov-15	5.5	6 months	5	Monthly	7.50%	Fixed	0%	0.25%	-	-	-	US\$	Asset	JAVA architecture expansion and open-source solutions	
BICSA	30-Mar-11	28-Mar-12	1	-	1	-	3.00%	Fixed	-	-	2	2	2	US\$	Promissory note	Working capital	
CSI Leasing	19-May-11	19-May-18	7	-	7	Quarterly	6.60%	Var.	-	\$46 miles	9	9	9	US\$	Asset	Finance lease of information services platform	
Prival Bank	07-Sep-11	07-Sep-16	5	12 months	4	Monthly	7.50%	Fixed	-	1% flat	4	4	4	US\$	Draft	Link with capacity of STM-16	

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

The general characteristics of notes payable on the short term, classified in external debt of 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 March 31, 2013
ICE Electricity											
External debt											
Bladex	U.S. dollars	6M LIBOR + 1.55% margin = 2.0156%	Variable	14-Feb-13	13-Aug-13	180 days	-	9.166	-	(168)	8.999
Bladex	U.S. dollars	3M LIBOR + 1.48% margin = 1.7666%	Variable	28-Feb-13	29-May-13	90 days	-	12.731	-	(168)	12.563
Bladex	U.S. dollars	3M LIBOR + 1.48% margin = 1.76010%	Variable	18-Mar-13	17-Jun-13	91 days	-	6.620	-	(168)	6.452
Scotiabank	U.S. dollars	3M LIBOR (0.2801%) + 1.48% margin = 1.76%	Variable	19-Mar-13	17-Jun-13	90 days	10.185	-	-	(129)	10.056
Scotiabank	U.S. dollars	7.65% fixed	Fixed	14-Mar-13	12-Jun-13	90 days	7.500	-	-	(129)	7.371
Mercantil Commercebank	U.S. dollars	1.8090% fixed	Fixed	19-Dec-12	19-Mar-13	90 days	6.620	-	6.620	-	-
Scotiabank	U.S. dollars	3M LIBOR (0.3015%) + 1.48% margin = 1.7815%	Variable	25-Feb-13	25-Apr-13	87 days	-	1.606	-	(129)	1.477
Mercantil Commercebank	U.S. dollars	1.9959% fixed	Fixed	14-Feb-13	13-Aug-13	180 days	-	8.657	-	(269)	8.388
Total ICE							24.305	38.780	6.620	(1.159)	55.306

As of March 31, 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 USD\$7,2 million, equivalent to ¢ 3,677 million, respectively, of FASE II, for installing network SMA-3G, which will be paid in 11 semestral payments, concluding in January 2018
- (2) **BCIE 2076** A disbursement was made in March 2013 for the sum of USD \$4,9 million, equivalent to ¢2,546 million. Financing is at annual interest rate of 6.4%, for a 16-year term, corresponding to the expansion of the Cachi Hydroelectric Power Project.

Credit Lines

The principal movements in credit lines as of March 31, 2013, which were used for working capital, are described as follows:

- (3) **Scotiabank:** A line of credit for ¢1.606 was entered into in February 2013, establishing a term of 90 days at the fixed rate of 1.7815% and maturing in May 2013.
- (4) **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 in May 29, 2013. In March 2013, a disbursement of USD\$ 13 million is made, equivalent to ¢ 6.19 million at a 3-month LIBOR rate + 1.48%, with a term of 91 days. In April 2013 a disbursement of USD\$ 9 million is made, equivalent to ¢ 4.583 million at a 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

(5) **Mercantil Commercebank:** A disbursement was made in February 2013 in the sum of USD\$ 17 million, equivalent to ¢ 8,657 million maturing in August 13, 2013. Subsequently, a disbursement was made in April 2013 for the amount of USD\$ 13 million, for a 30-day term, bearing interest at 1.5397%; corresponding to working capital financing.

CNFL Subsidiary:

On June 4, 2012, the Direct Loan Agreement with Banco de Costa Rica for ¢40,428 to finance the construction works of the Balsa Inferior Hydroelectric Project was executed.

This loan has a term of 20 years. A 24-year period of grace was established, paying only monthly due interest and starting the twenty-fifth month, a monthly fee of ¢490 will be paid for the capital and interest due.

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.

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

In terms of Advance Payments, the CNFL will pay a 3% fee over the capital balance, whether it makes a partial or total payment of the loan, within the first 5 years of validity of the agreement, except if made with own funds.

The loan's guarantee is 100% budgetary, by means of hypothecation of the budgetary item, according to letter # 3330-34-2012 for a total of ¢666 million for 2012. In addition, the respective certification of the annual budgetary item will be given to Banco de Costa Rica, until the entire loan amount is completed, based on agreement # 5-2012 of the Administration Board.

Note 23. Obligations for Loans – Long Term

The obligations for loans as of March 31, 2013 amount to the sum of ¢3,773 and ¢4,266 in 2012, which corresponds 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 24. Accounts Payable

Accounts payable are detailed as follows:

Accounts payable	As of March 31, 2013	As of December 31, 2012
ICE:		
Materials suppliers	¢ 106.782	107.655
Other creditors	39.184	22.594
Taxes	12.265	14.936
Service providers	24.535	12.630
Payroll and employee withholdings	6.828	7.724
Subsidiaries	(17)	3.229
Subtotal ICE	189.577	168.768
CNFL:		
Purchase of energy	-	12.909
Taxes	1.825	1.674
Employee withholdings	986	1.212
Other creditors	955	1.553
Accrued non-financial expenses	773	1.019
Lease of Valle Central Wind Power Plant	884	-
Subtotal CNFL	5.423	18.367
RACSA:		
Foreign lines	509	488
Accounts payable	2.258	2.679
Subtotal RACSA	2.767	3.167
Total ICE Group	197.767	190.302
Long-term	41.400	44.896
Short-term	¢ 156.367	145.406

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

A detail of the principal purchase orders reclassified on the long term as of March 31 are as follows

Purchase order No.	Supplier	As of March 31, 2013
<u>Electricity</u>		
364940	Andritz Hydro GMBH	€ 1.758
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 Préstamo Mogote	2.016
Total ICE Group		€ 41.400

Purchase order No.	Supplier	As of March 31, 2013
<u>Electricity</u>		
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
<u>Telecom</u>		
367279	Consortio Eci Telecom	5.755
Total ICE Group		€ 44.896

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Note 25. Accumulated Expenses – Employer’s Obligations

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

Accrued expenses - employer obligations	As of March 31, 2013	As of December 31, 2012
<u>ICE:</u>		
Back-to-school bonus	¢ 4.027	15.525
Vacation	11.015	14.159
Statutory Christmas bonus	7.761	1.494
Subtotal ICE	22.803	31.178
<u>CNFL:</u>		
Back-to-school bonus	844	4.633
Vacation	3.090	3.177
Statutory Christmas bonus	869	344
Third biweekly salary payment	843	-
Fifth week salary payment	157	-
Subtotal CNFL	5.804	8.154
<u>RACSA:</u>		
Statutory Christmas bonus	191	43
Vacation	662	662
Subtotal RACSA	853	705
Total ICE Group	¢ 29.460	40.037

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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

Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to-school bonus	Vacation	Occupational hazards	Third biweekly and fifth	Total
March, 2013						
Opening balance	¢ 1.881	20.157	17.998	-	-	40.036
Expensed - investments	2.017	802	1.251	-	1.159	5.229
Expensed - operations	4.938	4.585	3.920	-	-	13.443
Used	(36)	(20.558)	(8.394)	-	(158)	(29.146)
Variations March 2013	21	(115)	(8)	-	-	(102)
Total ICE Group	¢ 8.821	4.871	14.767	-	1.001	29.460

Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to-school bonus	Vacation	Occupational hazards	Third biweekly and fifth	Total
December, 2012						
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)
Total ICE Group	¢ 1.881	20.158	17.997	-	-	40.037

Note 26. Legal Provisions

Legal provisions are detailed as follows:

Legal provisions	As of March 31, 2013	As of December 31, 2012
ICE:		
Severance benefits	¢ 11.270	12.252
Occupational hazards	5.341	5.841
Provision for contingent liabilities	6.852	6.168
Subtotal ICE	23.463	24.261
CNFL:		
Severance benefits - short-term	1.000	1.000
Severance benefits - long-term	16.047	16.895
Employee Protection Law	132	184
Cash shortages and cash accounts	3	7
Provision for contingent liabilities	384	477
Subtotal CNFL	17.566	18.563
RACSA:		
Severance benefits	-	2
Provision for contingent liabilities	-	-
Subtotal RACSA	-	132
Total ICE Group	¢ 41.029	42.826

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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
March, 2013							
Opening balance	¢ 30.149	5.841	6.645	-	184	7	42.826
Expensed - investments	1.481	921	10	-	-	0	2.413
Expensed - operations	2.598	-	34	-	535	3	3.170
Used	(5.910)	(1.421)	(144)	690	(587)	(7)	(7.380)
Total ICE Group	¢ 28.317	5.341	6.546	690	132	3	41.029

*Adjust External Audit 2012, pending resgistration

Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	* External Audit Adjustment	Employee Protection Law	Cash shortages and cash accounts	Total
December, 2012							
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)
Total ICE Group	¢ 30.149	5.841	6.645	-	184	7	42.826

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 is equivalent to 3.50% of total salaries (as opposed to current 2.50%). This increase is in effect as of January 2013. As a result, such minutes authorize 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 27. Memoranda Accounts

