



ESTADOS FINANCIEROS CONSOLIDADOS
Instituto Costarricense de Electricidad
y Subsidiarias



Grupo ICE
ICE
CNFL
RACSA
CRICSA
Cable Visión

>i b]o '201(
Gerencia de Finanzas'



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

Consolidated Balance Sheet
(In millions of colones)

As of June 30, 2014 and December 31, 2013

	<u>2014</u>	<u>2013</u>
	(Without audit)	(Audit)
<u>Assets</u>		
Property, machinery and equipment:		
Operating assets - cost	\$ 3,211,395	3,132,312
Accumulated depreciation of operating assets - cost	(1,180,138)	(1,082,754)
Operating assets - revalued	2,525,332	2,528,062
Accumulated depreciation of operating assets - revalued	(1,513,943)	(1,481,425)
Other operating assets - cost	427,837	417,691
Accumulated depreciation of other operating assets - cost	(269,607)	(249,540)
Other operating assets - revalued	100,288	101,816
Accumulated depreciation of other operating assets - revalued	(67,723)	(66,694)
Other operating assets under finance leases - cost	27,610	27,610
Accumulated depreciation of other operating assets under finance leases - cost	(2,470)	(2,159)
Other operating assets under finance leases - revalued	3,235	3,235
Accumulated depreciation of other operating assets under finance leases - revalued	(220)	(182)
Construction work in progress	769,209	763,538
Materials in transit for investment	90,256	117,705
Inventory for investment	140,287	138,045
Total property, machinery and equipment, net	4,261,348	4,347,260
Long-term assets:		
Long-term investments	50,490	47,727
Notes receivable	7,270	7,108
Accounts receivable	2	2
Total long-term assets	57,762	54,837
Current assets:		
Banks	6,526	10,126
Temporary investments	161,106	133,782
Valuation of investments	(134)	20
Restricted funds	1,376	5,406
Receivables for services rendered	146,207	128,039
Non-trade receivables	26,653	57,436
Allowance for doubtful accounts	(32,315)	(32,917)
Institutional receivables	370	614
Notes receivable	2,298	2,131
Operating inventory	58,328	39,495
Allowance for valuation of inventory	(7,982)	(10,956)
Materials and equipment held in custody	4,719	2,893
Materials in transit for operations	27,462	19,357
Prepaid expenses	121,870	76,017
Total current assets	516,484	431,443
Other assets:		
Non-operating assets - cost	34,865	33,567
Accumulated depreciation of non-operating assets - cost	(1,396)	(1,238)
Non-operating assets - revalued	18,274	18,280
Accumulated depreciation of non-operating assets - revalued	(7,902)	(7,853)
Service agreements	33,718	91,584
Project design and execution	106,747	98,550
Technical service centers	3,394	170
Amortizable items	8,766	9,346
Absorption of amortizable items	(4,093)	(4,339)
Intangible assets	116,662	113,238
Absorption of intangible assets	(59,200)	(53,203)
Securities received as guaranty deposits	6,435	6,494
Valuation of financial instruments	5,549	-
Guarantee and Savings Fund (restricted fund)	186,083	186,364
Transfer to Guarantee and Savings Fund	468	1,241
Operating inventory	39,209	34,764
Total other assets	487,579	526,965
	\$ 5,323,173	5,360,505

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

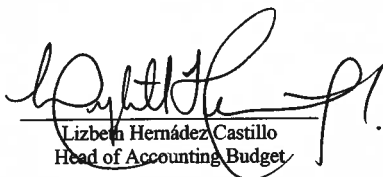
INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES
(San José, Costa Rica)


Consolidated Balance Sheet
(In millions of colones)

As of June 30, 2014 and December 31, 2013

	2014	2013
	(Without audit)	(Audit)
<u>Liabilities and Equity</u>		
Long-term liabilities:		
Securities payable	¢ 1,106,990	1,036,692
Loans payable	687,582	622,199
Obligations derived from credit	155	262
Security deposits	57,749	56,716
Accounts payable	33,853	27,168
Prepaid income	4,669	4,800
Total long-term liabilities	1,890,998	1,747,837
Short-term liabilities:		
Securities payable	-	30,148
Loans payable	150,174	182,116
Accounts payable	138,521	142,136
Accrued finance expenses payable	19,871	19,750
Prepaid income	22,306	8,024
Deposits from private individuals or companies	3,837	3,884
Legal provisions	1,000	1,000
Accrued expenses for employer obligations	38,394	37,475
Total short-term liabilities	374,103	424,533
Other liabilities:		
Valuation of financial instruments	17,468	21,099
Accounts payable	2,820	2,685
Legal provisions	41,386	42,031
Guarantee and Savings Fund (restricted fund)	186,083	186,364
Total other liabilities	247,757	252,179
Total liabilities	2,512,858	2,424,549
Equity:		
Paid-in capital	156	156
Development reserve	1,687,568	1,683,952
Asset revaluation reserve	1,088,091	1,092,893
Result of valuation of financial instruments	(6,423)	(10,944)
Legal reserve	9,291	9,291
Project development reserve	71	71
Forest development reserve	946	906
Restricted earnings from capitalization of stake in subsidiary	62,380	62,380
Retained earnings	97,099	92,459
Minority interest	4,684	4,792
Total excess of income over expenses	(133,548)	-
Total equity and minority interest	2,810,315	2,935,956
	¢ 5,323,173	5,360,505
Memoranda accounts	¢ 344,181	327,755

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

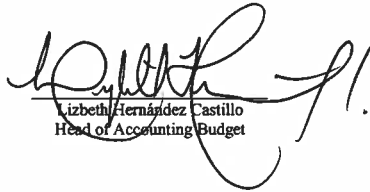

Lizbeth Hernández Castillo
Head of Accounting Budget

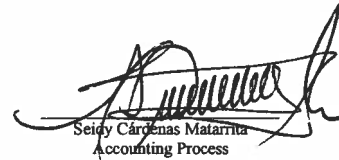

Seidy Gádenas Matarrita
Accounting Process

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
(San José, Costa Rica)
Consolidated Statement of Changes in Equity
For the periods ended as of June 30, 2014 and December 31, 2013
(Without audit)
(In millions of colones)

	Paid-in capital	Asset revaluation reserve	Result of valuation of financial instruments	Development reserve	Legal reserve	Project development reserve	Forest development reserve	Restricted earnings from capitalization of stake in subsidiaries	Retained earnings	Minority interest	Equity, net
Balance at December 31, 2013, previously reported	156	1,092,893	(10,944)	1,683,952	9,291	71	906	62,380	92,459	4,792	2,935,956
Asset revaluation for the year	-	(4)	-	-	-	-	-	-	-	-	(4)
OPGW elimination between Sectors	-	-	-	27	-	-	-	-	-	-	27
Elimination effect of prior periods institutional services	-	-	-	3,925	-	-	-	-	-	-	3,925
Prior period adjustments	-	-	-	(332)	-	-	-	-	445	-	113
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	40	-	(40)	-	-
Profit before tax and minority interest	-	-	-	(133,548)	-	-	-	-	-	-	(133,548)
External audit adjustments to be accounted	-	(0)	-	(4)	-	-	-	-	-	-	(4)
Realization of asset revaluation reserve	-	(4,059)	-	-	-	-	-	-	4,059	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	4,675	-	-	-	-	-	-	-	4,675
<i>Inversiones</i>	-	-	(154)	-	-	-	-	-	-	-	(154)
Assets retirement during the period	-	(798)	-	-	-	-	-	-	127	-	(671)
Appropriation to minority interest	-	59	-	-	-	-	-	-	49	(108)	-
Balance at June 30, 2014	€ 156	1,088,091	(6,423)	1,554,020	9,291	71	946	62,380	97,099	4,684	2,810,315

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


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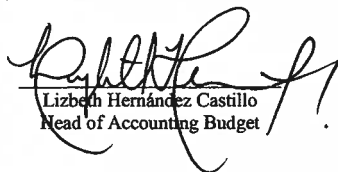
INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES
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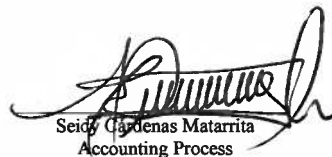
Consolidated Statement of Profit or Loss
(In millions of colones)

For the periods ended as of June 30, 2014 and 2013

	<u>2014</u> (Without audit)	<u>2013</u> (Without audit)
Operating revenues:		
Electricity services	¢ 387,838	408,082
Telecom services	281,866	259,681
Institutional services	156	1,022
Total operating revenues	<u>669,860</u>	<u>668,785</u>
Operating costs:		
Operation and maintenance	132,655	132,674
Operation and maintenance of leased equipment	71,946	102,397
Depreciation of operating assets	133,707	121,987
Supplemental services and purchases	91,642	66,515
Production management	37,039	37,150
Technical service center	7,776	6,930
Total operating costs	<u>474,765</u>	<u>467,653</u>
Gross profit	<u>195,095</u>	<u>201,132</u>
Operating expenses:		
Administrative	42,244	39,636
Marketing	118,177	108,495
Preliminary studies	10,531	12,074
Preinvestment studies	2,764	2,450
Other operating expenses	1,146	1,215
Total operating expenses	<u>174,862</u>	<u>163,870</u>
Operating profit (deficit)	<u>20,233</u>	<u>37,262</u>
Other income:		
Finance income	14,075	11,220
Foreign exchange differences	16,174	39,269
	628	-
Other income	<u>222,947</u>	<u>18,130</u>
Total other income	<u>253,824</u>	<u>68,619</u>
Other expenses:		
Interest	38,544	43,534
Commissions	3,038	10,547
Foreign exchange differences	154,730	5,585
Other expenses	211,401	13,952
Total other expenses	<u>407,713</u>	<u>73,618</u>
Profit before tax and minority interest	<u>(133,656)</u>	<u>32,263</u>
Tax and minority interest:		
Minority interest	108	33
Profit net	<u>¢ (133,548)</u>	<u>32,296</u>

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


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Accounting Process


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

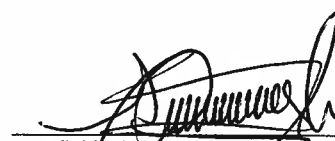
Consolidated Statement of Cash Flows
For the periods ended as of June 30, 2014 and 2013
(In millions of colones)

	<u>2014</u> <u>(Without audit)</u>	<u>2013</u> <u>(Without audit)</u> <i>restated*</i>
Sources (uses) of cash:		
Operating activities:		
Deficitt (profit), net	¢ (133,548)	32,296
Items not requiring (providing) cash:		
Depreciation	157,241	144,609
Legal provisions	8,829	4,670
Bonus	10,095	8,632
School salary	9,204	9,132
Accumulated vacations	9,287	7,945
Allowance for doubtful accounts	2,080	1,851
Allowance for valuation of inventory	38	17
Asset retirement expense	1,935	1,237
Absorption of amortizable and intangible items	6,237	6,314
Litigation	-	1,176
Foreign exchange differences	128,996	(34,496)
Valuation of financial instruments	(4,659)	4,451
Cash provided by operations	329,283	155,538
Cash provided by (used for) changes in:		
Notes and accounts receivable	9,571	(19,376)
Operating inventory	(31,830)	4,285
Other assets	17,029	(17,995)
Accounts payable	3,463	(32,492)
Security deposits	1,033	2,346
Other liabilities	(22,263)	(24,474)
Cash provided by operating activities	172,738	100,128
Investing activities:		
Increase in long-term investments	(2,763)	(9,712)
Additions to property, machinery and equipment	(74,501)	(183,526)
Increase in other assets	(16,240)	(21,883)
Increase committed temporary investments	(28,043)	(19,524)
Net cash used in investing activities	(121,547)	(234,645)
Financing activities:		
Increase in securities payable	-	260,737
Amortization of securities payable	(30,461)	(389)
Increase in loans payable	117,417	122,082
Amortization of loans payable	(142,360)	(254,732)
Increase in obligations derived from credit	(107)	(483)
Net cash provided by financing activities	(55,511)	127,215
Increase (decrease) in cash and cash equivalents	(4,320)	(7,302)
Cash and cash equivalents at beginning of the year	86,278	122,687
Cash and cash equivalents at end of the year	¢ 81,958	115,385

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

(*) Restructured reclassification of items not effective.


Lizbeth Hernández Castillo
Head of Accounting Budget


Seidy Cárdenas Matarrita
Accounting Process

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

June 30, 2014

Note 1. Reporting Entity

The *Instituto Costarricense de Electricidad* (Costa Rican Electricity Institute) and Subsidiaries (hereinafter “ICE Group”) is an autonomous Costa Rican entity organized under Executive Order No. 449 of April 8, 1949 and Law No. 3226 of October 28, 1963. The address of its registered office and main domicile is Sabana Norte, Distrito Mata Redonda, San José, Costa Rica.

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

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

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

ICE Group is a group of government-owned entities, including the *Instituto Costarricense de Electricidad* (ICE, parent company and ultimate controlling entity) and its subsidiaries, *Compañía Nacional de Fuerza y Luz, S.A.* (C.N.F.L.), and its subsidiary Eólico Valle Central, S.A. (EVCSA), Radiográfica Costarricense, S.A. (RACSA), Compañía Radiográfica Internacional Costarricense, S.A. (CRICSA), and Cable Visión de Costa Rica, S.A.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Compañía Nacional de Fuerza y Luz, S.A

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

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

On September 13, 2013, CNFL acquired an additional 50% ownership interest in the Costa Rican entity referred to as Eólico Valle Central S.A (hereinafter, EVCSA), thereby becoming the owner of all of the shares (100%) of such entity.

EVCSA was organized on June 28, 2007 and is the owner of Valle Central Wind Power Plant, which is dedicated to electric power generation using wind currents.

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.

RACSA's main objectives are the development of telecom services in Costa Rica, national connectivity and the Internet, international connectivity for data and video transmission, information services, data center, and others.

Compañía Radiográfica Internacional Costarricense, S.A.

Compañía Radiográfica Internacional Costarricense, S.A. (hereinafter, CRICSA) was organized through Law No. 47 of July 25, 1921 and its main objective is the operation of the concession relating to wireless communication. CRICSA does not currently have any officers or employees because ICE Group provides its accounting and administrative services.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Cable Visión de Costa Rica S.A.

Cable Visión de Costa Rica, S.A. (CVCRSA) is a corporation domiciled in Moravia, San José, Republic of Costa Rica and is wholly-owned (100% ownership interest) by ICE since December 5, 2013. CVCRSA was organized on January 19, 2001 and its main activity is providing cable television services; subsequently, the subsidiary added Internet and digital signal services to the activities offered. With the acquisition of this entity, ICE will be able to provide Triple Play services.

Composition of Capital

According to article 16 of the Law Organizing the Entity, ICE's capital is comprised of the following:

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

Note 2. Basis of Preparation

(a) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles included in ICE's Accounting Policy Manual (version 4) accepted by the National Accounting Department of the Ministry of Finance of the Republic of Costa Rica—the Lead Agency of 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 Budget Accounting Division, the approval of General Management, and acceptance of the National Accounting Department of the Ministry of Finance.

The above set of rules considers the conceptual framework included in the Accounting Principles Applicable to the Costa Rican Public Sector, as well as supplemental application of International Financial Reporting Standards (IFRSs) under the following conditions:

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- 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.

Pursuant to regulations issued by the National Accounting Office of the Ministry of Finance and laws in effect, ICE may use the Accounting Principles Applicable to the Costa Rican Public Sector, set forth in Executive Order No. 34460-H of February 14, 2008, or the regulatory framework it has been applying thus far, until ICE transitions to IFRSs on December 31, 2013. However, through Decree No. 38069-H published on December 20, 2013, the National Accounting Office of the Ministry of Finance extended the term for transitioning to IFRSs to the accounting period beginning on January 1, 2016. Accordingly, in the event that ICE agrees to such extension, the transition to IFRSs would take place in 2015).

The above is in line with article 8, Transition Provision III of Executive Order No. 35616-H issued by the National Accounting Office and published in Official Gazette No. 234 of December 2, 2009, which reads as follows:

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

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

Management of ICE Group authorized the issue of the consolidated financial statements and notes thereto on September 8, 2014.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(b) Basis for Measurement

Transactions are initially booked on the historical cost basis according to Executive Order No. 34460-H of February 14, 2008. However, as of the date of issue of the accompanying consolidated financial statements, some items will be valued using other bases for measurement as detailed in ICE's Manual of Accounting Policies (version 4).

(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 ICE's Manual of Accounting Policies (version 4) 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 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.

Note 3. Significant Accounting Policies and Guide

The accounting policies applied by ICE Group in preparing the interim consolidated financial statements corresponding to the quarter ended June 30, 2014, are the same ones applied by ICE Group in preparing their consolidated financial statements as of December 31, 2013 and for the year then ended, except for the ones detailed below:

(a) Annual Accounting Policies Not Applied for Interim Periods

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

(i) *Asset Revaluation:*

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

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

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

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

The necessary activities to review the allowance involve all offices of ICE Group since inventories are safeguarded in the entire country, and additionally, they take place every year. Thus, based on practical reasons, allowance is reviewed or modified only at yearend.

(b) Basis of Consolidation

(i) Business Combinations

ICE Group's business combinations are accounted for using the acquisition method on the acquisition date, which is the date on which control is transferred to ICE Group. Control is the power to govern the financial and operating policies of the acquiree so as to obtain benefits from its activities.

Transaction costs directly attributable to the acquisition process are recognized as part of the value of the investment.

“Goodwill” is measured at cost based on the financial statements of the acquiree on the acquisition date and considering the following:

- The value of consideration transferred by the Group's entity (acquirer); less,
- The equity (carrying amount) of the acquiree at the acquisition date after the items with higher materiality levels have been aligned in accordance with the parent company's accounting policies.

Goodwill arises from the acquisition of subsidiaries and represents the excess of the acquisition cost over the carrying amount (net equity) of the acquiree, it is recognized under “Intangible assets” in ICE Group's consolidated financial statements. Goodwill is systematically amortized (straight-line) to expenses over the term it is expected to generate income. The amortization period is determined based on financial criteria in accordance with expectations of obtaining the expected benefits from the business.

Goodwill is recognized at cost less accumulated amortization.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(ii) Subsidiaries

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

Subsidiaries	Country	Percentage of Participation	
		up to June, 30	up to Dec. 31
		2014	2013
Compañía Nacional de Fuerza y Luz (CNFL)	Costa Rica	98,6%	98,6%
Eólico Valle Central, S.a. (1)	Costa Rica	100%	100%
Compañía Radiográfica Internacional de Costa Rica, S.A. (CRICRSA)	Costa Rica	100%	100%
Radiográfica Costarricense, S.A. (RACSA)	Costa Rica	100%	100%
Cable Visión de Costa Rica S.A. (CVCRSA) (2)	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.

- (1) On September 13, 2013, CNFL acquired an additional 50% ownership interest in EVCSA, thereby becoming the owner of all of the shares (100%) of such entity. CNFL presents consolidated financial statements starting in 2013.
- (2) On December 5, 2013, ICE acquired all of the shares (100%) of CVCRSA, which is dedicated to providing cable television services. ICE presents consolidated financial statements starting in 2013.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 4. Operating Assets

The operating assets at cost are detailed as follows::

Assets in operation cost	Plants, substations, lines, stations and other									
	As of December 31									
	<u>2012</u> <i>Restated</i>	Additions	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Additions	Retirements and transfers	Adjustmens and reclassifications	<u>As of june 30 of,</u> <u>2014</u>	
ICE Electricity:										
Hydraulic generation (1)	¢	574,423	24,720	(566)	(70)	598,507	5,646	-	(63)	604,090
Thermic generation		84,263	1,834	(4,103)	-	81,994	1,924	-	(75)	83,843
Substations		132,575	27,780	(438)	-	159,917	3,813	(1,079)	-	162,651
Transmission lines		128,215	14,174	(622)	(2)	141,765	569	-	2	142,336
Distribution lines (2)		153,588	47,405	(1,588)	(199)	199,206	16,559	(785)	(92)	214,888
Public lighting		3,129	2,111	(108)	-	5,132	521	(12)	-	5,641
Geothermic generation (3)		156,743	113	(575)	-	156,281	9,406	-	-	165,687
Aeolian generation		7,204	279	(94)	-	7,389	19	-	-	7,408
Solar generation		8,722	704	-	-	9,426	606	-	-	10,032
Micro generation - Hydraulic plant		166	-	-	-	166	-	-	-	166
Control, communication and infrastructure equipment		16,395	2,428	-	-	18,823	-	-	-	18,823
Subtotal ICE Electricity	¢	1,265,423	121,548	(8,094)	(271)	1,378,606	39,063	(1,876)	(228)	1,415,565
ICE Telecommunications:										
Transportation (4)	¢	509,936	74,049	(81)	(29)	583,875	21,108	(13)	101	605,071
Access		398,284	62,915	(107)	-	461,092	8,669	-	(116)	469,645
Civil and electromechanics		210,993	11,304	(1,121)	(2)	221,174	2,823	-	33	224,030
Platforms		84,294	63,947	(1,786)	46	146,501	2,256	-	(310)	148,447
Subtotal ICE Telecommunications	¢	1,203,507	212,215	(3,095)	15	1,412,642	34,856	(13)	(292)	1,447,193
Subtotal ICE	¢	2,468,930	333,763	(11,189)	(256)	2,791,248	73,919	(1,889)	(520)	2,862,758

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Assets in operation cost	Plants, substations, lines, stations and other									
	As of December 31									
	<u>2012</u> Restated	Additions	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Additions	Retirements and transfers	Adjustmens and reclassifications	<u>As of june 30 of</u> <u>2014</u>	
CNFL:										
Lands	¢	3,336	444	-	-	3,780	-	-	1	3,781
Improvements to lands		6,067	1,876	-	-	7,943	-	-	-	7,943
Buildings		11,699	951	-	-	12,650	572	-	-	13,222
Plants		50,133	22,327	-	-	72,460	-	-	1	72,461
Distribution lines (5)		99,217	7,922	(550)	-	106,589	5,514	(135)	6	111,974
Transmission lines		2,022	-	-	-	2,022	-	-	-	2,022
Substations		13,823	1,927	(493)	-	15,257	3	(70)	(6)	15,184
Service connections		18,822	2,656	(83)	-	21,395	1,428	(35)	-	22,788
Equipment for road lighting		3,988	92	(74)	30	4,036	32	(24)	-	4,044
Public lighting		7,112	1,521	-	-	8,633	532	-	-	9,165
General equipment		25,794	1,515	(1,213)	-	26,096	756	(264)	40	26,628
Communication system		780	172	-	-	952	-	-	-	952
Subtotal CNFL	¢	242,793	41,403	(2,413)	30	281,813	8,837	(528)	42	290,164
RACSA:										
Lands	¢	203	-	-	-	203	-	-	-	203
Buildings		768	-	-	-	768	-	-	-	768
Communication equipment		36,720	327	(6,364)	-	30,683	154	(1,022)	-	29,815
General equipment		7,310	15	(132)	-	7,193	5	(48)	-	7,150
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	¢	61,613	342	(6,496)	-	55,459	159	(1,070)	-	54,548
CABLE VISIÓN										
Transportation	¢	-	3,504	-	-	3,504	129	(16)	-	3,617
Platforms		-	288	-	-	288	20	-	-	308
Subtotal Cable Visión	¢	-	3,792	-	-	3,792	149	(16)	-	3,925
Total Group ICE	¢	2,773,336	379,300	(20,098)	(226)	3,132,312	83,064	(3,503)	(478)	3,211,395

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Below are the main variations in the operating assets for the year ended June 30, 2014:

ICE – Electricity Sector:

(1) Hydraulic Power Generation:

Additions for the sum of ¢5,646, mainly from capitalizations made to Río Macho Hydroelectric Project, in the components of hydraulic shunts works and engine room for a total value of ¢4,864.

(2) Distribution Lines:

Additions for capitalization of works for ¢16,559, mainly in the component of civil works for ¢6,731 and in electric works ¢9,419.

(3) Geothermal Power Generation:

Additions for capitalization of works in the amount of ¢9,406, made at the Pailas Geothermal Plant, in the components of wells, for ¢3,581, and steam ducts, for ¢5,562.

ICE – Telecommunications Sector:

(4) Transportation

Additions the telecommunication transportation for capitalization of works for ¢21,108, especially in the components of transmission, switching, and distribution for ¢6,381, fiber optic network and transportation for ¢5,502, and risk and control systems equipment for ¢7,939.

During the first quarter, the purchase option of the lease agreement entered into between ICE and the ECI TELECOM LTD – ECI TELECOM Costa Rica S.A. – Central American Bank of Economic Integration Consortium, for a sum of US\$2.8 million, was fulfilled, corresponding to the purchase of equipment for the transportation system used in the fiber optic DWDM technology denominated “Frontier to Frontier,” increasing asset in ¢1,274.

Compañía Nacional de Fuerza y Luz:

(5) Distribution Lines

As of June 30, 2014, the subsidiary presents additions for a sum of ¢5,514, especially due to the capitalization of extensions or aerial lines, underground lines, and improvements to substations, in addition to the service connections for ¢1,428 for improvements made to the meter equipments.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) 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									
	As of December 31									
	<u>2012</u> (Restated)	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>As of june 30 of,</u> <u>2014</u>	
ICE Electricity:										
Hydraulic generation	¢	71,992	15,274	(23)	(21)	87,222	8,353	-	2	95,577
Thermic generation		19,591	4,065	(993)	30	22,693	1,989	-	-	24,682
Substations		30,661	6,842	(144)	(84)	37,275	3,474	(93)	-	40,656
Transmission lines		14,246	4,873	(272)	(280)	18,567	2,273	-	-	20,840
Distribution lines		53,083	11,995	(494)	(20)	64,564	6,405	(163)	-	70,806
Public lighting		2,147	140	(86)	-	2,201	93	(10)	-	2,284
Geothermic generation		41,181	5,312	12	-	46,505	2,739	-	-	49,244
Aeolian generation		2,861	425	2	-	3,288	226	-	-	3,514
Solar generation		606	479	-	-	1,085	246	-	-	1,331
Micro generation - Hydraulic plant		19	6	-	-	25	3	-	-	28
Control, communication and infrastructure equipment		4,231	1,322	-	-	5,553	683	-	-	6,236
Subtotal ICE Electricity	¢	240,618	50,733	(1,998)	(375)	288,978	26,484	(266)	2	315,198
ICE Telecommunications:										
Transportation	¢	266,529	42,345	(32)	(235)	308,607	27,240	-	(2)	335,845
Access		165,787	37,428	52	(395)	202,872	20,272	-	(6)	223,138
Civil and electromechanics		117,720	13,864	(80)	(309)	131,195	6,406	-	(5)	137,596
Platforms		29,923	16,449	(309)	(496)	45,567	11,748	-	-	57,315
Subtotal ICE Telecommunications	¢	579,959	110,086	(369)	(1,435)	688,241	65,666	-	(13)	753,894
Subtotal ICE	¢	820,577	160,819	(2,367)	(1,810)	977,219	92,150	(266)	(11)	1,069,092