Memoranda accounts	As of March 31, 2013	As of December 31, 2012
ICE:		
Guarantees received:		
Performance bonds	¢ 271.039	280.511
Collection agents	3.275	3.427
Bid bonds	427	1.649
Tenders	9	9
Subtotal	274.750	285.596
Other guarantees received:		
Sundry services	164	656
Subtotal	164	656
Guarantees issued to third parties:		
Surety	912	5.894
Subtotal	912	5.894
Subtotal ICE	¢ 275.826	292.146
CNFL:		
Contingent assets:		
Savings and loan fund	¢ 30.427	28.584
CNFL Employees Association (ASEFYL)	11.436	11.103
Performance bonds - procurement	10.476	10.578
Materials in transit	1.567	1.813
Bid bonds	748	1.194
Collection of electricity services	766	764
Materials in transit - local	420	420
Materials loan	156	248
Employee guarantees	233	194
Rental of posts	95	86
Performance bonds - labor	77	77
Guaranty deposits (electricity consumption)	74	75
ICE easement - Cote Plant	7	7
Subtotal CNFL	56.483	55.143
Contingent liabilities:		
Payment arrangements - financing of appliances	17	21
Subtotal	17	21
Subtotal CNFL	56.500	55.164
RACSA:		
Guaranty deposits	405	424
Subtotal RACSA	405	424
Total ICE Group	¢ 332.731	347.734

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 28. Income from Services

Income from services is detailed as follows:

Income for services	For the period ended on marzo 31	
	2013	2012 (Restated)
<u>ICE:</u>		
Telecommunication Services	¢ 114,698	91,832
Electricity Services	120,446	125,629
Institutional Services	528	626
Subtotal ICE	¢ 235,672	218,087
<u>CNFL:</u>		
Electricity Services	76,948	64,472
Subtotal CNFL	76,948	64,472
<u>RACSA:</u>		
Telecommunication Services	5,904	6,156
Subtotal RACSA	5,904	6,156
Total Group ICE	¢ 318,525	288,715

Regulation of Energy Services

Law Number 7593 “Regulating Authority for Public Services (ARESEP) Law”, dated August 9th of the year 1996, establishes that ARESEP will determine the prices and rates; it will also oversee the compliance of 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 AND SUBSIDIARIES

Notes to the 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.”

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 marzo 31	
	2012	2011
<u>Thermic plant:</u>		
Garabito	¢ 27.156	4.169
Moin III	5.763	785
Moin I	1.862	1.011
Moin II	8.129	590
Pujol - Pococi	945	829
Pujol - Orotina	1.191	560
Colima	871	603
San Antonio	135	399
Barranca	71	334
Total Group ICE	¢ 46.123	9.280

Increase in the consumption of fuel for the first quarter of 2013 is due to low levels in the volume of water, which were between -75% to -90%; this was due to the extremely dry conditions that took place in the summer, in addition to obstruction events that prevented favorable rainfalls during such period.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the 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:

Cost of operation and maintenance for rented equipment	For the period ended on marzo 31	
	2013	2012
<u>ICE:</u>		
Thermic generation	¢ 35.568	19.802
Hydraulic generation	3.619	3.600
Civil and electromechanics	2.346	2.446
Access	2.168	2.231
Aeolian generation	2.217	2.151
Transportation	1.631	1.690
Platforms	1.329	1.361
Substations	1.472	1.218
Transmission lines	607	573
Sub total	50.957	35.072
Elimination of institutional services	642	693
Total Group ICE	¢ 50.315	34.379

The cost for operating leases of the plants mentioned in the following chart amounts to ¢21,079 for el 2013, as detailed in the following chart:

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the 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 March 31, 2013	Paid in 2013	Number of payments	Payment amount	Value of the Purchase Option	Registered Expense during 2013	Payment Frequency	Object of the Agreement		
ICE															
323411	ECI Telecom Consortium	29-sep-05	28-feb-14	US \$	32	26	7	2	20	2	3	€	827	Trimestral	Lease for fiber optic transportation systems and equipment
343012	Huawei Technologies Consortium (1)	10-feb-09	26-mar-15		233	143	90	12	20	First stage US\$8; second stage US\$4 (in thousands)	23	5.938	Trimestral	3G wireless system	
1691	Peñas Blancas Securitization Trust (2)	16-ago-00	16-jul-15		119	98	21	1	155	Between US\$875 and US\$725 (in thousands)	19	706	Mensual	Electricity infrastructure	
Sin orden	Cariblanco Securitization Trust (2)	03-jul-03	31-dic-19		304	135	170	4	147	2	8	2.108	Mensual	Lease for Cariblanco Hydroelectric Power Plant	
Sin orden	Garabito Thermal Project Trust(2)	05-nov-07	31-mar-22		743	173	570	10	142	5	213	8.133	Mensual	Lease for Garabito Thermal Plant	
333059	Las Pailas Geothermal Plant (3)	07-mar-07	31-dic-23		240	15	225	-	24	8	-	2.075	Semestral	Lease for Las Plantas Geothermal Power Plant	
351643	Junta Administrativa de Servicios Eléctricos Municipal de Cartago JASEC (4)	14-abr-10	14-abr-22		25	1	24	-	20	Between US\$ 1 637 and US\$ 854 (in thousands)	-	246	Semestral	Infrastructure for Tejar Step-Down Substation, easement rights, and expansion tower sites for Río Macho transmission lines	
Sub total-Operative Leases - ICE -US dollars				US\$	1.697	591	1.106	29			€	20.033			
CNFL:															
Without order	Parque Eólico Valle Central (5)	26-dic-12	26-dic-24		85	-	85	-	-	4	-	-	Semestral	Lease of Valle Central Wind Plant entered into CNFL S.A. and Eólico Valle Central S.A	
Subtotal- Operative Leases - CNFL -US dollars				US\$	85	-	85	-	-		-	-			
Generalities of the Agreement				Amount in Millions of Colones											
Service Order	Supplier	Date of the Agreement	Approximate Finalization Date	Agreed Amount	Total Paid	Service Order Balance as of March 31, 2013	Paid in 2013	Number of payments	Payment amount	Value of the Purchase Option	Registered Expense during 2013	Payment Frequency	Object of the Agreement		
350702	Cooperativa de Electrificación Rural Guanacaste	16-feb-10	06-sep-21	€	87.848	18.690	69.158	1.046	138	Variable between €473 and €617	€3.541 million, approximately	€	1.046	Monthly	Infrastructure for electricity transmission - Liberia, Papagayo - Nuevo Colón.
Sub total- Operative Leases -colones				€	87.933	18.690	69.243	1.046			€	1.046			
Total- Operative Leases - ICE Group											€	21.079			

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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 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 March 31, 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 the 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 to enforce 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- 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 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 whom 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 be the legitimate holder.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- 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 Central American Bank for Economic Integration (CABEI) will be the investor, developer, and owner.

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 Plan, 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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

(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 (June 4, 2012).

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 31. Supplementary Purchases and Services

Supplementary purchases and services are detailed as follows:

Supplementary purchases and services	For the period ended on marzo 31	
	2013	2012
<u>Telecommunications:</u>		
Telephone participation	3,593	5,513
National Traffic Operators	2,464	-
Channels rental	239	311
Television	215	152
Integral solutions	101	25
Total Telecommunications	6,612	6,001
<u>Electricity:</u>		
<u>Import:</u>		
Regional Operating Entity (EOR)	427	981
Cenergica S.A de c.v.	479	
Others	366	211
Sub total import	1,272	1,192
<u>Cogenerators:</u>		
Planta Eólica Guanacaste, S.A.	4,075	3,168
Unión Fenosa Generadora La Joya	3,691	3,877
Hidroenergía Del General (HDG), S.R.L.	2,894	3,013
Geoenergía de Guanacaste Ltda.	2,136	2,357
Molinos de Viento Del Arenal, S.A.	1,515	815
Hidroeléctrica Doña Julia	1,405	707
Plantas Eólicas, S.A.	1,346	901
Hidroeléctrica Platanar, S.A.	1,277	565
Ingenio Taboga, S.A.	1,220	1,116
Azucares el Viejo S.A	998	1,123
Hidroeléctrica Zarcas, S.A.	926	391
Hidroeléctrica Río Lajas, S.A.	912	406
Proyecto Hidroeléctrico Río Volcán, S.A.	681	204
Proyecto Hidroeléctrico Pedro, S.A.	659	200
Aeroenergía S.A	472	266
Inversiones la Manguera S.A	359	163
Empresas Electricas Matamoros S.A	347	188
Others	1,234	530
Sub total cogeneradores	26,147	19,990
<u>Purchases for export:</u>		
Regional Operating Entity (EOR)	2,762	2,304
Total Electricity	30,180	23,486
Total Group ICE	36,792	29,487

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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 March 31, 2013 and 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 property, 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 financing, design, procurement of supplies, construction, evidences, 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

ICE may suspend the reception of energy generated by the cogenerators and shall be exempt of 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Note 32. Administrative Expenses

Administrative expenses are detailed below:

	For the period ended on marzo 31	
	2013	2012
<u>ICE:</u>		
Remunerations	¢ 8.531	8.582
Use of service centers	986	107
Services	623	781
Current transfers	312	350
Depreciation of other assets in operation	356	381
Materials and supplies	94	215
Others	622	523
Subtotal	11.524	10.939
Elimination of institutional services	97	91
Total ICE	¢ 11.427	10.848
<u>CNFL:</u>		
Administrative expenses	2.989	3.151
Subtotal CNFL	2.989	3.151
<u>RACSA:</u>		
Administrative expenses	6.555	5.240
Subtotal RACSA	6.555	5.240
Total Group ICE	¢ 20.971	19.240

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 33. Marketing Expenses

Marketing expenses are detailed as follows:

		For the period ended on marzo 31	
		2013	2012
<u>ICE:</u>			
Services	¢	13.328	13.308
Materials and supplies		8.379	7.887
Remunerations		12.742	12.304
Use of service centers		5.760	281
Current transfers		2.506	1.206
Depreciation of other assets in operation		934	1.066
Others		1.923	1.794
Subtotal ICE		45.572	37.846
Elimination of institutional services		402	387
Subtotal ICE	¢	45.170	37.459
<u>CNFL:</u>			
Expenses consumers		4.996	5.200
Subtotal CNFL		4.996	5.200
Total Group ICE	¢	50.166	42.659

Note 34. Pre-Investment Studies

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

		For the period ended on marzo 31	
		2013	2012
<u>ICE:</u>			
Savegre Study	¢	732	779
Ayil Hydroelectric Project		88	452
RC 500 Study		59	32
Pocosol - Arenal Study		2	48
Mundo Nuevo Study		-	2
Others		73	25
Total Grupo ICE	¢	954	1.338

In 2013, Estudio Savegre incurred in expenses in the sum of ¢732 (¢779 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 ¢88 in 2013 and ¢452 in 2012.

Note 35. Supplementary Operating Expenses

Supplementary operating expenses are detailed as follows:

	For the period ended on marzo 31	
	2013	2012
<u>ICE:</u>		
Advance mobile services	¢ 269	106
Reventazon Hydroelectric Project	172	-
Chuscas Hydroelectric Project	83	70
Torito Hydroelectric Project	73	54
Pirris Hydroelectric Project	25	54
Balsa Inferior Hidroeléctrica Project	25	23
Transmisión Tejar	-	4
Other	46	8
Total Grupo ICE	¢ 693	319

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 36. Other Interests and Other Expenses

Other interests and other expenses are detailed below:

Other products	For the period ended on marzo 31	
	2013	2012
ICE:		
Construction services (1)	3.551	6.640
Exchange fluctuations (2)	¢ 34.865	18.741
Interests and other financial products(3)	4.207	2.739
Other products (4)	2.091	4.795
Subtotal ICE	¢ 44.714	32.915
CNFL:		
Exchange fluctuations	511	623
Financial income	74	1.856
Other products(5)	1.041	(1.009)
Subtotal CNFL	¢ 1.626	1.470
RACSA:		
Exchange fluctuations	316	-
Interests and other financial products	75	71
Other products	63	63
Subtotal RACSA	¢ 454	134
Total Group ICE	¢ 46.794	34.519
Other expenses	For the period ended on marzo 31	
	2013	2012
ICE:		
Interests and other financial expenses(6)	¢ 25.671	26.132
Contracts of civil and electromechanical works (1)	3.725	6.598
Exchange fluctuations (2)	5.585	3.542
Other expenses	43	6
Subtotal ICE	¢ 35.024	36.278
CNFL:		
Interests and other financial expenses	433	471
Exchange fluctuations	125	257
Other expenses	534	566
Subtotal CNFL	¢ 1.092	1.294
RACSA:		
Interests and other financial expenses	309	318
Exchange fluctuations	-	(240)
Other expenses	21	21
Subtotal RACSA	¢ 330	99
Total Group ICE	¢ 36.446	37.671

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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 Toro III Hydroelectric Plant and Balsa Inferior Hydroelectric Project.
- (2) As of March 31, 2013, an exchange rate of ¢500.25 (¢513.58 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. Through Law Decree Number 449, regarding the creation of *Instituto Costarricense de Electricidad*, it is established in article 17 that: “*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.*”

Additionally, Law Number 7722, referred to as “Obligation of Government Institutions with regards to Income Tax Payment”, states the following: “*the surplus will constitute the taxable income and will be determined by subtracting from the gross income, the useful costs, expenses and investment or development funds reserves, necessary and pertinent for producing them.*”

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Given that ICE capitalizes the entirety of its net profits obtained, it does not show any surplus, which at the same time means it does not present taxable income, and therefore, it does not generate and 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 income 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 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.

Only the costs, expenses, investment reserves and development funds that are necessary and relevant to production of that income are deductible.

For the subsidiaries, 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. As of December 31, 2012 and 2011, 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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.

Given that it is a value added tax, ICE in turn pays the sales tax over goods and services it requires for the development of its economic activity. When dealing with goods and consumables that are physically incorporated to energy production and the telecommunication services, pursuant to article 14 of the aforementioned Law, a tax credit may be applied to the sales tax to be paid for that term.

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

This contribution is determined through a sworn affidavit for one fiscal year term. The date for filing it is March 15th of every year. The term to file this affidavit expires on March 15, after the closing of the respective fiscal period. The payment of said contribution will be distributed in four equivalent payments, payable on the fifteenth day of March, June, September, and December of the year after the close of the corresponding fiscal year.

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%; and the final rate will be based on SUTEL's estimates of the cost of projects to be executed

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

during the next budget year, and the estimated income objectives for the aforementioned period. 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.

Since SUTEL began operations on February 13, 2009, a tax rate was to be set for 2009. Accordingly, SUTEL agreed to set rate for the first quasi-fiscal tax at the floor of the band, that is, 1.5%.

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 the year that expired year is paid. 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 Finance Ministry 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, Official Letter 257-017-2013 y 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.

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 to exceed ¢500 in colones per telephone line.

Tax to Benefit the Fire Department of Costa Rica

The Law for the Fire Department of Costa Rica Number 8228 of March 19, 2002 was amended through Law Number 8992 Economic Strengthening of the Fire Department of Costa Rica, published in Official Bulletin La Gaceta of September, 2011. This Law reforms articles 28 and 33 of Law N° 8228, Law for the Fire Department of Costa Rica, from March 19, 2002 and its amendments. In addition, it amends article 40 – “Financing to the Fire Department”, defining its creation as a supplementary source of income for the operation and sustainable growth of the Fire Department of Costa Rica, as 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 in behalf of beneficiaries of income of the types specified below:

- 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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.

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.

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 administer 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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 to 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 policies in order to minimize the possible adverse effects involving their 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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

In note 3, Significant Accounting Policies and Guidelines, section (d) Policies for Current Assets, sub paragraph (vi), allowances for doubtful accounts are detailed.

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 material, 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 alienated, 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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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.

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 is defined, and the disbursement is made with the one offering the lowest cost. This operation is formalized with a 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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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, 10 derivative financial 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 6 Non Delivery Currency Swap to cover part of the colón/dollar exposure.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

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

<i>Detail</i>	<i>Tranche B</i>	<i>Tranche A</i>	<i>HSBC</i>	<i>YENS</i>	<i>Dollar/Colón 1 year</i>	<i>Dollar/Colón 1year</i>	<i>Dollar/Colón 7 years</i>	<i>Dollar/Colón 1 year</i>	<i>Dollar/Colón 1year</i>	<i>Dollar/Colón1year</i>
Hedged debt	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project - Extension of capacity of submarine cables	JIBC-CR-P3	CABEI -1599	CABEI -1599	CABEI -1599	CITIBANK	Placement A - ICE 13	INS Title N°1
Principal amount	\$150.000.000	\$149,625.000	€ 11.000.000,00	¥ 6.583.673.410	\$30.000.000	\$40.000.000	\$40.000.000	\$10.000.000	\$20.000.000	\$20.000.000
Hedged amount	\$150.000.000	\$149,625.000	€ 11.000.000,00	\$ 72.348.059	€15.259.800.000	€20.132.000.000	€20.132.000.000	€5.005.000.000	€10.140.000.000	€10.020.400.000
Exchange rate	N/A	N/A	N/A	\$91	€508,66	€503,30	€503,30	€500,5	€507	€501,02
Hiring date	08/05/2008	27/01/2009	04/11/2010	18/06/2012	23/03/2012	29/03/2011	29/03/2011	17/12/2012	05/06/2012	19/07/2012
Hedge starting date or first payment	15/08/2008	14/01/2010	08/02/2011	22/10/2012	25/04/2012	28/07/2011	02/05/2011	19/12/2013	30/11/2012	20/10/2012
Hedge expiration date	15/02/2018	14/07/2023	08/11/2015	20/04/2026	25/04/2013	28/01/2014	02/11/2017	19/12/2013	30/05/2013	20/07/2013
Term	10 years	15 years	5 years	14 years	1 year	3 years	7 years	1 year	1 year	1 year
Base rate	Libor, 6 months	Libor, 6 months	Libor, 3 years	-	Libor, 6 months	Libor, 6 months	Libor 6 months	0,51%	0,38%	Libor, 3 months
Spread over/under base rate	3,00%	3,63%	4,95%	2,20%	-	2,85 pb	2,95 pb	-	-	-
Fixed rate	4,37%	3,23%	5,90%	2,91%	10,07%	Base Rate	Base rate	10,30%	10,55%	10,09%
Total fixed rate	7,37%	6,86%	5,90%	5,11%	10,07%	Base Rate + 2,85 pb	Base rate +2,95 pb	10,30%	10,55%	10,09%
Strategy	Hedge	Hedge	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	Exchange Rate Dollar/Colón	Exchange Rate Dollar/Colón
Hedge type	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge	Fair Value Hedge Accounting	Cash Flow Hedge	Fair Value Hedge Accounting	Fair Value Hedge Accounting	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge
Hired instrument	Interest rate swap	Interest rate swap	SWAP	Cross Currency Swap	Non Delivery Currency Swap	Non Deliverable Currency Swap	Non Deliverable Currency Swap	Non Delivery Currency Swap	Non Deliverable Currency Swap	Non- Delivery Currency Swap