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	As of December 31									
	<u>2012</u> (Restated)	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>As of june 30 of,</u> <u>2014</u>	
CNFL:										
Improvement to lands	¢	1,012	186	3	-	1,201	85	1	-	1,287
Buildings		2,000	234	20	-	2,254	138	10	-	2,402
Plants		9,395	2,173	-	-	11,568	1,197	-	-	12,765
Distribution		21,698	3,609	(189)	-	25,118	1,907	(57)	2	26,970
Transmission		414	69	-	-	483	34	-	-	517
Substations		3,259	536	(195)	-	3,600	244	(21)	-	3,823
Service connections		3,874	671	(25)	-	4,520	374	(9)	-	4,885
Equipment for road lighting		846	148	(72)	29	951	75	(16)	-	1,010
Public lighting		1,115	264	-	-	1,379	150	-	-	1,529
General equipment		12,433	1,428	(166)	14	13,709	708	218	10	14,645
Communication systems		102	28	-	-	130	16	-	-	146
Subtotal CNFL	¢	56,148	9,346	(624)	43	64,913	4,928	126	12	69,979
RACSA:										
Building	¢	236	25	-	-	261	12	-	-	273
Communication equipment		29,454	3,156	(3,040)	-	29,570	672	(1,022)	-	29,220
General equipment		2,617	712	(64)	-	3,265	259	(48)	-	3,476
Submarine cable - Maya I		1,800	382	-	-	2,182	191	-	-	2,373
Submarine cable - Arcos I		887	109	-	-	996	55	-	-	1,051
Submarine cable - Costa Rican pacific coast		2,076	489	-	-	2,565	244	-	-	2,809
Subtotal RACSA	¢	37,070	4,873	(3,104)	-	38,839	1,433	(1,070)	-	39,202
CABLE VISIÓN										
Transportation	¢	-	1,666	-	-	1,666	71	-	(1)	1,736
Platforms		-	117	-	-	117	12	-	-	129
Subtotal Cable Visión	¢	-	1,783	-	-	1,783	83	-	(1)	1,865
Total Grupo ICE	¢	913,795	176,821	(6,095)	(1,767)	1,082,754	98,594	(1,210)	-	1,180,138

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The revalued operating assets are detailed as follows:

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other								
	As of December 31								
	<u>2012</u> (Restated)	Revaluation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Retirements and transfers	Adjustmens and reclassifications	<u>As of june 30 of 2014</u>	
ICE Electricity:									
Hydraulic generation	¢	1,151,361	22,326	(9,638)	-	1,164,049	-	-	1,164,049
Thermic generation		90,719	2,912	(6,266)	-	87,365	-	-	87,365
Substations		157,748	5,369	(847)	-	162,270	(441)	-	161,829
Transmission lines		94,856	5,664	(1,003)	-	99,517	-	-	99,517
Distribution lines		245,852	7,158	(2,040)	-	250,970	(873)	-	250,097
Public lighting		4,612	139	(239)	-	4,512	(31)	-	4,481
Geothermic generation		314,139	9,209	-	-	323,348	-	-	323,348
Aeolian generation		4,625	186	-	-	4,811	-	-	4,811
Solar generation		1,451	295	-	-	1,746	-	-	1,746
Micro generation hydraulic plants		1	2	-	-	3	-	-	3
Control, communication and infrastructure equipment		7,577	602	-	-	8,179	-	-	8,179
Subtotal ICE Electricity	¢	2,072,941	53,862	(20,033)	-	2,106,770	(1,345)	-	2,105,425
ICE Telecommunications:									
Access	¢	6	-	-	-	6	-	(6)	-
Civil and electro mechanics		89,332	3,729	-	-	93,061	-	-	93,061
Subtotal ICE Telecommunications	¢	89,338	3,729	-	-	93,067	-	(6)	93,061
Subtotal ICE	¢	2,162,279	57,591	(20,033)	-	2,199,837	(1,345)	(6)	2,198,486

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other							Adjustmens and reclassifications	As of june 30 of. 2014
	2012	Revaluation	Retirements and transfers	Adjustmens and reclassifications	2013	Retirements and transfers	As of December 31		
CNFL:									
Lands	€	15,682	700	-	-	16,382	-	1	16,383
Improvement to lands		7,888	512	-	-	8,400	-	-	8,400
Buildings		18,662	1,096	-	-	19,758	-	(1)	19,757
Plants		70,431	3,046	-	(326)	73,151	-	-	73,151
Distribution		124,811	6,343	(1,393)	-	129,761	(504)	26	129,283
Transmission		1,655	112	-	-	1,767	-	-	1,767
Substations		20,717	875	(2,038)	-	19,554	(101)	(26)	19,427
Service connections		29,408	989	(135)	-	30,262	(44)	-	30,218
Public lighting		11,797	601	(126)	50	12,322	(42)	-	12,280
General equipment		5,190	-	(538)	-	4,652	(90)	-	4,562
Communication system		237	25	-	-	262	-	-	262
Subtotal CNFL	€	306,478	14,299	(4,230)	(276)	316,271	(781)	-	315,490
RACSA:									
Lands		11	-	-	-	11	-	-	11
Buildings		2,287	-	-	-	2,287	-	-	2,287
Communication equipment		9,733	-	(1,526)	-	8,207	(560)	-	7,647
General equipment		1,499	-	(50)	-	1,449	(38)	-	1,411
Subtotal RACSA	€	13,530	-	(1,576)	-	11,954	(598)	-	11,356
Total Group ICE	€	2,482,287	71,890	(25,839)	(276)	2,528,062	(2,724)	(6)	2,525,332

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Plants, substations, lines, stations and other											
Up to December 31											
Depreciation accumulated - revaluation	<u>2012</u> (Restated)	Depreciation	Revaluation	Retirements and transfers	Adjustments and reclassifications	<u>2013</u>	Depreciation	Retirements and transfers	Adjustments and reclassifications	<u>As of June 30 of 2014</u>	
ICE Electricity:											
Hydraulic generation	¢	670,620	27,089	9,364	(5,429)	124	701,768	14,013	-	(22)	715,759
Thermic generation		55,081	1,889	1,210	(4,684)	40	53,536	1,037	-	(26)	54,547
Substations		102,831	5,340	2,393	(581)	-	109,983	2,677	(251)	1	112,410
Transmission lines		66,199	2,191	1,402	(730)	(6)	69,056	1,155	-	-	70,211
Distribution lines		155,213	8,973	3,714	(1,274)	(1)	166,625	4,655	(592)	-	170,688
Public lighting		4,393	25	116	(235)	-	4,299	11	(31)	-	4,279
Geothermic generation		123,300	9,973	3,214	249	107	136,843	5,339	-	1	142,183
Aeolian generation		1,900	234	75	(23)	29	2,215	130	-	25	2,370
Solar generation		509	58	32	-	-	599	37	-	-	636
Micro generation - Hydraulic plant		(2)	-	-	-	-	(2)	-	-	2	-
Control, communication and infrastructure equipment		6,394	548	267	-	-	7,209	287	-	-	7,496
Subtotal ICE Electricidad	¢	1,186,438	56,320	21,787	(12,707)	293	1,252,131	29,341	(874)	(19)	1,280,579
ICE Telecommunications:											
Transportation	¢	1	-	-	-	(1)	-	-	-	-	-
Access		5	-	-	-	1	6	-	-	(6)	-
Civil and electromechanics		60,481	2,551	1,745	-	-	64,777	1,207	-	-	65,984
Subtotal ICE Telecomunicaciones	¢	60,487	2,551	1,745	-	-	64,783	1,207	-	(6)	65,984
Subtotal ICE	¢	1,246,925	58,871	23,532	(12,707)	293	1,316,914	30,548	(874)	(25)	1,346,563

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Plants, substations, lines, stations and other											
Up to December 31											
Depreciation accumulated - revaluation	<u>2012</u> (Restated)	Depreciation	Revaluation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>As of june 30 of 2014</u>	
CNFL:											
Improvement to lands	¢	2,223	156	118	-	-	2,497	84	-	-	2,581
Buildings		7,576	277	333	39	-	8,225	148	21	-	8,394
Plants		23,593	1,788	833	-	-	26,214	953	-	-	27,167
Distribution		68,406	3,619	2,643	(1,000)	-	73,668	1,903	(402)	-	75,169
Transmission		605	59	31	-	-	695	31	-	-	726
Substations		9,932	663	313	(1,272)	-	9,636	323	(57)	-	9,902
Service connections		20,325	627	496	(92)	-	21,356	326	(28)	-	21,654
Public lighting		6,934	311	234	(122)	48	7,405	165	(30)	-	7,540
General equipment		4,418	70	-	(441)	-	4,047	28	(63)	-	4,012
Communication systems		86	8	5	-	-	99	4	-	-	103
Subtotal CNFL	¢	144,098	7,578	5,006	(2,888)	48	153,842	3,965	(559)	-	157,248
RACSA:											
Building	¢	1,164	49	-	-	-	1,213	24	-	-	1,237
Communication equipment		9,717	16	-	(1,526)	-	8,207	-	(560)	-	7,647
General equipment		1,223	75	-	(49)	-	1,249	36	(37)	-	1,248
Subtotal RACSA	¢	12,104	140	-	(1,575)	-	10,669	60	(597)	-	10,132
Total Grupo ICE	¢	1,473,116	66,589	28,538	(17,170)	(178)	1,481,425	34,573	(2,030)	(25)	1,513,943

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 5. Other Operating Assets

Other operating assets at cost are detailed as follows:

Other operating assets - cost	As of December 31								
	2012	Additions	Adjustments and reclassifications	Retirements and transfers	2013	Additions	Adjustments and reclassifications	Retirements and transfers	As of June 30, 2014
Land	2,038	-	-	-	2,038	-	-	-	2,038
Access roads	1,760	476	-	-	2,236	-	-	-	2,236
Buildings	30,938	6,555	-	(186)	37,307	4,195	184	(135)	41,551
Production machinery and equipment	2,502	965	-	873	4,340	-	-	(503)	3,837
Construction equipment	74,157	12,326	-	(1,783)	84,700	1,932	-	(362)	86,270
Transport equipment	82,313	5,576	-	853	88,742	372	-	(392)	88,722
Communication equipment	12,473	7,708	-	(249)	19,932	523	(18)	(797)	19,640
Office furniture and equipment	8,560	438	-	(244)	8,754	215	-	(72)	8,897
Computer hardware and software	69,777	3,651	-	(2,890)	70,538	2,813	-	(282)	73,069
Laboratory, research, and sanitation equipment	32,366	5,264	-	(920)	36,710	1,165	-	127	38,002
Sport, recreational, and education furniture and equipment	665	72	-	(9)	728	63	-	(5)	786
Sundry machinery and equipment	17,726	1,872	-	8	19,606	612	(25)	(602)	19,591
Maintenance machinery and equipment	35,308	2,919	-	(37)	38,190	1,171	-	(184)	39,177
Photography, video, and publication equipment	3,705	163	-	2	3,870	200	-	(49)	4,021
Total ICE Group	374,288	47,985	-	(4,582)	417,691	13,261	141	(3,256)	427,837

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) 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:

Accumulated depreciation - cost	As of December 31						As of June 30, 2014
	2012	Depreciation	Retirements and transfers	2013	Depreciation	Retirements and transfers	
Buildings	¢ 3,963	789	-	4,752	450	(3)	5,199
Production machinery and equipment	659	453	(3)	1,109	60	(392)	777
Construction equipment	34,184	12,453	(447)	46,190	6,334	(207)	52,317
Transport equipment	64,626	7,051	(508)	71,169	3,548	(506)	74,211
Communication equipment	6,228	1,575	(398)	7,405	915	(299)	8,021
Office furniture and equipment	3,747	730	(143)	4,334	368	(63)	4,639
Computer hardware and software	49,468	11,264	(2,145)	58,587	4,284	(639)	62,232
Laboratory, research, and sanitation equipment	15,113	3,836	(601)	18,348	2,065	(102)	20,311
Sport, recreational, and education furniture and equipment	235	71	(2)	304	36	(3)	337
Sundry machinery and equipment	8,640	2,449	(182)	10,907	1,216	(200)	11,923
Maintenance machinery and equipment	17,872	6,153	(217)	23,808	3,077	(158)	26,727
Photography, video, and publication equipment	2,035	635	(43)	2,627	306	(20)	2,913
Total ICE Group	¢ 206,770	47,459	(4,689)	249,540	22,659	(2,592)	269,607

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) 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 operating assets - revalued	As of December 31						
	<u>2012</u>	Revaluation	Retirements and transfers	<u>2013</u>	Revaluation	Retirements and transfers	<u>As of June 30, 2014</u>
Land	¢ 6,844	250	-	7,094	-	-	7,094
Access roads	-	-	16	16	-	-	16
Buildings	46,645	2,251	(4)	48,892	-	2	48,894
Production machinery and equipment	1,745	128	203	2,076	-	(1,083)	993
Construction equipment	11,166	1,953	(88)	13,031	-	(44)	12,988
Transport equipment	15,414	1,096	(375)	16,135	-	(227)	15,908
Office furniture and equipment	2,169	226	(92)	2,303	-	(40)	2,263
Sanitary equipment for laboratory and investigation	5,201	804	(289)	5,716	-	(58)	5,658
Educational, sport and recreational equipment and furniture	63	18	(1)	80	-	(1)	79
Diverse machinery and equipment	1,311	284	(29)	1,566	-	(38)	1,527
Machinery and equipment for maintenance	3,722	851	(55)	4,518	-	(36)	4,482
Equipment for photography, video and publications	311	84	(6)	389	-	(3)	386
Total ICE Group	¢ 94,591	7,945	(720)	101,816	-	(1,528)	100,288