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 year, 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 index of ICE Group at the end of the consolidated balance sheet period is the following:

Index Debt - Capital	Up to March 31, 2013 2013	Up to December 31, 2011 2012
Group ICE		
Total liabilities	¢ 2.220.247	2.211.393
(-) Cash and equivalent to cash	(91.652)	(112.119)
Debt, net	2.128.595	2.099.274
Total patrimony	2.908.353	2.901.297
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(16.011)	(17.481)
Capital adjusted	2.924.364	2.918.778
Index debt Group ICE	0,729	0,720

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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 March 31, 2013	Up to December 31, 2012
Group ICE		
Banks	¢ 4.079	8.262
Transitory investments	110.159	138.671
Valuation of investments	1.130	906
Long term investments	48.979	36.625
Funds of restricted use	2.438	10.053
Documents and account payable	233.030	210.458
Total Group ICE	¢ 399.816	404.974

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 March 31, 2013	Up to December 31, 2012
National	¢ 224.115	199.859
External	8.915	10.600
Total by geographical region	¢ 233.030	210.459

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 March 31, 2013	Up to December 31, 2011
Private people	¢ 144.537	122.080
Toro III	763	3.214
Wind Power Project - Central Valley	1.785	1.788
Clients high, medium and low tension	26.599	23.315
Telephonic administrators	9.647	10.234
Distributing companies s	11.638	9.845
Government	13.796	13.208
Selling of devices (terminals)	487	243
I.N.S. Indemnity of Cote Plant	2.000	2.036
Operators and suppliers of services	8.268	9.807
Public lighting system	543	473
Others	12.967	14.216
Total by type of client	¢ 233.030	210.459

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

The risk ratings for ICE Group reported as of March 31, 2013 are shown as follows:

Issuer	ISIN	Instrument	Risk Rating
ICE			
Banco BAC San José, S.A.	CRBSJ00B1608	BSJ Bond	SCR AAA
Banco BAC San José, S.A.	CRBSJ00B1640	BSJ Bond	SCR AAA
Banco BANSOL Banco de Soluciones	0NROICE00274	Certificate of deposit	SCR2
Banco BCT	CRBCT00B0143	Bond	SCR AAA
Banco Central de Costa Rica	0NROICE00321	Overnight deposit	BB
Banco Central de Costa Rica	CRBCCR0B3371	Monetary Stabilization Bond - fixed rate	BB
Banco Central de Costa Rica	CRBCCR0B3496	Monetary Stabilization Bond - fixed rate	BB
Banco Central de Costa Rica	CRBCCR0B3553	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	CRBCCR0C3966	Monetary Stabilization Bond - zero coupon	BB
Banco Central de Costa Rica	CRBCCR0C4006	Monetary Stabilization Bond - zero coupon	BB
Banco Crédito Agrícola de Cartago	00BCAC0C37G0	Certificate of deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C49F7	Certificate of deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C68H3	Repurchase	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C70F3	Repurchase	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C72H5	Certificate of deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C88F5	Certificate of deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	CRBCAC0B1181	Bond	AA(cri)+
Banco Crédito Agrícola de Cartago	CRBCAC0B1207	Repurchase	F1+ (cri)
Banco Crédito Agrícola de Cartago	CRBCAC0C1222	Bond	F1+ (cri)
Banco de Costa Rica	00BCR00CGF60	Certificate of deposit (macro título)	F1+ (cri)
Banco de Costa Rica	00BCR00CGU61	Repurchase	F1+ (cri)
Banco de Costa Rica	00BCR00CHH11	Repurchase	F1+ (cri)
Banco de Costa Rica	00BCR00CHH67	Repurchase	F1+ (cri)
Banco de Costa Rica	00BCR00CHL12	Certificate of deposit (macro título)	F1+ (cri)
Banco de Costa Rica	0NROICE00313	Certificate of deposit (macro título)	F1+ (cri)
Banco de Costa Rica	0NROICE00317	Certificate of deposit (macro título)	F1+ (cri)
Banco de Costa Rica	0NROICE00320	Certificate of deposit (macro título)	F1+ (cri)
Banco de Costa Rica	CRBRCR00B2760	BCR bond	AA (cri)+
Banco Hipotecario de la Vivienda -BANHVI-	0NROICE00292	Certificate of deposit (macro título)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	CRBANVIB0037	BANHVI bond	F1+ (cri)
Banco Internacional de C.R. -Miami-	0NROICE00046	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NROICE00051	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NROICE00052	Overnight CLIPP	AA -
Banco Internacional de C.R. -Miami-	0NROICE00248	Certificate of deposit	AA -
Banco Internacional de C.R. -Miami-	0NROICE00280	Overnight	AA -
Banco Lafise	00BLAFIC93A1	Certificate of deposit (macro título)	SCR2
Banco Nacional de Costa Rica	00BNCR0C10K7	Repurchase	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C40M0	Certificate of deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C71K9	Repurchase	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C76I2	Certificate of deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00314	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00315	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00316	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00318	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00319	Short term instrument	F1+ (cri)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Issuer	ISIN	Instrument	Risk Rating
Banco Popular y de Desarrollo Comunal	00BPDCOCK036	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCN600	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCO269	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCO350	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCO491	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCO673	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCO749	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOC0822	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOC0913	Certificate of deposit (macro título)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOC0954	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOC019	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCP175	Certificate of deposit (macro título)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCP365	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDCOCP464	Certificate of deposit (macro título)	AA (cri)
Banco Popular y de Desarrollo Comunal	CRBPDCOB6749	Bond	AA (cri)
Banco Promérica	CRBPROMB1169	Bond	SCR AA +
Banco Scotiabank de Costa Rica, S.A.	0NR0ICE00279	Certificate of deposit (macro título)	F1+ (cri)
Compañía Nacional de Fuerza y Luz -CNFL- FGA -ICE	CRFLUZB0207	CNFL bond	AAA (cri)
Cariblanco Securitization Trust	0NR0ICE00281	Repurchase	AAA
Florida ICE & Farm Company S.A.	CRFTCB00020	Bonds	AAA (cri)
Government	CRFIFCOB0972	FIFCO bond	SCR AAA
Government	CRG0000B0582	Repurchase	BB
Government	CRG0000B37G9	Repurchase	BB
Government	CRG0000B55G1	Repurchase	BB
Government	CRG0000B55G1	Bond	BB
Government	CRG0000B59G3	Bond	BB
Government	CRG0000B60G1	Repurchase	BB
Government	CRG0000B60G1	Bond	BB
Government	CRG0000B62G7	Bond	BB
Government	CRG0000B63G5	Bond	BB
Government	CRG0000B64G3	Repurchase	BB
Government	CRG0000B64G3	Bond	BB
Government	CRG0000B72G6	Repurchase	BB
Government	CRG0000B72G6	Bond	BB
Government	CRG0000B80G9	Repurchase	BB
Government	CRG0000B80G9	Bond	BB
Government	CRG0000B81G7	Repurchase	BB
Government	CRG0000B81G7	Bond	BB
Government	CRG0000B86G6	Bond	BB
Government	CRG0000B89G0	Repurchase	BB
Government	CRG0000B89G0	Repurchase	BB
Government	CRG0000B89G0	Bond	BB
Government	CRG0000B92G4	Bond	BB
Government	CRG0000B97G3	Bond	BB
Government	CRG0000B99G9	Repurchase	BB
Government	CRG0000C85G6	Macro zero coupon bond	BB
Government	USP3699PAA59	External debt bond - Costa Rica	BB
Government	USP3699PEM51	External debt bond - Costa Rica	BB
Government	USP3699PEM51	External debt bond - Costa Rica	BB
Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	CRMADAPB2152	Bond	SCR AA +
Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	CRMADAPB2277	MADAP bond	SCR AA +
Industria Nacional de Cemento	CRINC00B0126	INC (HOLCIM) bond	AAA (cri)
Mutual de Ahorro y Préstamo	00MADAPCG755	Repurchase	F1+ (cri)
Mutual de Ahorro y Préstamo	00MUCAPC3425	Mortgage certificate	F1+ (cri)
Mutual de Ahorro y Préstamo	CRMUCAPB1383	Mortgage certificate	F1+ (cri)
Refinadora Costarricense de Petroleo	CRRECOPB0012	Recop's standardized bond	AAA (cri)
Refinadora Costarricense de Petroleo	CRRECOPB0020	Recop's standardized bond	AAA (cri)
SAFI BAC San José	SAJCPcFI	BAC SAN JOSÉ Liquidez C ND	SCR AAF 2
SAFI Banco de Costa Rica	BCRLlcFI	BCR Corto Plazo Colones -Non diversified-	SCR AAF 2+
SAFI Banco de Costa Rica	BCRMXcFI	BCR MIXTO Corto Plazo Colones -Non diversified-	SCR AAF 3
SAFI Banco de Costa Rica	FI-000000022	BCR Liquidez Dólares -Non diversified-	SCR AAF 2 +
SAFI Banco de Costa Rica	FI-000000022	F.I BCR Liquidez Dólares	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	BNASUPERcFI	BN Superfondo Colones -Non diversified-	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	FI-000000001	BN Dinerfondo Colones -Non diversified-	SCR AAF 2+
SAFI Banco Popular	FI-000000006	Popular Mercado de Dinero Colones -Non diversified-	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDLASCcFI	INS Liquidez Colones -Non diversified-	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDLASCcFI	INS Liquidez Colones -Non diversified-	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDLASCcFI	INS Liquidez Publico Colones -Non diversified-	SCR AAF 2
SAFI SCOTIABANK	ITFCPUcFI	Scotia Público Colones -Non diversified-	SCR AAF 3
CNFL			
Banco Nacional de Costa Rica		Certificates of deposit	N/A
CRICSA			
BN Sociedad de Fondos de Inversión, S.A.		Investment funds	SCR AAF 2+