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Accumulated depreciation - revalued	As of December 31								
	2012	Depreciation	Revaluation	Retirements and transfers	2013	Depreciation	Retirements and transfers	As of June 30, 2014	
Access roads	¢	-	-	-	16	16	-	16	
Buildings		26,874	1,015	906	(2)	28,793	536	29,329	
Production machinery and equipment		1,118	177	53	-	1,348	54	476	
Construction equipment		9,558	719	739	(85)	10,931	560	11,449	
Transport equipment		13,730	755	544	(374)	14,655	468	14,896	
Office furniture and equipment		1,719	90	73	(84)	1,798	54	1,816	
Computer hardware and software		-	(1)	-	1	-	-	-	
Laboratory, research, and sanitation equipment		3,946	390	275	(264)	4,347	238	4,521	
Sport, recreational, and education furniture and equipment		36	6	4	(1)	45	4	48	
Sundry machinery and equipment		935	148	94	(30)	1,147	91	1,216	
Maintenance machinery and equipment		2,662	449	332	(113)	3,330	336	3,635	
Photography, video, and publication equipment		198	57	36	(7)	284	40	321	
Total ICE Group	¢	60,776	3,805	3,056	(943)	66,694	2,381	(1,352)	67,723

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) 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:

Other operating assets under finance leases	As of June 30, of 2014	Additions	As of December 31, of 2013
<u>ICE:</u>			
Land	¢ 1,151	-	1,151
Buildings	25,315	-	25,315
Office furniture and equipment	1,083	-	1,083
Subtotal ICE	¢ 27,550	-	27,550
<u>CABLE VISION</u>			
Transport equipment	¢ 60	-	60
Subtotal Cable Visión	¢ 60	-	60
Total ICE Group	¢ 27,610	-	27,610

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

Accumulated depreciation	As of June 30, of 2014	Depreciation	As of December 31, of 2013
<u>ICE:</u>			
Buildings	¢ 1,772	253	2,025
Office furniture and equipment	379	54	433
Subtotal ICE	¢ 2,151	307	2,459
<u>CABLE VISION</u>			
Transport equipment	¢ 8	3	11
Subtotal Cable Visión	¢ 8	3	11
Total ICE Group	¢ 2,159	310	2,470

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

On January 29, 2010, Banco de Costa Rica (BCR) and ICE agreed to create a “Securitization Trust”, which involved execution of a trust agreement whereby ICE acts as the trustor and beneficiary and BCR is named as the trustee. The general purpose of the trust is the independent generation and management of the necessary resources to acquire the property known as “Centro Empresarial La Sabana” and office furniture and equipment. Such property corresponds to an office tower located in Sabana Sur, San José, where ICE Telecom’s administrative offices are located. The trust may obtain those resources by acquiring commercial loans and by issuing, placing, and managing debt securities through securitization.

Currently, the trust is authorized to issue public debt and has booked liabilities therefor as of June 30, 2014 and 2013. The trust, as the owner of “Centro Empresarial La Sabana” and office furniture and equipment within that property, leases such property to ICE for a 12- year term, at the end of which ICE may exercise a purchase option for US\$1 (one U.S. dollar). ICE has classified this lease as a finance lease. In accordance with ICE Group’s accounting policies, this trust is not required to be included as an entity in the consolidated financial statements of ICE Group.

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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- The Trust's assets will be used solely and exclusively to comply with and accomplish the objectives of the Trust agreement.

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

Other operating assets under financial leases- revalued	<u>As of</u> <u>June 30, of</u> <u>2014</u>	<u>Revaluation</u>	<u>As of</u> <u>December 31,</u> <u>of 2013</u>
<u>ICE:</u>			
Land	¢ 125	-	125
Buildings	2,981	-	2,981
Office furniture and equipment	129	-	129
Total ICE Group	¢ 3,235	-	3,235

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

Accumulated depreciation - Others operation assets under financial leases - revaluation	<u>As of</u> <u>June 30, of</u> <u>2014</u>	<u>Depreciation</u>	<u>As of</u> <u>December 31,</u> <u>of 2013</u>
<u>ICE:</u>			
Buildings	¢ 148	30	179
Office furniture and equipment	34	7	41
Total ICE Group	¢ 182	38	220

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) 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 2014 and 2013 regarding works in progress, material in transit, and inventory - investment:

Account	As of December 31, 2012 (Restated)	Additions	Capitalizations	Interests capitalized to work	Warehoused	Adjustments and Reclassifications	Used in works	As of December 31, 2013	Additions	Capitalizations	Interests capitalized to work	Warehoused	Adjustments and Reclassifications	Used in works	As of June, of 30, 2014
ICE:															
Major construction work in progress	350,811	185,300	(51,306)	27,094	-	(57,280)	-	454,619	67,197	(5,203)	14,213	-	(100,659)	-	430,167
Other construction work in progress	234,347	168,911	(255,495)	9,580	-	(5,488)	-	151,855	70,510	(69,488)	4,260	-	(1,332)	-	155,805
* Elimination of Government services	-	-	-	-	-	(3,752)	-	(3,752)	-	-	-	-	2,007	-	(1,745)
Subtotal construction work in progress	585,158	354,211	(306,801)	36,674	-	(66,520)	-	602,722	137,707	(74,691)	18,473	-	(99,984)	-	584,227
Materials in transit for investment	153,476	22,127	-	-	(25,686)	(130)	(32,291)	117,496	2,884	-	-	(27,286)	(3,229)	-	89,865
Inventory for investment	169,564	1,096	-	-	74,558	(16,717)	(94,284)	134,217	1,377	-	-	48,700	(5,555)	(42,190)	136,549
Total ICE	908,198	377,434	(306,801)	36,674	48,872	(83,367)	(126,575)	854,435	141,968	(74,691)	18,473	21,414	(108,768)	(42,190)	810,641
CNFL:															
Construction work in progress	94,074	75,706	(12,984)	9,859	-	(6,069)	-	160,586	39,681	(8,079)	-	-	(7,514)	-	184,674
Inventory for investment	3,717	82	-	-	-	-	-	3,799	-	(61)	-	-	-	-	3,738
Subtotal CNFL	97,791	75,788	(12,984)	9,859	-	(6,069)	-	164,385	39,681	(8,140)	-	-	(7,514)	-	188,412
RACSA:															
Construction work in progress	167	240	(177)	-	-	-	-	230	75	-	-	-	-	-	305
Materials in transit for investment	36	228	(49)	-	-	(6)	-	209	594	(412)	-	-	-	-	391
Subtotal RACSA	203	468	(226)	-	-	(6)	-	439	669	(412)	-	-	-	-	696
CABLE VISIÓN:															
Construction work in progress	-	-	-	-	-	-	-	-	3	-	-	-	-	-	3
Inventory for investment	-	29	-	-	-	-	-	29	-	-	-	-	(29)	-	-
Subtotal Cable Visión	-	29	-	-	-	-	-	29	3	-	-	-	(29)	-	3
Total ICE Group	1,006,192	453,719	(320,011)	46,533	48,872	(89,442)	(126,575)	1,019,288	182,321	(83,243)	18,473	21,414	(116,311)	(42,190)	999,752
Resumen Grupo ICE :															
Major construction work in progress	445,052	261,246	(64,467)	36,953	-	(63,349)	-	615,435	106,953	(13,282)	14,213	-	(108,173)	-	615,146
Other construction work in progress	234,347	168,911	(255,495)	9,580	-	(5,488)	-	151,855	70,510	(69,488)	4,260	-	(1,332)	-	155,808
* Elimination of Government services	-	-	-	-	-	(3,752)	-	(3,752)	-	-	-	-	2,007	-	(1,745)
Subtotal construction work in progress	679,399	430,157	(319,962)	46,533	-	(72,589)	-	763,538	177,466	(82,770)	18,473	-	(107,498)	-	769,209
Materials in transit for investment	153,512	22,355	(49)	-	(25,686)	(136)	(32,291)	117,705	3,478	(412)	-	(27,286)	(3,229)	-	90,256
Inventory for investment	173,281	1,207	-	-	74,558	(16,717)	(94,284)	138,045	1,377	(61)	-	48,700	(5,584)	(42,190)	140,287
Total ICE Group	1,006,192	453,719	(320,011)	46,533	48,872	(89,442)	(126,575)	1,019,288	182,321	(83,243)	18,473	21,414	(116,311)	(42,190)	999,752

* Internal consumption for electricity and telephone services incurred by the different areas of ICE.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) 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 June 30, 2014, is presented as follows:

Works under construction and other works under construction	As of December, 31, 2013	Additions	Capitalizations	Interests capitalized to work	Adjustments and Reclassifications	As of June 30 of, 2014
ICE						
Obras en construcción:						
Reventazón Hydroelectric Project (1)	¢ 284,442	6,505	-	5,889	(96,035)	200,801
Cachi Hydroelectric Project (2)	68,309	18,709	-	4,491	-	91,509
Cariblanco-Trapiche transmission line (3)	23,942	6,136	-	917	-	30,995
Peñas Blancas-Garita transmission line	21,857	2,679	-	748	-	25,284
Río Macho Hydroelectric Project (4)	10,841	15,133	(4,314)	419	-	22,079
Las Pailas II Geothermal Project (5)	9,098	8,774	-	382	-	18,254
Anillo Sur transmission (6)	7,271	5,996	(364)	745	(4,553)	9,095
Cóbano transmission	6,686	1,506	-	301	-	8,493
Río Macho t.s. modernization	7,740	274	-	254	-	8,268
Venezia transmission	5,540	83	-	43	-	5,666
Auxiliary rods	1,706	360	-	81	-	2,147
Medium voltage connections	1,866	20	-	96	-	1,982
Siepect Transmission - transmission lines	1,809	84	-	47	-	1,940
Energy transformation	1,668	59	-	58	-	1,785
Transmission, Jacó	949	104	-	65	-	1,118
Sundry projects	895	775	(525)	(323)	(71)	751
Subtotal obras en construcción	454,619	67,197	(5,203)	14,213	(100,659)	430,167
Otras obras en construcción:						
P.E.S.S.O	19,096	506	-	690	-	20,292
Advanced public terminals (7)	61	23,729	(7,939)	-	-	15,851
Creation and restoration of civil and metal structures	16,250	604	(878)	1	(430)	15,547
Miravalles II Geothermal Project	10,975	247	-	1,585	(733)	12,074
Advanced Cell Evolution (8)	9,019	4,230	(2,179)	-	(1)	11,069
Continuous quality improvement (distribution)	8,777	3,878	(5,040)	243	-	7,858
Reinforcement of the distribution system	5,949	2,571	(1,341)	61	-	7,240
Fiber optics of advanced connectivity (FOCA)	7,247	2,853	(3,570)	-	(23)	6,507
Improvements telecommunications in transportation networks (9)	4,541	5,548	(3,815)	-	(13)	6,261
Expansion and modernization of the system	8,167	3,495	(6,601)	152	-	5,213
New energy control center	3,378	1,642	-	162	-	5,182
Management of network elements	6,486	1,624	(3,149)	-	-	4,961
Technical services for distribution projects	5,988	982	(3,144)	101	-	3,927
Permanent investment in transmission works	3,805	780	(1,107)	55	23	3,556
Network development	6,353	3,301	(6,792)	31	-	2,893
Technological infrastructure	2,092	204	-	175	-	2,471
Full customer service to corporate client	1,904	2,719	(2,210)	-	(7)	2,406
Improvements in electricity transportation network	3,056	1,179	(1,995)	118	(58)	2,300
Sustainability and growth of the telecom sector income	13	2,187	(42)	-	-	2,158
Advanced mobile services	720	1,284	(159)	-	-	1,845
Sustainability and soundproofing of the infrastructure	2,494	940	(1,770)	-	-	1,664
Arenal Hydroelectric Project	1,130	313	-	201	-	1,644
Modernization of lightning, tests	1,578	683	(729)	12	-	1,544
Power transformers Renewal	1,554	9	-	11	(31)	1,543
Expansion of mobile telephone service	929	194	-	-	-	1,123
Public lighting	1,151	411	(512)	17	-	1,067
Service management	572	1,087	(658)	-	-	1,001
Sundry projects	21,222	5,002	(17,028)	662	(59)	9,799
Subtotal otras obras en construcción	151,855	70,510	(69,488)	4,260	(1,332)	155,805
(*) Elimination of institutional services	(3,752)	-	-	-	2,007	(1,745)
Total ICE	¢ 602,722	137,707	(74,691)	18,473	(99,984)	584,227
CNFL:						
Balsa Inferior Hydroelectric Plant (10)	154,167	30,665	-	-	(7,514)	177,318
Anonos Hydroelectric Plant	1,536	70	-	-	-	1,606
San Buenaventura Wind Power Plant	957	32	-	-	-	989
Purchases and improvements to buildings	1,335	123	(573)	-	-	885
Improvements to sub-stations	606	242	(2)	-	-	846
Improvements to hydroelectric plants	778	9	-	-	-	787
Olivier Isla del Coco Hydroelectric Plant	126	651	-	-	-	777
Sundry projects	1,081	7,889	(7,504)	-	-	1,466
Subtotal CNFL	160,586	39,681	(8,079)	-	(7,514)	184,674
RACSA:						
Forestry projects	-	40	-	-	-	40
Network of 300 Km of fiber optic	230	30	-	-	-	260
Others	-	5	-	-	-	5
Subtotal RACSA	230	75	-	-	-	305
CABLE VISIÓN						
Nodo tres Marías N-63	-	3	-	-	-	3
Subtotal CABLE VISIÓN	-	3	-	-	-	3
Total ICE Group	¢ 763,538	177,466	(82,770)	18,473	(107,498)	769,209

* Internal consumption for electricity and telephone services incurred by the different areas of ICE.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of June 30, 2014 the works in progress present an increase of ¢18,473 for capitalizable interest of ICE Group. The main projects are Reventazón Hydroelectric Project and Cachí Hydroelectric Project, both of which are under ICE's responsibility.

A brief description of the main 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 electric generation capacity of 305 MW. The trust and construction agreement was already signed and authorized by the Office of the Comptroller General, and it is in effect. The project is financed with ICE's funds and with funds from other financing schemes subscribed by ICE.

During the first semester of this project, it shows a decrease of ¢96,035 for the reclassification of costs associated to works that are included in the construction agreement signed by the trust.

At the same, the works are increased for additions of ¢6,505 for the acquisition of materials and equipment.

Total progress is 70.75%. This project is estimated to be in operation during the second semester of 2016.

(2) Cachí Hydroelectric Project

This project uses the water 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 works consist of the expansion of the current engine room, construction of an additional tunnel that will provide the plant with an additional power output of 20 MW, a surge tank, and two inspection openings.

During the first semester of 2014, the increase in additions is ¢18,709, due to the acquisition of materials and spare parts.

As of June 30, 2014, this Project presents a progress of 78.10%, and it is estimated to start operations at the end of 2014.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(3) Cariblanco-Trapiche Transmission Line

The transmission line is located between the Cariblanco Hydroelectric Power Plant and the substation of the General Hydroelectric Power Project, passing through the districts of Puente de Piedra and Río Cuarto de Grecia, as well as La Virgen, Puerto Viejo, and Horquetas de Sarapiquí. The work has 274 structures (including towers and poles), and total distance is 76.5 km. Transferred voltage is 230 kw, and it has a 20 meter easement for the reconstruction of the Trapiche– Lessville Transmission Line and the construction of the Trapiche and General Substations.

As of June 30, 2014, it shows an increase for the sum of ¢6,136 in additions, which correspond mainly to the acquisition of equipment and spare parts.

(4) Río Macho Hydroelectric Plant

The Río Macho Production Center is located at Valle de Orosi in the basin of the Reventazón River, Atlantic watershed.

The works consist of the comprehensive replacement of the five power generating units and the corresponding auxiliary systems, water intakes, reservoir, substation, and engineering and environmental feasibility studies required to repair the tunnel that supplies the El Llano reservoir.

The additions to this project as of June 30, 2014 amount to the sum of ¢15,133, mainly from the acquisition of electric materials and metal products.

It is estimated to start operations in the second semester of 2017.

(5) Las Pailas II Geothermal Project

The use of the natural resources extracted from the geothermal field located in the volcanic zone of Rincón de la Vieja Volcano, in the province of Guanacaste, Costa Rica, allows the construction of an additional thermal generation unit in Las Pailas Geothermal Project.

As of June 30, 2014, there is an increase of ¢8,774 in additions, which correspond mainly to the acquisition of materials.

(6) Anillo Sur Transmission

Transmission system known as “Anillo Metropolitano” (230 kw). Construction of double circuit transmission lines in the southern and eastern sectors of San José, construction of substation in Higuito de Desamparados, in addition to the expansion of the line existing in the northwest.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of June 30, 2014, it shows an increase of ¢5,996 in additions, which correspond mainly to the acquisition of metal materials and minerals.

(7) Advanced Public Terminals

This project involves the acquisition of equipment to be incorporated in the core of the telecom network to integrate mobile access technologies.

During the first semester of 2014, there was an increase amounting to ¢23,729 in additions, which mainly corresponds to the acquisition of equipment.

(8) Evolution of Advanced Mobile Services

This project involves the implementation of a system that offers an increased data handling capacity.

(9) Improvements in the Telecommunications Transportation Network

Design and construction of zones of interest for the Institution. The additions of this project as of June 30, 2014 amount to ¢5,548, mainly from progress in works.

(10) Balsa Inferior Hydroelectric Plant

This project is located in Santa Rita de Florencia, canton of San Carlos, province of Alajuela and it will have an installed capacity of 37.5 MW for an average annual output of 122 GWH.

During the first semester of 2014, it showed an increase for the sum of ¢30,665 in additions, mainly from progress made in the project's executing unit.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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ICE - Electricity Sector

As of June 30, 2014, the main works in progress, detailed by source of financing, which remain under construction, are detailed as follows.

Works in Progress	Detail of financing source														CABEI	CABEI 2109	As of June 30, 2014	
	Domestic	IADB 796	Bonds A Placement	Bonds B Placement	B.C.I.E Electricity Services 2007	D.I.D (additional)	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				European Investment Bank
Hydraulic Generation - Hydroelectric Project:																		
Rio Macho Hydroelectric Project	€ 3,667	-	-	-	-	-	-	-	-	12,500	-	5,541	81	290	-	-	22,079	
Cachí Hydroelectric Project	28,672	-	-	-	-	-	-	3	14	-	-	6,759	154	14,496	-	41,411	91,509	
Reventazón Hydroelectric Project	104,967	-	-	-	-	28	10	15	7,242	-	12	83,790	1,123	917	10	-	200,801	
Subtotal hydraulic generation	137,306	-	-	-	-	28	10	18	7,256	12,500	12	96,090	1,358	15,703	10	41,411	314,389	
Substations:																		
Cariblanco-Trapiche Transmission	3,151	7	-	-	-	-	-	-	-	119	-	3,159	1	1,664	-	-	8,101	
Energy transformation	1,083	141	-	-	-	-	-	-	119	-	-	165	11	266	-	-	1,785	
Medium Voltage Connections	1,036	-	-	-	19	-	-	1	177	-	-	144	3	602	-	-	1,982	
Auxiliary bars	1,103	-	-	-	-	-	-	-	120	13	-	370	14	527	-	-	2,147	
Jaco Transmission	233	-	-	-	-	-	-	-	-	-	-	129	72	43	-	-	477	
Coyol Transmission	206	-	-	-	-	-	-	-	-	-	-	81	-	149	-	-	436	
Power Transformer Refurbishment	90	-	-	-	-	-	-	-	40	-	-	44	6	28	-	-	208	
Rio Macho Transmission System Revamping	4,783	-	-	-	-	-	-	-	203	1,260	-	270	-	1,752	-	-	8,268	
Venecia Transmission	5,307	-	-	-	-	-	-	-	-	-	-	22	-	337	-	-	5,666	
Subtotal substations	16,992	148	-	-	19	-	-	1	659	1,392	-	4,384	107	5,368	-	-	29,070	
Transmission Lines:																		
Cariblanco-Trapiche Transmission	6,994	(56)	-	16	220	-	37	202	-	-	-	9,891	305	5,285	-	-	22,894	
Poás Transmission	(56)	141	1	16	2	-	-	-	-	-	-	-	-	-	-	-	104	
Peñas Blancas-Garita Transmission	10,572	(351)	49	10	504	-	2,823	1,809	-	-	-	4,067	24	5,777	-	-	25,284	
Cóbano Transmission	3,786	-	-	-	-	-	-	-	-	-	-	2,272	-	2,435	-	-	8,493	
SIEPAC Transmission Lines	1,461	-	(27)	(99)	23	-	-	39	-	-	-	110	-	433	-	-	1,940	
Anillo Sur Transmission	1,119	-	-	-	-	-	-	-	-	-	-	5,740	-	2,236	-	-	9,095	
Jaco Transmission	163	-	-	-	-	-	-	-	-	-	-	73	80	324	-	-	640	
Coyol Transmission	3	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	4	
Subtotal transmission lines	24,042	(266)	23	(57)	749	-	2,860	2,050	-	-	-	22,154	409	16,490	-	-	68,454	
Geothermal Generation:																		
Las Pailas II Geothermal Project	9,668	-	-	-	-	-	-	-	-	2	-	4,203	66	4,315	-	-	18,254	
Subtotal geothermal generation	9,668	-	-	-	-	-	-	-	-	2	-	4,203	66	4,315	-	-	18,254	
Total works in progress	€ 188,008	(118)	23	(57)	768	28	2,870	2,069	7,915	13,894	12	126,831	1,940	41,876	10	41,411	2,687	430,167

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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Note 8. Long-Term Investments

Long-term investments are detailed as follows:

	As of June 30	As of December 31
	2014	2013
Investments in shares valued at cost:		
Toro 3 Hydroelectric Power Project Trust (1) ¢	11,203	11,203
Empresa Propietaria de la Red, S.A. (2)	3,124	3,124
Red centroamericana de fibras opticas S.A. (3)	143	143
Cooperativa de Electrificación Rural	43	43
Red Centroamericana Telecomunicaciones S.A.	10	10
Subtotal investments in shares valued at cost	14,523	14,523
Long term financial investments:		
Government (External Debt Bonds)	23,303	20,273
Central Bank of Costa Rica (Bond)	6,603	6,598
Banco de San José (BAC)	1,000	1,500
Florida Ice and Farm Company, S.A. (FIFCO)	900	900
Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	778	778
Costa Rican Oil Refinery (RECOPE)	816	754
La Nación S.A. (Bond)	750	750
Banco Hipotecario de la Vivienda (Bond)	500	500
Banco Popular y de Desarrollo Comunal	495	-
Instituto Nacional de Cemento	-	350
Banco Promérica	300	300
Banco Crédito Agrícola de Cartago	272	251
Banco BCT	250	250
Subtotal long term investments	35,967	33,204
Total long term investments - Group ICE ¢	50,490	47,727

(1) Toro 3 Hydroelectric Power Project Trust

On March 9, 2006, ICE and JASEC subscribed a business partnership agreement for the joint construction of the Toro 3 Hydroelectric Power Project whereby both entities will have equal participation (50% each) in respect of rights and obligations, with the purpose of designing, financing, constructing, operating, and maintaining such project. In January 2008, under the business partnership agreement, ICE and JASEC subscribed a Trust agreement with BCR whereby ICE and JASEC act as trustors and beneficiaries and BCR is named as the trustee. The purpose of the trust is the independent generation and management of the necessary financial resources to build the Toro 3 Hydroelectric Power Project. In addition, the trust will construct the project within the established term, lease the plant to ICE and JASEC, purchase the required construction goods and services, provide maintenance services, and manage the cash flows to repay the financing and make timely payments in relation thereto (see note 29). The trust agreement is for a term of 30 years.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

On January 26, 2012, ICE, JASEC, and the Toro 3 trust subscribed a lease agreement for the Toro 3 Hydroelectric Power Project, with the following characteristics:

- Lessor: Toro 3 trust, represented by Banco de Costa Rica (BCR).
- Lessees: ICE and JASEC
- Term: one hundred and thirty-seven months from June 1, 2013, which is the starting date of the lease.
- Transfer: Upon expiration of the lease agreement, the lessors (JASEC-ICE) may exercise a purchase option for the power project.

In 2012, ICE Group, as Trustor of this Trust, made a capital contribution to the Toro 3 Hydroelectric Power Project Trust in the amount of US\$22 million (equivalent to ¢11.203) to finance a portion of the project construction.

(2) **Empresa Propietaria de la Red, S.A.**

ICE Group holds an ownership interest in Empresa Propietaria de la Red, S.A. (EPR), which was selected to execute the Sistema de Interconexión Eléctrica de los Países de América Central [Central American Electric Interconnection System] (SIEPAC) Project. EPR's share capital is comprised of 58,500 ordinary shares of US\$1,000 par value each. ICE and CNFL own 6,061 and 439 shares of US\$1,000 par value each, respectively, for a total of US\$6.5 million (equivalent to ¢3,124) for ICE Group. The shares are valued at acquisition cost.

In June 2014, EPR pays ICE the sum corresponding to yields in the investment (See note 36).