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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:

Liabilities		Value on Books	Expected Cash Flow	12 months or less	1-2 years	2-5 years	More than 5 years
Long Term Liabilities							
Title deeds payable	¢	776.920	776.920	-	695,08	126.551	649.675
Documents payable		639.668	639.668	-	156.829,84	271.365	211.473
Accounts payable		41.400	41.400	-	9.898,00	12.857	18.645
Total Long Term Liabilities		1.457.989	1.457.989	-	167.423	410.773	879.793
Circulating							
Title deeds payable		63.168	63.168	63.168	-	-	-
Documents payable		154.858	154.858	154.858	-	-	-
Accounts payable		156.367	145.406	156.367	-	-	-
Total Short Term Liabilities		374.393	363.432	218.026	-	-	-
Total Group ICE	¢	1.832.382	1.821.421	374.393	167.423	410.773	879.793

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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.
- Construction and equipping of the Pirrís Hydroelectric Plan, for the amount of US\$106 million, creditor CABEI 1599-P.H. Pirrís.
- Prepayment of loan OECF, IADB 796 and Credit Suisse Electricidad y Telecom. for the amount of US\$142.4 million, creditor IADB 1931 Tranche A.
- Prepayment of loan OECF, IADB 796 and Credit Suisse Electricidad y Telecom, for the amount of US\$149.9 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.
- Construction of Pirrís Hydroelectric Plan, in the amount US\$141,0 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 March the amount of the balance is US\$131.5 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\$24.9 million, for CNFL's underground electric distribution network.
- Kreditanstalt Fur Wiederaufbau (KfW), with a balance of US\$21, financing for CNFL's El Encanto Hydroelectric Project.
- Banco de Costa Rica, with a balance of US\$37 million, financing for Balsa Inferior Hydroelectric Plant.
- Deutsche Bank S.A.E loan, with a balance of US\$6 million, for CNFL's underground electric distribution network.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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\$82 millions, CNFL's Balsa Inferior Hydroelectric Project.
- Banco Internacional de Centro América, (BICSA), for US\$3 million, requirements of CNFL and to finance early stages of PHBI.
- Banco Internacional de Centro América, (BICSA), for US\$12 million, CNFL requirements and to finance PHBI.
- ICE debt for US\$29.1 million, reconversion of liabilities, RACSA.
- BICSA for US\$2 million, working capital, RACSA.
- ICE for ¢331.4 million, for VSTAT equipment.
- ICE for US\$3.5 million, for financing of 2012 Guides.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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:

In millions of colones	Carrying value	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cross Currency Swap							
Liabilities ¢	(4,371,54)	13,360	952	917	1,727	4,352	5,413
Swap							
Liabilities	(47)	44	9	9	13	13	-
Forward Staring Swap							
Liabilities	(7,398)	6,188	1,052	1,046	1,795	2,444	(149)
Plain Vanilla Swap							
Liabilities	(7,630)	8,931	1,568	1,500	2,571	3,223	69
Non Delivery Currency Swap 1 year							
Liabilities	(958)	748	748	-	-	-	-
Non Delivery Currency Swap 3 years							
Liabilities	(1,218)	2,161	1,125	1,036	-	-	-
Non Delivery Currency Swap 7 years							
Liabilities	(1,997)	9,482	1,285	1,055	2,026	5,115	-
Non Delivery Currency Swap 1 year							
Assets	(293)	481	-	481	-	-	-
Non Delivery Currency Swap 1 year Barclays							
Assets	(659)	528	528	-	-	-	-
Non Delivery Currency Swap 1 year - Quarterly							
Liabilities	(368)	486	250	236	-	-	-

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the 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 March 31, 2013, are as follows:

Global Characteristics of the Line of Credit				Conditions of Disbursements Made							
Bank	Purpose	Currency	Interest Rate	Approved Amount	Date of Disbursement	Maturity Date	Payoff Date	Renewal Date	Disbursement Amount	Payoff Amount	Owed Amount
Citibank	Working capital. Opening and refinancing of letters of credit	-	-	50	-	-	-	-	-	-	-
Scotia bank	Opening and refinancing of letters of credit, working capital, issue of performance bonds	Colones	Fixed rate of 9.35%	50	14/12/2012	14/03/2013	-	14/03/2013	7.500	7.500	-
		Colones	Fixed rate of 7.65%		14/03/2013	12/06/2013	-	-	7.500	-	7.500
		US\$	(3m) + 1.48% = 1.7		19/12/2012	19/03/2013	-	19/03/2013	20	20	-
BNP Paribas	Opening and refinancing of letters of credit and working capital	US\$	(3m) + 1.48% = 1.7	30	19/03/2013	17/06/2013	-	-	20	-	20
		-	-		-	-	-	-	-	-	-
		US\$	(6m) + 1.55% = 2.0		14/02/2013	13/08/2013	-	-	18	-	18
Bladex	Opening and refinancing of letters of credit and working capital	US\$	(3m) + 1.48% = 1.7	65	28/02/2013	29/05/2013	-	-	25	-	25
		US\$	(3m) + 1.48% = 1.7		18/03/2013	17/06/2013	-	-	13	-	13
		-	-		-	-	-	-	-	-	-
Banco de San José (BAC)	Opening and refinancing of letters of credit, working capital, and issue of performance bonds	-	-	10	-	-	-	-	-	-	-
Honk Kong Shanghai Bank Corp (HSBC)	Working capital and issue of performance bond	-	-	60	-	-	-	-	-	-	-
Global Bank	Working capital	-	-	20	-	-	-	-	-	-	-
Mercantil Commerce	Working capital. Opening and financing of letters of credit	US\$	(3m) + 1.50% = 1.8	30	19/12/2012	19/03/2013	19/03/2013	-	13	13	-
		US\$	(6m) + 1.53 = 1.99		14/02/2013	13/08/2013	-	-	17	-	17
Banco Aliado de Panamá	Working capital. Opening and financing of letters of credit	-	-	10	-	-	-	-	-	-	-

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Market Risk

Exposure to Currency Risk

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

Assets	US\$		Yens		EUROS	
	March 2013	dic-12	March 2013	dic-12	March 2013	dic-12
ICE						
Material in transit for investment	140	178	(0)	220	104	94
Long-term investments	3	2	-	-	-	-
Notes receivable	38	19	-	-	-	-
Banks and short-term investments	61	299	-	-	-	-
Restricted use funds	1	2	-	-	-	-
Accounts receivable from services provided	25	6	-	-	-	-
Non trade accounts receivable	4	22	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	30	2	0	-	0	-
Valuation of derivative financial instruments	(0)	4	-	-	-	-
Total assets in foreign currency - ICE	302	534	0	220	104	94
CNFL						
Banks and short-term investments	13	18	-	-	-	-
Notes and accounts receivable	8	8	-	-	-	-
Guarantees for environmental obligations	2	2	-	-	-	-
Total assets in foreign currency - CNFL	22	27	-	-	-	-
RACSA						
Banks and short-term investments	3	1	-	-	-	-
Accounts receivable	1	2	-	-	-	-
Total assets in foreign currency - RACSA	5	2	-	-	-	-
Total assets in foreign currency - GRUPO ICE	329	564	0	220	104	94
Liabilities						
ICE						
Securities payable	1,234	1,204	-	-	-	-
Notes payable on the long and short term	1,130	1,103	13,322	13,820	0	0
Obligations against loans	8	8	-	-	-	-
Security deposits	1	1	-	-	-	-
Accounts payable	33	73	23	74	89	86
Accumulated financial expenses payable	42	43	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits from private individuals	1	2	-	-	-	-
Provisions	1	5	-	-	-	-
Valuation of derivative financial instruments	49	43	-	-	-	-
Total liabilities in foreign currency - ICE	2,500	2,482	13,345	13,894	90	87
Excess of liabilities on assets	2,198	1,948	13,345	13,674	(14)	(8)
CNFL						
Notes payable on the short and long term	76	76	-	-	-	-
Total liabilities by currency	76	76	-	-	-	-
Excess of liabilities on assets	54	48	-	-	-	-
RACSA						
Notes payable on the short and long term	35	35	-	-	-	-
Security deposits	1	1	-	-	-	-
Accounts payable	4	3	-	-	-	-
Accumulated financial expenses payable	1	-	-	-	-	-
Total liabilities by currency	40	38	-	-	-	-
Excess of liabilities on assets	35	36	-	-	-	-
Total liabilities in foreign currency - ICE GROUP	2,616	2,596	13,345	13,894	90	87
Excess of liabilities on assets - ICE GROUP	2,287	2,032	13,345	13,674	(14)	(8)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the 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 March 31, 2013, was set at ¢500.25 (¢509.23 as of December 31, 2012), respectively.