(3) **Red Centroamericana de Fibras Ópticas S.A.**

En el 2013, ICE Group acquired ownership interest in Red Centroamericana de Fibras Ópticas S.A. (REDCA S.A.), which is dedicated to developing, financing, constructing, operating, and commercially exploiting and providing maintenance to telecom services or services related to IT and communications. REDCA's share capital consists of 2,700 of US\$1,000 par value each, and the Group owns 300 shares, of which 93.24% are owned by ICE and 6.75% by CNFL.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of December 31, 2013, the main features of long-term financial investments are as follows:

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	As of December 31, 2013				
								Face value	Value traded	Rate	Coupon	Net return
BSJ bond	CRBSJ00B1608	SCR AAA	Colones	Banco BAC San José, S.A.	28-Jun-2012	27-Mar-2014	629 €	500	500	Fixed	10.85%	10.85%
INC (HOLCIM) bond	CRINC00B0126	AAA (cri)	Colones	Industria Nacional de Cemento	7-May-2012	2-May-2014	715	350	351	Variable	7.82%	10.29%
Bond	CRBPROMB1169	SCR AA +	Colones	Banco Promérica	5-Oct-2012	3-Oct-2014	718	300	300	Fixed	12.50%	12.47%
BANHVI bond	CRBANVIB0037	F1+ (cri)	Colones	Banco Hipotecario de la Vivienda -BANHVI-	15-Apr-2010	7-Apr-2015	1792	500	504	Variable	8.95%	10.32%
MADAP bond	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	13-Jan-2011	9-Dec-2015	1766	317	318	Variable	8.65%	9.63%
Bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	19-Feb-2013	15-Feb-2016	1076	250	251	Fixed	8.75%	8.63%
MADAP bond	CRMADAPB2368	F1+ (cri)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	6-Jun-2013	4-Jun-2016	1078	350	351	Fixed	7.75%	7.70%
CNFL bond	CRCFUZB0207	AAA (cri)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	4-Oct-2010	30-Sep-2017	2516	400	400	Fixed	10.53%	10.51%
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	8-Nov-2012	6-Nov-2017	1798	500	500	Variable	8.05%	11.25%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	400	400	Fixed	8.25%	8.23%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	600	600	Fixed	8.25%	8.25%
La Nación S.A. bond	CRNACIOB0142	SCR AAA	Colones	La Nación S.A.	14-Oct-2013	9-Oct-2018	1795	750	751	Fixed	8.75%	8.74%
FIFCO bond	CRFIFCOB0998	SCR AAA	Colones	Florida ICE & Farm Company S.A.	3-Jul-2013	3-Jul-2023	3600	400	400	Fixed	8.85%	8.84%
Central Bank bond	CRGO000B64G3	Country risk	Colones	Government	11-Feb-2013	28-Jan-2015	707	160	164	Fixed	8.51%	7.22%
Central Bank bond	CRGO000B63G5	Country risk	Colones	Government	4-Feb-2013	23-Mar-2016	1129	500	528	Fixed	8.74%	7.83%
Central Bank bond	CRGO000B63G5	Country risk	Colones	Government	12-Feb-2013	23-Mar-2016	1121	500	533	Fixed	8.74%	7.53%
Central Bank bond	CRGO000B63G5	Country risk	Colones	Government	10-Oct-2013	23-Mar-2016	883	500	524	Fixed	8.74%	6.72%
Central Bank bond	CRGO000B63G5	Country risk	Colones	Government	30-Oct-2013	23-Mar-2016	863	1,053	1,053	Fixed	8.74%	6.69%
Central Bank bond	CRGO000B92G4	Country risk	Colones	Government	27-Mar-2013	22-Jun-2016	1165	500	565	Fixed	10.58%	6.98%
Central Bank bond	CRGO000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRGO000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	6.95%
Central Bank bond	CRGO000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRGO000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRGO000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.10%
Central Bank bond	CRGO000B55G1	Country risk	Colones	Government	19-Feb-2013	28-Jun-2017	1569	170	185	Fixed	9.89%	7.84%
Central Bank bond	CRGO000B55G1	Country risk	Colones	Government	1-Mar-2013	28-Jun-2017	1557	675	743	Fixed	9.89%	7.58%
Central Bank bond	CRGO000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	2,394	2,647	Fixed	9.89%	7.52%
Central Bank bond	CRGO000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	500	553	Fixed	9.89%	7.53%
Central Bank bond	CRGO000B81G7	Country risk	Colones	Government	8-Feb-2013	27-Sep-2017	1669	500	583	Fixed	11.04%	7.74%
Central Bank bond	CRGO000B81G7	Country risk	Colones	Government	12-Feb-2013	27-Sep-2017	1665	500	583	Fixed	11.04%	7.73%
Central Bank bond	CRGO000B81G7	Country risk	Colones	Government	19-Feb-2013	27-Sep-2017	1658	500	584	Fixed	11.04%	7.76%
Central Bank bond	CRGO000B60G1	Country risk	Colones	Government	4-Mar-2013	24-Jan-2018	1760	1,000	1,048	Fixed	8.74%	7.76%
Central Bank bond	CRGO000B60G1	Country risk	Colones	Government	5-Mar-2013	24-Jan-2018	1759	1,460	1,573	Fixed	8.74%	7.57%
Central Bank bond	CRGO000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	500	524	Fixed	8.74%	7.57%
Central Bank bond	CRGO000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	1,048	1,048	Fixed	8.74%	7.77%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	3-Oct-2012	28-Mar-2018	1975	500	494	Fixed	11.13%	11.46%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	165	194	Fixed	11.13%	7.88%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	300	353	Fixed	11.13%	7.87%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	500	588	Fixed	11.13%	7.87%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	125	147	Fixed	11.13%	7.92%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	286	336	Fixed	11.13%	7.90%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	350	411	Fixed	11.13%	7.92%
Central Bank bond	CRGO000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	500	588	Fixed	11.13%	7.92%
Central Bank bond	CRGO000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.57%
Central Bank bond	CRGO000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.58%
Central Bank bond	CRGO000B72G6	Country risk	Colones	Government	11-Feb-2013	27-Mar-2019	2206	120	131	Fixed	9.20%	7.94%
Central Bank bond	CRGO000B59G3	Country risk	Colones	Government	27-Mar-2013	23-Dec-2020	2786	500	542	Fixed	8.77%	7.88%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	278	281	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	500	491	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B4353	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	15-Jul-2015	615	1,000	1,075	Fixed	9.20%	6.11%
Monetary stabilization bond - fixed rate	CRBCCR0B4353	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	15-Jul-2015	615	750	807	Fixed	9.20%	6.11%
Monetary stabilization bond - fixed rate	CRBCCR0B3827	Country risk	Colones	Banco Central de Costa Rica	4-Feb-2013	9-Dec-2015	1025	500	513	Fixed	9.28%	7.71%
Monetary stabilization bond - fixed rate	CRBCCR0B4361	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	13-Jul-2016	973	750	818	Fixed	9.20%	6.58%
Monetary stabilization bond - fixed rate	CRBCCR0B3553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	1,600	1,600	Fixed	9.16%	6.80%
Monetary stabilization bond - fixed rate	CRBCCR0B3553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	500	536	Fixed	9.16%	6.82%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	395	435	Fixed	9.20%	7.98%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	250	275	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	155	171	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	20	22	Fixed	9.20%	8.00%
Mortgage participation certificate	00MADAPC1140	F1+ (cri)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	31-Oct-2013	31-Oct-2014	361	111	111	Fixed	6.15%	6.09%
Total investments								€	32,030	34,039		
								US\$	3	5		

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Rate	Coupon	Net return
Bond	CRBCAC0B1181	AA(cri)*	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-13	29-Jan-18	1780 \$	1	1	Fixed	4.70%	4.69%
Recope standardized bond	CRRECOB0012	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petróleo	7-Dec-12	5-Dec-22	3598	1	1	Fixed	5.50%	5.27%
Recope standardized bond	CRRECOB0020	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petróleo	5-Apr-13	3-Apr-28	5398	1	1	Fixed	5.85%	5.84%
Costa Rican external debt bond	USP3699PEM51	Country risk	U.S. dollars	Government	11-May-09	20-Mar-14	1749	1	1	Fixed	6.55%	6.13%
Costa Rican external debt bond	USP3699PEM51	Country risk	U.S. dollars	Government	9-Mar-10	20-Mar-14	1451	0	0	Fixed	6.55%	4.18%
Costa Rican external debt bond	USP3699PAA59	Country risk	U.S. dollars	Government	12-Jan-11	1-Aug-20	3439	0	0	Fixed	10.00%	5.12%
Total investments												

*** Not rated according to SUGUEVAL information

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Note 9. Due from Banks

Cash due from banks is detailed as follows:

Banks		As of June 30 2014	As of December 31 2013
ICE Group			
Public and private entities	¢	6,526	10,126
Total ICE Group	¢	6,526	10,126

Note 10. Notes and Accounts Receivable

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

		As of June 30		As of December 31	
		2014		2013	
		Long-term	Short-term	Long-term	Short-term
Loan to autonomous entities (1)	¢	7,231	-	7,046	-
Private people		-	1,958	-	1,669
Other		39	120	62	300
In legal collections		-	108	-	108
Payment arrangements		-	112	-	54
Total ICE Group		7,270	2,298	7,108	2,131

(1) Loan to autonomous entities

Through an inter-institutional agreement between ICE and the 911 emergency system, the “Agreement to Pay Accounts due from the 911 Emergency System to ICE” was subscribed on December 21, 2012. In this agreement, the debt was expressly acknowledged and accepted and a “payment arrangement” was formally subscribed by the 911 emergency system to settle such debt. As of June 30, 2014 and December 31, 2012, the balance of the debt was ¢4,784.

In accordance with the long-term note due to ICE, the payment arrangement is for a term of 10 years starting January 1, 2013 and the liability is payable by the 911 emergency system in 16 half-yearly installments. A two-year grace period was established for payment of principal and interest. The first payment is due on January 1, 2015, while the final payment is due on July 1, 2022. The loan bears interest at the base deposit rate of BCCR in effect the week preceding the payment date.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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Additionally, this item includes ICE's loan to Empresa Propietaria de la Red (EPR) to repay loan IDB No. 1908 for a total of US\$4.5 million, equivalent to ¢2.447.

Receivables for services rendered and non-trade receivables for services are as follows:

Accounts receivable services rendered	As of June 30		As of December 31	
		2014		2013
Private people	¢	55,937		49,990
Judicial and administrative collection		41,039		36,590
Electric cooperatives and municipal companies of electric distribution		10,286		8,375
Operators and suppliers of services		5,065		5,790
Telephone administrations		1,889		1,562
Public offices		4,542		2,798
Selling of devices (terminals)		453		269
Electric services consumers		24,564		20,791
Foreign lines		465		546
Other		1,967		1,328
Total ICE Group	¢	146,207		128,039

Accounts receivable not commercial	As of June 30		As of December 31	
		2014		2013
Private people (1)		14,774		45,702
Government tax		5,957		4,594
Other		380		955
Toro 3		-		179
Employees		76		219
Fiscal credit sales tax		1,582		1,513
Covenants, services cleared and others		953		1,053
Damages to electric installations		798		730
Retention 2% income tax		468		822
Commercial transactions receivable		575		580
Other services rendered		263		74
Funds of savings and loans		200		200
Advance payment sales tax		111		110
Various services government		31		109
Accounts receivable various		471		416
Advance payment income tax		11		108
Advance payments to suppliers		3		72
Total ICE Group	¢	26,653		57,436

(1) Private Individuals

As of June 30, 2014, this item includes advance payments made by ICE to purchase fuel to generate power in thermal power plants for ¢635, advance payments to private individuals for ¢1.110, interest and commissions ¢1.769, receivables for non-priced services for ¢1.674

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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corresponding to the services provided by the Strategic Business Units, and ¢7.200 for ICE's deposits in courts.

Movement in the allowance for doubtful accounts is as follows:

Allowance for doubtful accounts	As of December 31, 2012	Prior period adjustments	Used	Recoveries	Expense	As of December 31, 2013	Used	Recoveries	Expense	As of June 30, 2014
Receivables for services rendered and non-trade receivables	¢ 35,616	1,829	(12,526)	1,259	6,739	32,917	(3,064)	382	2,080	32,315
Total ICE Group	¢ 35,616	1,829	(12,526)	1,259	6,739	32,917	(3,064)	382	2,080	32,315

Note 11. Operating inventory

Operating inventory by location is as follows:

Operating inventory	As of June 30 2014	As of December 31 2013
San José	¢ 25,011	27,473
Limón	26,720	19,990
Puntarenas	36,840	18,162
Guanacaste	10,832	12,143
Alajuela	390	3,295
Cartago	3,077	3,157
Subtotal ICE Group	102,870	84,220
Reclassification to inventory for investment and other assets	(44,542)	(44,725)
Total ICE Group	¢ 58,328	39,495

ICE Group follows the policy of reclassifying to inventory for investment the items of operating inventory that are directly related to operating assets and other assets that are not physically included in the asset and, therefore, are not available for use since they are not installed or operating in the manner intended by ICE Group.

(Continues)

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Allowance for valuation of inventory in warehouses

Movement in the allowance for valuation of operating inventory is as follows.

	As of December 31						As of June 30 2014	
	2012	Used	Expenses	2013	Used	Expenses		
Allowance for valuation of inventory	¢	5,976	(2,414)	7,394	10,956	(3,012)	38	7,982
Total ICE Group	¢	5,976	(2,414)	7,394	10,956	(3,012)	38	7,982

In addition to operating inventory and inventory for investment, ICE Group holds materials and equipment in custody, as follows:

Materials and equipment held in custody	As of June 30		
	2014	As of December 31 2013	
Terminals and other devices	¢	4,084	2,278
Spare parts not in warehouse custody		635	615
Total ICE Group	¢	4,719	2,893

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Note 12. Temporary investments

Temporary investments are as follows:

				As of June 30, 2014			
	Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months	
ICE Electricity							
Uncommitted:							
<i>Available-for-sale</i>							
	Colones	Banco de Costa Rica	€ 4,990	-	3,72% - 4,32%	Demand	
		Instituto Nacional de Seguros	349	-	3,61% - 4,43%	Demand	
		SAFI BAC San José	50	-	3,25%	Demand	
		Scotiabank de Costa Rica	2	-	2,11%	Demand	
		Banco Popular y Desarrollo Comunal	1,007	-	3,58%	Demand	
	US Dólares	Banco de Costa Rica	2,743	-	1,35% - 1,64%	Demand	
		Banco Internacional de Costa Rica	27,271	-	0,20%	Demand	
		Scotiabank de Costa Rica	4,360	4,029	0,90%	Demand	
	<i>Held-to-maturity</i>	Colones					
		Banco de Costa Rica	11,754	11,496	4,37%	Jun 2014 - Jul 2014	
		Banco Nacional de Costa Rica	2,078	2,078	3,50%	Jun 2014 - Jul 2014	
	Dólares	Banco de Costa Rica	2,773	2,563	0,15%	Jun 2014 - Jul 2014	
Subtotal ICE Electricity			57,377				
ICE Telecom							
Uncommitted:							
<i>Available-for-sale</i>							
	Colones	Banco Nacional de Costa Rica	3,337	-	3,84%	Demand	
		Banco Nacional de Costa Rica	9,000	9,000	5,52% - 6,41%	Jul 2013 - Nov 2014	
		Banco de Costa Rica	2,426	-	3,72% - 4,32%	Demand	
		Banco de Costa Rica	1,750	1,750	5,92% - 5,95%	Aug 2013 - Aug 2014	
		Banco de Costa Rica	3,445	3,500	5,58% - 5,89%	Feb 2014 - Nov 2014	
		Gobierno	1,349	1,349	6,19%	Mar 2014 - Jan 2015	
		Gobierno	8,814	9,000	5,34% - 5,95%	Aug 2013 - Feb 2014	
		Banco Popular y Desarrollo Comunal	18,212	18,212	5,61% - 6,85%	Aug 2013 - May 2014	
		Banco Central de Costa Rica	2,453	2,500	5,34% - 6,00%	Oct 2013 - Jan 2015	
		Banco Central de Costa Rica	2,199	2,199	5,17% - 6,18%	Mar 2014 - Mar 2014	
		Banco CITIBANK (CMB COSTA RICA)	3,750	3,750	6,14% - 6,50%	Jul 2013 - Nov 2014	
		Banco Crédito Agrícola de CartAug	4,300	4,300	5,74% - 6,35%	Sep 2013 - Abr 2015	
		Banco Crédito Agrícola de CartAug	2,996	3,000	6,44% - 6,49%	May 2014 - May 2015	
		Banco BAC San José, S.A.	2,250	2,250	5,94% - 6,50%	Oct 2013 - Nov 2014	
		Operaciones de Repurchase operations	4,172	4,193	5,14% - 6,83%	Abr 2014 - Jun 2014	
		BCIE	750	750	6,19% - 6,25%	May 2014 - Nov 2014	
		Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	7,750	7,750	6,10% - 7,50%	Mar 2014 - Jun 2015	
		Banco Lafise	2,637	2,637	6,93% - 7,69%	Jan 2014 - May 2015	
		Mutual de Ahorro y Préstamo	2,833	2,833	5,79% - 6,35%	Aug 2013 - Jan 2015	
		Banco BCT	1,000	1,000	6,90% - 6,99%	May 2014 - May 2015	
		Banco Improsa	1,500	1,500	6,89% - 5,89%	Nov 2013 - Mar 2015	
		Banco Cathay	1,000	1,000	6,79% - 6,89%	Jan 2014 - Jan 2015	
		Financiera Desyfin	2,000	2,000	6,96% - 8,21%	Feb 2014 - May 2015	
		Bond HSBC	240	240	6,25%	Oct 2013 - Aug 14	
		Banco Davivienda (Costa Rica) S.A.	1,000	1,000	5,96%	Feb 2014 - Feb 2015	
		Banco BANSOL Banco de Soluciones	1,500	1,500	6,06% - 6,79%	Jan 2014 - Jun 2015	
		Banco Promérica	105	105	6,64%	Oct 2013 - Oct 2014	
	US Dólares	Banco Nacional de Costa Rica	1,632	-	1,07%	Demand	
		Banco de Costa Rica	475	-	1,35%	Demand	
		Banco Internacional Costa Rica	9	-	0,20%	Demand	
		Banco Crédito Agrícola de CartAug	544	502	2,94%	Jan 2014 - Jan 2015	
		Banco Cathay de Costa Rica S.A.	293	270	4,45%	Dec 2013 - Oct 2014	
	<i>Held-to-maturity</i>	Colones					
		Banco de Costa Rica	2,452	2,452	4,37%	Jun 2014 - Jul 2014	
		Banco Popular y Desarrollo Comunal	1,000	1,000	6,55%	Feb 2014 - Feb 2015	
		Banco Central de Costa Rica	1,686	1,686	2,97%	Jun 2014 - Jul 2014	
	US Dólares	Banco Internacional de Costa Rica	2,719	2,512	2,00% - 3,00%	Mar 2014 - Sep 2014	
Subtotal ICE Telecom			103,578				
Subtotal ICE			160,955				
CNFL:							
	<i>Held-to-maturity</i>	US Dólares					
		Banco Nacional de Costa Rica	136	136	1,3	92 days	
Subtotal CNFL			136				
CRICSA							
	Colones	BN Sociedad de Investment funds, S.A.	15	-	-	Demand	
Subtotal CRICSA			15				
Total ICE Group			€ 161,106				

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				As of December 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 de Costa Rica	Investment funds	€ 3	-	3.44% - 4.08%	Demand
		SAFI BAC San José	BAC SAN JOSÉ Liquidez C ND	50	-	3.07%	Demand
		Banco Popular	SAFI Banco Popular	4	-	2.64%	Demand
	US Dólares	Banco de Costa Rica	Investment funds	1,368	-	1.31%	Demand
		Banco Internacional de Costa Rica	Overnight	39,626	-	0.20%	Demand
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	Term certificate of deposit	9,517	9,517	3.00%	Dec 2013 to Jan 2014
	US Dólares	Banco de Costa Rica	Term certificate of deposit	5,025	5,025	0.15%	Dec 2013 to Jan 2014
Subtotal ICE Electricity				55,593			
ICE Telecom							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Term certificate of deposit	6,100	6,100	5.77% - 6.41%	May 2013 to Jul 2014
		Banco de Costa Rica	Investment funds	11	-	3.44% - 4.08%	Demand
		Banco de Costa Rica	Term certificate of deposit	5,682	5,682	5.91% - 7.49%	Jun 2013 to Aug 2014
		Banco de Costa Rica	Commercial paper (global bond)	341	348	5.28%	Nov 2013 to May 2014
		Government	Fixed-rate Central Bank bond	1,500	1,500	5.82% - 6.10%	May 2013 to Mar 2014
		Government	Zero-coupon Central Bank global bond	8,225	8,500	5.01% - 5.46%	Aug 2013 to Aug 2014
		Banco Popular y de Desarrollo Comunal	Investment funds	1	-	2.39%	Demand
		Banco Popular y de Desarrollo Comunal	Term certificate of deposit	13,067	13,067	5.61% - 6.34%	Mar 2013 to Aug 2014
		Banco Central de Costa Rica	Monetary Stabilization Bond	3,807	3,900	4.72% - 6.06%	Apr 2013 to Nov 2014
		Banco CITIBANK (CMB COSTA RICA)	Term certificate of deposit	1,750	1,750	6.14%	Jul 2013 to Jul 2014
		Banco Crédito Agrícola de Cartago	Term certificate of deposit	4,960	4,960	5.74% - 6.35%	Apr 2013 to Aug 2014
		Banco BAC San José, S.A.	Term certificate of deposit (global bond)	4,456	4,456	5.94% - 6.25%	May 2013 to Oct 2014
		SAFI BAC San José	BAC SAN JOSÉ Liquidez C ND	50	-	2.95%	Demand
		Repurchase operations	Repurchase operations	1,458	1,458	3.30% - 5.30%	Aug 2013 to Jan 2014
		Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	Bond	300	300	6.10%	Jul 2013 to Mar 2014
		Mutual Cartago de Ahorro y Préstamo	Mortgage participation certificate	1,275	1,275	6.14% - 6.24%	Aug 2012 to Sep 2014
		Banco Improsa	Term certificate of deposit (global bond)	1,000	1,000	5.89%	Nov 2013 to Nov 2014
		Bono HSBC	Bond	240	240	6.25%	Oct 2013 to Aug 14
		Banco BANSOL Banco de Soluciones	Term certificate of deposit (global bond)	350	350	6.54%	Oct 2013 to Jun 14
		Banco Promérica	Bond	105	105	6.64%	Oct 2013 to Oct 2014
	US Dólares	Banco de Costa Rica	Investment funds	132	-	1.31%	Demand
		Banco Internacional Costa Rica	Overnight Tele: # 104600328 BICSA \$	6,427	-	0.20%	Demand
		Banco Crédito Agrícola de Cartago	Bond	251	251	3.68%	Feb 2013 to Jan 2014
		Repurchase operations	Repurchase operations	544	544	2.91% - 5.30%	Dec 2013 to Jan 2014
		Banco Cathay de Costa Rica S.A.	Commercial paper	270	270	4.45%	Dec 2013 to Oct 2014
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	Term certificate of deposit	11,184	11,184	3.00%	Dec 2013 to Jan 2014
		BANHVI	Term certificate of deposit	2,350	2,350	8.74%	Jan 2013 to Jan 2014
	US Dólares	Banco Internacional de Costa Rica	Term deposit - BICSA, Miami branch	1,005	1,005	3.00%	Sep 2013 to Mar 2014
Subtotal ICE Telecom				76,841			
Subtotal ICE				132,434			
CNFL:							
<i>Held-to-maturity</i>	US Dólares	Banco Nacional de Costa Rica - Dólares	Term certificate of deposit	501	502	0.75%	90 days
	US Dólares	Banco de Costa Rica	Term certificate of deposit	101	100	1.15%	Sep 2012 to Mar 2015
Subtotal CNFL				602			
CRICSA							
<i>Available-for-sale</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.	Investment funds	15	-	-	Demand
Subtotal CRICSA				15			
CABLE VISIÓN							
Committed:							
<i>Available-for-sale</i>	US Dólares	Banco Nacional de Costa Rica	Investment funds	615	-	1.24%	Demand
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	Investment funds	116	-	3.54%	Demand
Subtotal CABLE VISION				731			
Total ICE Group				€ 133,782			

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Valuation of Investments

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

The available-for-sale investments are valued at the market price, using the price vector from the company *Proveedor Integral de Precios Centroamérica* (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 June 30, 2014 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of (¢134) (¢20 in December 2013), 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:

	As of June 30 2014	As of December 31 2013
<u>ICE:</u>		
Guarantees received from third parties:		
In U.S. dollars	¢ 839	914
In colones	352	357
Specific purpose funds:		
BCR Platinum (¢) - Cash for payments of ICE services	185	2,468
BNCR Gold - Cash for amortization of short-term debt	-	1,667
Total ICE Group	¢ 1,376	5,406

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Note 14. Prepaid Expenses

Prepaid expenses are detailed as follows:

Prepaid expenses	As of June 30 2014	As of December 31 2013
ICE:		
Mobile terminals and devices (1) ¢	39,637	37,882
Use agreements (2)	15,893	18,688
Fuel (3)	53,574	7,877
U-500 insurance policy, net (4)	4,642	4,029
All-risk insurance policy - construction	3,122	4,131
Canon	53	-
Sundry policies	9	19
Stationery	-	338
Subtotal ICE	116,930	72,964
CNFL:		
U-500 insurance policy, net	884	359
Sundry policies	751	359
Subtotal CNFL	1,635	718
RACSA:		
Phone book	3,080	2,183
Other	71	36
National Insurance Institute (INS) - vehicles	-	4
U-500 insurance policy, net	89	60
Vacation	13	21
Subtotal RACSA	3,253	2,304
CABLE VISIÓN:		
Insurance policies	2	5
Patents	3	3
Judicial attachments	20	-
Interest on leases	22	21
Services	3	-
Vehicle tax	2	2
Subtotal CABLE VISIÓN	52	31
Total ICE Group	¢ 121,870	76,017

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U-500 insurance policy	As of June 30 2014	As of December 31 2013
Opening balance	¢ 4,448	4,396
Amount of premium	5,693	12,415
Amortization of premium	(4,526)	(12,363)
Total ICE Group	¢ 5,615	4,448

(1) Mobile terminals and devices

This account corresponds to the balance pending amortization of the cost of mobile terminals that are free of charge or sold for a discounted price with post-paid mobile telephony plans. Such amounts are expensed based on the term of the plan, matching the costs with the plan's income and the termination of the service due to early termination, arrears, or plan change.

(2) Use agreements

On November 5, 2007, ICE and BCR (trustee) subscribed a lease agreement under a Securitization Trust for construction of a thermal power plant called Garabito Thermal Power Plant (see note 29). 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 (June 2010), 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 starting January 2011 corresponding to lease payments made by ICE from June to December 2010, 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.

(3) Fuel

In 2012, the Public Services Regulatory Authority (ARESEP), according to Resolution 977-RCR-2012 of November 2, 2012, partially approved the request filed by ICE for the recognition through rate adjustments of fuel and additional expenses for the first half of 2012. Those expenses for a total of ¢19,225, were not recognized in the rate approved in ARESEP's prior ruling. Of that amount, ICE recovered ¢3,765 while the outstanding amount of ¢15,460 corresponds to lags in the recognition of fuel and expenses in 2012.

According to the ARESEP's Resolution No. RJD-003-2013 issued on February 25, 2013, said delays must be recognized by means of rate adjustments no later than July 1, 2013, in quarterly payments. The balance pending as of June 30, 2014 is ¢7.877. According to resolution 795-SJD-2013/125269 of November 29, 2013, ARESEP accepts the request of ICE of carrying

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forward the delay for fuels of 2012 approved for the first and second quarter of 2014 through agreement 04-14-2013, to be applied to the rates of the third and fourth quarter of 2014, when the aforementioned balance will be amortized.

ARESEP issues resolution RIE-034-2014 of June 27, 2014, through which it approved the recognition through rate adjustments of the exchange rate difference between the estimated versus actual fuel expenses for February, March, and April 2014 for the sum of ¢45.696.

ARESEP accepted ICE's request so that such recognition be made in quarterly installments, as follows: in the third quarter of 2014, the sum of ¢24.890 will be recognized; in the fourth quarter of 2014, the sum of ¢7.916 will be recognized, and the rest will be recognized in equal parts during the quarters of 2015.

(4) 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.