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

Currency Name	US\$ Exchange Rate	
	As of March 31 2013	As of December 31 2012
Swedish crown	6,52	6,50
Sterling pound	1,52	1,61
Swiss franc	0,95	0,91
Euro	1,28	1,32
Colones	500,25	509,23
Japanese yen	94,15	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 March 31, 2013 has changed equity and results in the amounts shown below:

	Effect in Results Income	
	As of March 31 2013	As of December 31 2012
ICE		
Yens/COLÓN (10% strengthening)	(7.091)	(8.091)
EUROS/COLÓN (10% strengthening)	(1.012)	(563)
USD/COLÓN (10% strengthening)	109.946	99.215
Net effect - ICE	101.843	90.561
CNFL		
USD/COLÓN (10% strengthening)	2.680	2.448
Net effect - CNFL	2.680	2.448
RACSA		
USD/COLÓN (10% strengthening)	1.771	1.833
Net effect - RACSA	1.771	1.833
Net effect - ICE GROUP	106.294	94.842

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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:

	Note
Securities payable	21
Short term investments	12
Notes payable	22
Long term investments	8
Notes 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 March 31, 2013, it was estimated that a general strengthening of one percentage point in the interest rates meant a variation, according to the following details:

	Effects in Results - Income	
	As of March 31 2013	As of December 31 2012
ICE		
Short term investments (1% strengthening) ¢	1.096	1.153
Long term financial investments (1% strengthening)	291	169
Notes receivable on the long term (1% strengthening)	71	72
Securities payable on the long term (1% strengthening)	(8.019)	(8.132)
Securities payable on the short term (1% strengthening)	-	(1)
Notes payable on the long term (1% strengthening)	(6.675)	(6.923)
Notes payable on the short term (1% strengthening)	(553)	(243)
Net effect - ICE	(13.789)	(13.905)
CNFL		
Short term investments (1% strengthening)	5	25
Securities payable (1% strengthening)	(416)	(416)
Notes payable on the long term (1% strengthening)	(706)	(672)
Net effect - CNFL	(1.117)	(1.063)
RACSA		
Short term investments (1% strengthening)	-	4
Notes payable on the long term (1% strengthening)	(12)	(10)
Net effect - RACSA	(12)	(6)
Net effect - ICE GROUP	(14.918)	(14.974)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 39. ICE Group 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 results, 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 March 31 2012	Up to December 31 2011
Properties, machinery and equipment	¢ 3.217.484	3.204.480
Investment and long term accounts receivable	357.471	352.396
Circulating assets	276.660	249.778
Other assets	276.441	263.529
Total assets	4.128.057	4.070.183
Long term liabilities	1.388.131	1.450.455
Short term liabilities	451.186	352.440
Other liabilities	136.515	132.936
Total liabilities	1.975.833	1.935.831
Patrimony	2.152.224	2.134.352
Total liabilities and patrimony	¢ 4.128.057	4.070.183

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

ICE Energy Segment :

Consolidated statement of income and expend.	For the period ended on March 31	
	2013	2012
Income of operation	¢ 252.804	204.327
Costs and expenses of operation	249.216	196.791
Surplus (Loss) of Operation	3.588	7.536
Other products	8.294	10.742
Other products for exchange fluctuations	32.153	17.792
Financial expenses	23.662	24.627
Other expenses	4.576	7.426
Other expenses for exchange fluctuations	4.266	2.937
Net Surplus (Loss)	¢ 11.531	1.080

ICE Telecommunications Segment:

Consolidated Balance Sheet	Up to	Up to
	on March 31 2013	December 31 2012
Furniture, machinery and equipment	¢ 1.002.944	1.022.882
Investment and long term accounts receivable	108.420	97.640
Circulating assets	281.480	292.424
Other assets	160.106	147.229
Total assets	1.552.950	1.560.175
Long term liabilities	203.027	210.015
Short term liabilities	119.015	114.321
Other liabilities	106.181	106.091
Total liabilities	428.222	430.427
Patrimony	1.124.728	1.129.748
Total Liabilities and Patrimony	¢ 1.552.950	1.560.175

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

ICE Telecommunications Segment:

Consolidated statement of income and expenses	For the period ended on March 31	
	2013	2012
Income of operation	¢ 127.240	133.312
Costs and expenses of operation	135.587	128.448
Surplus (Loss) of Operation	(8.347)	4.864
Other products	3.619	5.312
Other products for exchange fluctuations	3.539	1.572
Financial expenses	2.860	2.401
Other expenses	21	21
Other expenses for exchange fluctuations	1.510	688
Net Surplus (Loss)	¢ (5.580)	8.638

Eliminations between segments:

Consolidated Balance Sheet	Up to	Up to
	March 31	December 31
	2013	2012
Property, machinery and equipment	¢ (8.536)	(14.644)
Investments and long term accounts receivable	(408.235)	(404.630)
Circulating assets	(124.276)	(93.276)
Other assets	(8.100)	(5.119)
Total Assets	(549.146)	(517.669)
Long term liabilities	(66.484)	(68.947)
Short term liabilities	(118.902)	(87.501)
Other liabilities	1.582	1.582
Total liabilities	(183.805)	(154.866)
Patrimony	(365.342)	(362.803)
Total liabilities and patrimony	¢ (549.146)	(517.669)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Eliminations between segments:

Consolidated statement of income and expenditures	For the period ended on March 31	
	2013	2012
Income of operation	¢ (61.519)	(48.474)
Costs and expenditures of operation	(62.010)	(48.873)
Surplus (Loss) of Operation	490	399
Other products	(811)	(900)
Financial expenses	(109)	(108)
Other expenses	(273)	(256)
Other expenses for exchange fluctuations	(66)	(65)
Surplus before income tax	127	(71)
Minority interest (1.4%)	56	(41)
Net Surplus (Loss)	¢ 183	(112)

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 ¢359,001.
- 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 ¢277.
- Interests receivable from RACSA and accounts payable to ICE for interests corresponding to the financing of V-SAT Platform ¢285.
- Elimination of account payable to RACSA for lease of areas in ICE's buildings throughout the entire country, for ¢179.
- 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 ¢387.
- Notes and mortgage payable to RACSA on the long term and notes receivable on the long term to eliminate liability retranslation agreement for ¢14,581.
- Elimination of account payable to and receivable from ICE-CNFL for telephone services for an amount of ¢3.
- Elimination of notes receivable from ICE-CNFL for secured financing agreement for the sum of ¢1.919.
- 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 ¢7.
- Elimination of accounts payable to and receivable from ICE-RACSA for mutual services, for ¢83.
- Elimination of account payable to and receivable from ICE-RACSA for renting physical space to ICE. ¢27.
- Elimination of the effect of energy sold by ICE to CNFL for ¢33.500.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- Elimination of the donation for using Back Haul in RACSA, ICE's intangible assets, capital contribution to RACSA for ¢3,063, and amortization payment for ¢55.
- Elimination of security deposits of RACSA 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 ¢938 and elimination of financial expenses payable to and interests receivable from ICE to CNFL for settled loan of Moín III for ¢12.

The nature of the elimination entries that originate in the statement of income and expenses at the consolidated level of income and expenses is detailed as follows:

- Elimination of the income and expenses accounts for energy sold by ICE to CNFL for ¢57,908.
- Elimination of the income and expense accounts for leasing electric poles and ducts to Telecomunicaciones ICE by CNFL for ¢132.
- Elimination of income and expense accounts for telephone billing to CNFL for ¢48.
- Elimination of income and expense accounts for electric meter services to CNFL-ICE for ¢1,487.
- Elimination of income and expense accounts for telephone services, rentals, operation and maintenance of Back Haul and warehousing V-SAT for ¢157.
- Elimination of administrative income and expenses for rental of buildings, electricity, and cleaning- ICE-RACSA for ¢37.
- Elimination of operative income and expenses of commercial invoicing - RACSA-ICE for ¢6.
- Elimination of the financial interests for V-SAT and Agreement for ¢26.
- Elimination of purchase made by ICE of bonds placed in the market by CNFL for ¢400.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the 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 March 31,	As of December 31,
				2013	2012
				Provision for Lawsuits (see note 26)	
Contingent Assets - Lawsuits filed by ICE:					
Expropriation	Electricity	Expropriation in the amount of €1,703 to acquire land necessary for the Diquis Hydroelectric Power Project. A final ruling is Expropriation pending.	€ -	-	-
Expropriation	Electricity	Expropriation in the amount of €800 to acquire land necessary for the Reventazon Hydroelectric Power Project. A final ruling is pending.	-	-	-
Legal Collection	Electricity	Legal collection, outstanding bills. Notice of the suit was given.	717	-	-
Expropriation	Electricity	Expropriation in the amount of €716 to acquire land necessary for the future Coyo de Alajuela substation. The ruling is appealed and a final decision is pending.	-	-	-
Legal Collection	Electricity	The Legal Collections Area handles executive processes in order to recover unpaid amounts for electricity services. ICE has 4,499 proceedings as of December 31, 2012. ICS's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to the unpaid amounts, statute of limitations, and lack of documentation.	2.500	-	-
Ordinary Contentious	Electricity	ICE claims payment of outstanding fines and the plaintiff claims breach of contract. ICE and the plaintiff claimed payment of costs in the execution of the judgment in the amounts of €974 and €1,942, respectively.	974	-	-
Arbitration	Telecommunications	Claim of damages for noncompliance with Public Tender No. 6378. The defendant files a plea claiming lack of competence that was taken to the First Chamber.	8.993	-	-
Precautionary measures (in accordance with article 26 of the Administrative Appeals Decree Law Code)	Telecommunications	Request for precautionary measures in order to maintain the pre-judgment attachments of the ICE-VERIZON arbitration case No. 0225-2012/AR-AD HOC. A ruling confirming the attachments is issued by the Court of Appeals.	5.147	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending.	2.992	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending.	1.225	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending.	1.054	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending.	947	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending.	878	-	-
Ordinary Contentious	Telecommunications	Claim for damages resulting from sentences and agreements issued by SEC (Securities Exchange Commission) and the U.S. Department of Justice. This process is also a result of the forum non conveniens resolution in USA.	9.000	-	-
Civil	Telecommunications	ICE requests compensation from the parent company, its subsidiaries, and other for damages resulting from noncompliance with the Florida RICO Act and other. This proceeding has been suspended since the Alcatel - Lucent S.A. proceedings are pending resolution.	500	-	-
Ordinary Contentious	Telecommunications	Judicial proceedings filed by ICE to annul ARESEP's administrative ruling, which orders ICE to disburse the co-defendant the amount of €305 and pay the State a fine of €1,830. A preliminary hearing was scheduled for March 2013.	500	-	-
Legal Collection	Telecommunications	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for telephone services. ICE has 12,157 proceedings as of December 31, 2012. ICS'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.	1.536	-	-
Expropriation	Telecommunications	As of December 31, 2012, there are 502 judicial for a total of €8,963 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.	-	-	-
Total contingent assets-ICE			€ 36.963	-	-

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31,	As of December 31,
				2013	2012
				Provision for Lawsuits (see note 26)	
Contingent liabilities - lawsuits filed against ICE:					
Ordinary	Corporate	Claim for damages resulting from the return of steal pipes.	¢ 270	-	-
Ordinary	Electricity	Claim filed against ICE requesting the adjustment of the purchase price of power. The claim was answered.	1.931	-	-
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	-	-
Arbitration	Electricity	The plaintiff seeks reimbursement from ICE for penalties resulting from noncompliance with the delivery of potential energy plus damages. A ruling is pending from the Court based on expert testimony.	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 the plaintiff with the First Chamber is pending.	933	-	-
Ordinary Contentious	Electricity	Lawsuit seeking the declaration of nullity of the Decree of the Public and National Interest of PHED, expropriation, and damages. The lawsuit was answered and amended complaints filed. Proceedings suspended due to an appeal claiming violation of constitutional rights against the Indigenous Law and its decree since the Court considers that it may influence the process. The judicial recognition was performed on November 15, 2012.	103.638	-	-
Ordinary	Electricity	A request is being made for collection of damages from ICE and other for preventing the plaintiff from developing a productive activity due to alleged contamination. The ruling was dismissed. The plaintiff filed an appeal and ICE claimed tort.	5.854	-	-
Ordinary Contentious	Electricity	The main claim seeks annulment of several administrative actions of ICE and order ICE to submit the additional costs issue to arbitration. The alternative claim seeks recognition of damages to the plaintiff in the amount of US\$7.9 million. An oral trial is pending. The main claim seeks annulment of several administrative actions of ICE and order ICE to submit the additional costs issue to arbitration. The alternative claim seeks recognition of damages to the plaintiff in the amount of US\$7.9 million. An oral trial is pending.	4.026	-	-
Arbitration (Ad Hoc)	Electricity	Lawsuit seeking civil liability of ICE in respect of an alleged purchase-sale agreement and payment for the agreed price, compensation for damages and civil liability due to noncompliance, and Symons concrete forms. The arbitration award issued on December 7, 2012 dismissed the main claims of the plaintiff and accepted the alternative claims. ICE is ordered to recognize the value of the Doka concrete forms.	500	250	250
Ordinary Contentious	Electricity	Execution of judgment. ICE claims payment of outstanding fines and the defendant claims breach of contract. The First Chamber upheld the ruling issued in the second instance in favor of ICE. ICE and the defendant claimed payment of attorneys fees and costs in the execution of the judgment in the amounts of ¢0974 and ¢1,942, respectively.	1.942	1.942	1.942
Ordinary	Electricity	Claim of damages and loss of property value due to installation of high-voltage towers. A ruling issued by the Administrative Litigation Court annulled the ruling issued in the first instance. Subsequently, the Administrative Litigation Court issued a new ruling 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. The plaintiffs file an appeal. ICE claims tort to the Administrative Litigation Court, via fax.	1.794	-	-
Subtotal - Carried forward			¢ 130.760	2.192	2.192

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31,	As of December 31,	
				2013	2012	
				Provision for Lawsuits (see note 26)		
		Brought forward	c	130.760	2.192	2.192
Ordinary	Electricity	The plaintiff is suing ICE for the effects of a rate adjustment in the Electricity segment. The date of the trial is pending.		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	352	358
Ordinary	Electricity	The plaintiff seeks recognition of damages caused by ICE as a result of failure to subscribe a power purchase-sale agreement (private generation). Ruling handed down by 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. The execution of judgment by the plaintiff is pending.		500	500	500
Execution of judgment	Electricity	Execution of the judgment of the Criminal Court. Principal and attorneys fees and court costs were paid in November 2011. A motion for appeal and an appeal for nullification with a higher court were filed against the approval of payment of the corresponding interest.		520	-	-
Ordinary	Electricity	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. The Court accepted the appeal and a hearing was scheduled. A ruling from the First Chamber is pending.		509	-	-
Ordinary	Telecommunications	Claim for damages due to termination of the agreement.		2.495	-	-
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	Real Property Administration Office	The plaintiff requests that ICE be found guilty of unlawfully taking possession of real estate owned by the plaintiff in Tamarindo. ICE was ordered to indemnify the plaintiff in the amount of ¢89. The amount was paid and, accordingly, excluded from the provision.		578	-	-
Ordinary Contentious	Electricity	The public or private property of the subsoil in Costa Rica, related to the excavation of a tunnel, 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	-	-
Injunction with precautionary measures	Electricity	Claim for alleged disruptive actions in property owned by the plaintiff.		500	-	-
Injunction with precautionary measures	Electricity	The precautionary measures were upheld by the court through a ruling handed down in September 2011. ICE answered the hearing on joinder of claims. This was dismissed by the court through a ruling issued in March 2012.		500	-	-
Subtotal - Carried forward			c	141.804	4.869	4.875

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March	As of
				31, 2013	December 31, 2012
				Provision for Lawsuits (see note 26)	
		Brought forward	€ 141.804	4.869	4.875
Ordinary	Electricity	Expropriation of land necessary to construct the reservoir for the Arenal Hydroelectric Power Project. The defendant made the land available for his/her own use by taking advantage of an error in the filing of the expropriation encumbrance with the Property Registry. ICE had made the corresponding payment. The amount cannot be estimated.	500	-	-
Punitive administrative	Electricity - Telecommunications	In 2005, ICE was issued assessment notices for the periods from September 1999 through December 2000 corresponding to tax withholdings at the source (on profits, wages, and foreign remittances), plus interest and penalties, and general sales tax. Likewise, ICE was issued assessment notices in 2006 corresponding to tax withholdings at the source (on profits, wages, and foreign remittances) for the periods from January 2001 through December 2003, plus interest and penalties, and general sales tax, plus interest and penalties. The total tax determined for those assessment notices (1999-2000 and 2001-2003 periods) is € 12,034. The balance of the provision as of December 31, 2011 and 2010 is € 535 for the Electricity segment. The balance of interest for the 1999-2000 and 2001-2003 periods is € 14,018 and penalties amount to € 2,374. In 2012, an adjustment to the provision (litigation) is determined for the 1999-2000 and 2001-2003 periods due to penalties resulting from the assessment notices issued by the Tax Authorities. Principal and interest were paid in December 2007 and the penalties for the 2001-2003 period were paid in July 2010. However, since no official notice from the Finance Ministry was issued with respect to the penalties corresponding to the 1999-2000 period, the amount provisioned remained unchanged to the date of this report. A review determined that the provision of principal plus interest was made for an additional assessment notice. Accordingly, the amount of the provision was excluded.	14.018	646	-
Punitive administrative	Electricity - Telecommunications	On September 17, 2009, ICE was issued an assessment notice related to general sales tax for December 2007, which as of today's date is being disputed. Through a ruling issued by the Administrative Tax Court, the amount of principal is reduced to €262 (original amount of €883). Accordingly, the fine is reduced to €65 (original fine of €221). The amount provisioned as of the 2012 closing date corresponds to the estimated interest and fines.	1.690	772	728
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	Telecommunications	The plaintiff requests compensation from a contractor of ICE for alleged losses as a result of breach of contract by ICE and the contractor. The contract in question is the Phone Book Contract. A preliminary hearing was conducted and an oral trials pending.	33.297	-	-
Subtotal - Carried forward			€ 204.251	6.288	5.604

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March	As of
				31, 2013	December 31, 2012
				Provision for Lawsuits (see note 26)	
		Brought forward	¢ 204.251	6.288	5.604
Ordinary	Telecommunications	Unfair term in a tender. 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 other are upheld. ICE is ordered to reimburse US\$379,175.25. The ruling is appealed and tort is claimed.	5.433	-	-
Ordinary Contentious	Telecommunications	Claim for alleged disruptive actions in property owned by the plaintiff.	4.222	-	-
Ordinary	Telecommunications	Annulment of administrative actions and payment of damages for having disqualified the company due to breach of contract. The claim was upheld and ICE was ordered to pay for damages, attorneys fees, and court costs. The plaintiff submitted a breakdown of costs. ICE objected to the amount determined. The expert's report was appealed. The judge's ruling is pending.	564	564	564
Ordinary	Telecommunications	Ordinary proceedings are held in the Administrative Litigation Court for annulment of administrative actions whereby ICE assessed three fines for breach of contract. In 2010, ICE's Legal Department informed that the amount should be excluded from the provision. Such exclusion was not made until 2012.	266	-	-
Administrative determinative proceedings	Telecommunications	Through Official Letter No. 0150-0398-2010, GG-ICE files 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 those 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 at 10 hours on March 12, 2013, "Collection of special parafiscal contribution of operators and suppliers of telecommunications to Fonatel, 2008-2009 periods". This was notified to ICE on March 18, 2013. Collection of special parafiscal contribution of operators and Telecommunications providers to Fonatel in 2008 and 2009.	7.984	-	-
Administrative determinative proceedings	Telecommunications	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, "Collection of reserve tax on the radio-frequency spectrum for the 2012 budget period".	1.099	-	-
Total contingent liabilities -ICE			¢ 223.820	6.852	6.168

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Proceeding	Sector	Nature and current status	Estimated Amount of Lawsuit	As of March	As of
				31, 2013	December 31, 2012
				Provision for Lawsuits (see note 26)	
Contingent assets - Lawsuits filed against CNFL:					
	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).	€ 1.134	-	-
		In March 2012, INS deposited a partial amount of €2,054 million (US\$4 million).			
Total contingent assets - CNFL			€ 1.134	-	-
Contingent liabilities - Lawsuits filed against CNFL:					
Ordinary	Electricity	Lawsuit filed against CNFL by the minority shareholders as a result of a donation authorized by the Legislative Assembly for Fundación de Consejo de la Tierra Los Hermanos, S.A. As of December 31, 2010, no judgment had been issued and no costs assessed.	€ 1.386	-	-
Ordinary	Electricity	CNFL 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.	200	72	200
		In June 2012, the amount of €230 million was paid. A provision of €199 million was established for attorneys fees, court costs, and interest.			
Ordinary	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	-	-
Ordinary	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. (Consorcio Hydrocote S.A.).	1.528	162	144
Ordinary	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	-	-
Ordinary	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	-	-
Ordinary	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	-	-
Ordinary	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	-	-
Ordinary	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	-	-
Ordinary	Electricity	Lawsuit filed on the grounds of civil tort liability for damages (Ortiz Mongragen Cesar).	275	149	133
Total contingent liabilities - CNFL			€ 46.294	383	477

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(In millions of colones)

Proceeding	Sector	Nature and current status	Estimated Amount of Lawsuit	As of March	As of	
				31, 2013	December 31, 2012	
				Provision for Lawsuits (see note 26)		
Contingent liabilities - Lawsuits filed against RACSA:						
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	¢ 3.287	-	-	
Labor and ordinary contentious	Telecommunications	Several minor ordinary, administrative, and labor proceedings, which are in different stages.	77	-	-	
Ministry of Finance	Telecommunications	DGT seeks the collection of sales tax in connection with Internet services provided in 2008. Precautionary measures and a claim were filed.	2.422	-	-	
Ministry of Finance	Telecommunications	Fines were imposed as a result of the previous proceedings (2008). An appeal was filed with the Administrative Tax Court	605	-	-	
Ministry of Finance	Telecommunications	Collection of sales tax in connection with Internet services provided in the 2009-2010 periods. An appeal was filed with the Administrative Tax Court.	4.764	-	-	
Ministry of Finance	Telecommunications	Fines were imposed as a result of the previous proceedings (2009 and 2010). An appeal was filed with the Administrative Tax Court.	1.191	-	-	
SUTEL	Telecommunications	Reserve tax on the radio-frequency spectrum (2012). A petition to revoke Ruling RCS-129-2012 with a subsidiary appeal was filed.	113	-	-	
FONATEL	Telecommunications	Administrative claim. Appeal dismissed by the Administrative Tax Court.	Not determined	-	-	
SUTEL	Telecommunications	Reserve tax on the radio-frequency spectrum (2013). A petition to revoke Ruling RCS-318-2012 with a subsidiary appeal was filed.	Not determined	-	-	
Total contingent liabilities RACSA			¢ 12.459	-	-	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 the 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 the inhabitants that 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 similar telecommunications development indexes to 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 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

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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.
- Access and interconnection to public telecommunications networks is guaranteed, in order to ensure efficiency, effective competition, optimization of scarce resources and a higher benefit to the users. The interconnection prices must be cost oriented, according to subparagraph 13) of article 6 of this Law, and they will be freely negotiated among the carriers, based on the methodology established by SUTEL.
- 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

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 an affidavit issued for periods of one calendar year. The term for filing the affidavit 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 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).

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 coordination the five mobile operators and the information technology company, “El Corte Ingles”, for implementation.

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 13th 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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- 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 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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 43. Water Law and National Electric Service

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 Environment, Energy and Telecommunications (MINAET). 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 the Water Law Number 276, and while it was in force, by the National Energy Service Law Number 258 of August 18th of the year 1941, which mainly stated that the Government shall be responsible for exercising domain and will exploit, use, administer and oversee, as the case may be, all water and all public domain hydraulic and hydroelectric sources, pursuant to the preceding definition. Also, according to the provisions contained in Law Number 258, concessions and exploitation rights for water and sources derived therein, as well as for energy development, transmission, transformation and distribution included in the Law, may only be obtained conditionally and for a limited time which shall not exceed twenty five (25) years.

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 (...)."

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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, 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.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 46. 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.

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 47. 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".

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 (...)"

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."

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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 48. Subsequent Events

ICE Bond Issues

- 1) **International Bond Issues:** In May 2013, ICE held the third auction for bonds in the international market in the amount of US\$500 million. The total raised amounted to US\$491 million, and the remaining US\$9 million corresponded to placement discount and costs from the issue. 30-year maturity bonds were issued at a fixed interest rate of 6.375%. Funds from this bond issue were allocated to prepaid expenses for loans: CABEI No. 1516, CABEI No. 1599, CABEI No. 1856, CABEI No. 1962, ICE Bond Placement to INS in the Electricity Sector, and NORDEA #1 and #2 in the Telecommunications Sector

Notes Payable

- 1) **CISCO No. 10:** A disbursement was made in April 2013 through a Service Order in the amount of USD \$200,000, equivalent to ¢102 million, for a term of 6 years and 3 months, bearing interest at the fixed rate of 3%, to finance the "Extension and Modernization of the IP Network" Project".
- 2) **CITIBANK Line of Credit:** A disbursement was made in April 2013 in the amount of USD\$3 and US\$12 million respectively, for a 30-day term, bearing interest at the 1-month LIBOR rate + 1.35%, both corresponding to working capital.
- 3) **Mercantil Commercebank:** A disbursement was made in April 2013 in the amount of US\$13 million, equivalent to ¢6,620 million, for a 30-day term, bearing interest at 1.5397% per annum, to working capital.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- 4) **Banco Bladex:** A disbursement was made in April 2013 in the amount of US\$9 million, equivalent to ¢4,583 million, bearing interest at the 1-month LIBOR rate + 1.30%, maturing on May 24, 2013; and a disbursement in the amount of US\$16 million, equivalent to ¢8,148 million, bearing interest at the 1-month LIBOR rate + 1.30%, maturing on May 30, 2013. A disbursement was made in May 2013 in the amount of US\$7 million, equivalent to ¢3,564 million, bearing interest at the 1-month LIBOR rate + 1.30%, maturing on June 7, 2013; and a disbursement in the amount of US\$12 million, equivalent to ¢6,111 million, bearing interest at the 1-month LIBOR rate + 1.30%, maturing on June 10, 2013. These loans are allocated to finance working capital of ICE Electricity Sector.

- 5) **CABEI No. 2076:** Disbursements were made in April and May 2013 in the amount of US\$10.9 and US\$3.8 million, equivalent to ¢5,584 and ¢1,939 million, respectively, for a 16-year term, and bearing interest at 6.4% per annum, corresponding to the expansion of Cachí Hydroelectric Power Project.

- 6) **Scotiabank Costa Rica:** A disbursement was made in May 2013 in the amount of US\$3 million, equivalent to ¢1,527 million, for a 30-day term, and bearing interest at 1.48820% per annum, to working capital.

Variable Fuel Cost (CVC) Methodology

According to Decision RIE-039-2013 in Official Bulletin La Gaceta No. 64 dated April 3, 2013, the Regulatory Committee published the rate schedule for adjustment of factors using the CVC methodology, published on December 24, 2012 and applied to the second quarter of 2013 for the Power Generation and Distribution Systems using the CVC methodology, which included actual fuel expenses corresponding to November and December 2012 and January 2013, in effect as of April 3, 2013.

This methodology allows for a faster recovery of the difference between the estimated and actual prices of fuels for thermal power generation because such methodology involves a quarterly review in order to perform the necessary adjustments to the rate schedules to be applied in the following quarter.