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Prepaid expenses include premiums for insurance policies which coverage is detailed as follows:

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of June 30 2014	As of December 31 2013
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, Comprehensive Customer Service Center (CAIC), power generation centers, power transformers, autotransformers, and mobile transformers.	3,544,763	3,133,978
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 Cachí	75,114	64,319
0201 TRC 0196	Construction and assembly works all-risk basic direct damage, earthquake, volcanism, seaquake, tempest, cyclone, rising floodwaters, flood, landslide, extended maintenance, and debris removal. Civil liability, delay in start-up, transportation, sabotage, and terrorism	Reventazón Hydroelectric Project	594,024	508,657
Local Transportation for Mobile Terminals	Means of transportation risks (covers loss of transported goods on route); accidents in the means of transportation as a result of: accidental fall on curbs, cliffs, precipices, rivers, lagoons, and oceans, collision and/or accident of the means of transportation against a fixed or moving object, animals, or people, fire, lightning, cyclones, earthquakes, tremors, overturn or fall of container, collision against moving or fixed objects, animals, or people provided they are fastened to the chassis or platform. This insurance was underwritten in December 2012.	Mobile terminals transported on ICE's vehicles to different points of sale for marketing purposes	40,950	35,350
0201INC0004621 Customs Warehouse and Bonded Warehouse	Covers direct physical damage, recovery value of fixed assets, assault, automatic coverage for new goods, errors and omissions, loading and unloading, replacement of accounting books, technical and professional fees, automatic reinstatement of insured amount in the event of loss (not applicable to catastrophic risk or robbery), extraordinary expenses, reconstruction of electronic files, multiple location, fire extinguishment expenses, goods in custody, and control over the insured good.	Goods imported by ICE and in custody of the bonded warehouse	2,048	1,753
0101CGM7800 (55000)	Covers inland, maritime, and air transport of materials acquired by ICE through temporary import and/or export permits issued worldwide, as follows: A. All risk; C. Named-risk; D: War; and E: Strike.	All imported materials	1,027	1,027
02 01 EQE-0000335-00 Electronic Equipment All Risk LIDAR	Covers all risks of loss or damage and collision and/or overturn of a vehicle transporting insured assets (mobile or portable equipment), as follows: R. Direct damage to electronic equipment.	LIDAR electronic equipment and vehicle where it is installed	553	473
AUM-052	Covers vehicles for personal use assigned to ICE's senior management, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Senior management vehicles	31	31

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Type of policy	Type of coverage	Insured assets	Amount insured	
			As of June 30 2014	As of December 31 2013
0201VAG134-00 Travelers in Dollars	Covers personal accident (death, dismemberment, total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), and daily costs of a hospital stay. Exchange rate \$516.41, amount of insurance US\$21,530.96	Officers traveling abroad	25	25
01-01-ACG-245-01 Collective Accident	Covers accidental death, permanent disability, and medical expenses.	Non-employee passengers in ICE vehicles	20	20
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).	15	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:				
U-500 currently ING-008	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative buildings, hydroelectric power plants, and substations. Amount insured expressed in U.S. dollars.	401,906	289,463
AUM-144	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons and C: Umbrella liability or excess liability for damages to third party property.	CNFL's vehicle fleet	6,443	6,060
Maritime 11955	Maritime Cargo Insurance	Imports	1,455	1,455
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)	140	186
FCP-0000041-00	Fidelity Guarantee Insurance		241	50
EQC-3868	Contractor's Equipment Insurance	Forklifts and tractors	60	50

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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(In millions of colones)

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of June 30 2014	As of December 31, 2013
RACSA:				
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; and civil liability.	RACSA's central buildings (Buildings A, B, and C located at the intersection of Avenida 5 and Calle 1) and the office furniture and equipment, and electronic and telecommunications equipment contained therein; inventories in warehouses (supplies and electronic and telecommunications equipment); and the RACSA-ZURQUI Teleport buildings (located in Calle Blancos) and their contents.	82,678	75,235
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	177	183
EQE 0009580 Electronic Equipment- RACSA	Mobile and/or portable equipment all-risk insurance, as follows: E: Risks of loss or damage to mobile and/or portable equipment and R: Direct damage to electronic equipment and collision and/or overturn of a vehicle transporting insured assets.	Sales force laptops	28	28
Collective Traveler OCI0001137-RACSA	Covers personal accident (death, loss of limb(s), total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), daily costs of a hospital stay, lost luggage, and lost passport.	Employees traveling abroad	27	25
INC-0256115-17 Fire - RACSA	Insurance against accidental fire or lightning strike, sundry risks, flood, landslide, and convulsions of nature.	El Cerrito Farm storehouse	28	28
EQC- 0004970 Contractor Equipment- RACSA	Insurance against: E: Direct damage including losses to the equipment caused by collision, accidental overturn, accidental fire, lightning strike, and transport of the equipment by other means; and L: Combined Single Limit Civil Liability.	El Cerrito Farm tractor	10	10
CABLE VISIÓN:				
Umbrella liability	Covers umbrella liability for injury of persons and damages to third party property.	Damages to third parties.	10	10
			100	100
Vehicle fleet	Umbrella liability for damages to third parties.	Injury or death of persons and damages to third party property.	200	200
			30	30

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

Note 15. Service Agreements

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

Services agreements	As of June 30 2014	As of December 31 2013
Reventazón Hidroeléctric Project (1)	¢ 33,550	91,620
Other	169	-
Subtotal ICE Group	33,719	91,631
* Elimination of institutional services	(1)	47
Total ICE Group	¢ 33,718	91,584

* Internal consumption for electricity and telephone services incurred by the different areas of ICE.

(1) Reventazón Hydroelectric Project

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

The Project will use the water from Río Reventazón and will become, when built, one of the hydroelectric plants with the highest installed capacity in the country, with a design flow of 240 m³/s and a power output of 305.5 MW.

The plant is expected to start operations in late 2016. The estimated cost of the works amounts to US\$1,406 million.

On May 22, 2013, ICE and Banco Scotiabank subscribed an infrastructure trust agreement for the development of the Reventazón Hydroelectric Power Project called “UNO P.H. Reventazón/ICE/Scotiabank/2013 Trust Agreement”, whereby ICE acts as the Trustor and Main Beneficiary, Banco Scotiabank as Trustee, and the individuals identified in each notification for appointment of secondary beneficiaries as such.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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The main clauses of the UNO P.H. Reventazón/ICE/Scotiabank/2013 Trust Agreement are summarized below:

- The purposes of the trust are as follows:
 - a. Develop, continue the construction, lease, operate, and offer maintenance to the Reventazón Hydroelectric Power Project and subscribe the necessary financing to achieve those goals.
 - b. Create autonomous and independent equity to secure and guarantee compliance with the Trust's obligations.
 - c. Organize the Guarantee Trust to which the Trust Equity will be transferred, whereby this Trust will act as the trustor, the secured creditors as the beneficiaries, and this Trust's trustee as the trustee. The trustee of the Guarantee Trust is Banco Scotiabank.
 - d. Comply with the Trust's obligations established in the transaction documents, including making payments to secured creditors that granted loans or invested in securities for the development, financing, construction, lease, operation, and maintenance of the Reventazón Hydroelectric Power Project.
 - e. Once (i) the objectives of this Trust have been met, (ii) the obligations established in the transaction documents have been fulfilled, and (iii) the trustee receives written authorization from the representative of the secured creditors; transfer the Trust Equity to the Trustor, who also acts as the Main Beneficiary.
 - f. Pursue any other objective or purpose derived from the nature of this Trust Agreement and the transaction documents that does not infringe good faith in business or violates the relevant legislation.
- Reventazón Hydroelectric Power Project; (ii) works and equipment involved in the project's development process; (iii) the Trustor's contributions in cash or kind; (iv) resources obtained by the Trust under loan agreements and from issue, placement, and management of securities, if issued; (v) income from the lease of the plant and any other income generated by the Trust in the normal course of business; (vi) licenses, authorizations, studies, and documents required to support the attainment of the Trust's objectives; (vii) trust accounts and investments and returns derived therefrom and any other resources that the Trustee manages in accordance with this Trust; (viii) any income earned by the Trust generated from the project, directly or indirectly; (ix) future goods that would be included in the Trust Equity; (x) the equity of the Guarantee Trust upon its return to the Trust as trustor in accordance with the terms and conditions of the Guarantee Trust.
- The Trustee shall manage and, if appropriate, make use of the Trust Equity in accordance with purposes and provisions of the agreement and meeting all of the Trust's obligations.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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- All funds received by the Trust on any account or reason shall be immediately deposited by the Trustee in the bank accounts held with the Guarantee Trust, in accordance with the terms and conditions of the Guarantee Trust; except for the funds obtained from bridge loans, which shall be deposited in the accounts opened by the Trust for such purposes.

On May 22, 2013, ICE and Banco Scotiabank subscribed the following agreements related to the financing structure established under the Trust:

EPC (Engineering, Procurement, and Construction) Turnkey Agreement.

- The UNO P.H. Reventazón Trust acts as the employer and ICE as the contractor responsible for the construction of the Reventazón Hydroelectric Power Project. The agreement amounts to US\$693 million and the construction must be completed no later than the fourth quarter of 2016.

Lease agreement for the Reventazón Hydroelectric Power Project:

- The UNO P.H. Reventazón Trust acts as the lessor and ICE as the lessee. The agreement is for a minimum term of 17 years and semiannual payments are based on the amount paid by the UNO P.H. Reventazón Trust for the debt with the creditor banks.

As of June 30, there is a decrease for ¢58,070, mainly from the payment of invoices for construction services associated to the project. (See note 36; (1)).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim 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 the Execution	As of June 30 2014	As of December 31 2012
El Diquís Hydroelectric Project (1)	76,431	71,023
Borinquen Geothermic Project (2)	21,313	19,847
Transmission Verbena	1,862	-
Trasmission efforts of South Centra	4,480	4,222
La Carpio Diversion	1,307	-
Transmission Lines	573	2,348
Other	847	1,264
Subtotal ICE Group	106,813	98,704
* Elimination of institutional services	(66)	(154)
Total ICE Group	106,747	98,550

* Internal consumption for electricity and telephone services incurred by the different areas of ICE.

(1) El Diquís Hydroelectric Project (PHED):

PHED is located in the Southern Region of Costa Rica, will have a power output of 650 MW and an annual power generation of 3,050 GW/h, and was declared a matter of national interest in Executive Order No. 34312-MP-MINAE of 2008.

As of June 30, 2014, PHED includes costs incurred prior to construction and disbursements made during the investment phase, which encompasses the design of the works, and technical, economic, and financial studies for a total of ¢76.431 (¢71.023 in 2013), 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. To start its construction, there should be an environmental license or viability issued and approved by SETENA.

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

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 Sixth Section of the Administrative Litigation Court requesting the nullity of Executive Decree No. 34312-MP-MINAE of 2008, which declares PRIED works and studies and its transmission works to be a matter of public and national interest, 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:

- Appeal No. 08-009215-0007-CO filed by ADIT against a number of articles of the aforementioned Executive Order No. 34312-MP-MINAE. As of the date of this report, judicial decisions have been handed down in this regard that require performing a consultative process with the communities affected by the construction of the project. In the opinion of ICE's advisors, the entity's role as the project's developer is different from the role of the Government of the Republic, who is the sole responsible for performing such consultative process, in accordance with International Standards that have been declared Law of the Republic. As previously informed, the outcome of this consultative process is binding for the issue of the Environmental Permit.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of the date of this report, there is no defined work schedule for performing the consultative process with indigenous peoples. Preparing and implementing the schedule is the responsibility of the Government of the Republic of Costa Rica, based on the agreements reached between the parties (the Government of the Republic acting as the sole responsible and the indigenous peoples that reside within the project's area of influence). ICE's responsibility as the project's developer consists of furnishing the required information on the project, its works, and their impact and environmental measures, which has been prepared by qualified professionals as input for the discussions between the Government of the Republic and the indigenous peoples for the consultative process. However, ICE's active involvement in such process requires prior authorization from the Government of the Republic of Costa Rica.

(2) Borinquén Geothermal Power Plant:

The project is located in the Guanacaste Mountain Range, on the Pacific slope of the Rincón de la Vieja Volcano, and will have an estimated power output of 55 MW.

Costs incurred as of June 30, 2014 correspond to work related to site preparation for deep-well drilling. Construction is expected to begin in late 2015.

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Note 17. Non Operating Assets

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

Non - operating assets	As of December 31						
	2012 (Restated)	Additions at cost	Retirements and transfers	2013	Additions at cost	Retirements and transfers	As of June 30, 2014
<u>Historical cost:</u>							
Land	€ 23,095	930	16	24,041	1,374	-	25,415
Buildings	4,740	-	155	4,895	-	(76)	4,819
Land and rights of way (1)	-	968	(968)	-	13	(13)	-
Artwork and collector's items	23	-	-	23	-	-	23
Substations	1,963	-	-	1,963	-	-	1,963
Hydroelectric plants	674	-	-	674	-	-	674
General equipment	899	-	-	899	-	-	899
Surco Tico, S.A.- Forestry project	841	86	-	927	-	-	927
Other assets	146	(1)	(1)	145	-	-	145
Total cost ICE Group	32,381	1,983	(798)	33,567	1,387	(89)	34,865
<u>Accumulated depreciation - cost:</u>							
Land	39	9	-	48	3	-	51
Buildings	475	232	89	796	118	(17)	897
Artwork and collector's items	-	-	-	-	-	-	-
Substations	183	63	-	246	31	-	277
Hydroelectric plants	117	17	-	134	23	-	157
General equipment	1	-	-	1	-	-	1
Other assets	13	-	-	13	-	-	13
Total accumulated depreciation - cost ICE Group	828	321	89	1,238	175	(17)	1,396
<u>Revaluation:</u>							
Land	6,364	818	313	7,495	-	-	7,495
Buildings	1,271	215	1,420	2,906	-	(6)	2,900
Land and rights of way (1)	-	206	(206)	-	-	-	-
Substations	134	40	-	174	-	-	174
Hydroelectric plants	7,374	162	-	7,536	-	-	7,536
General equipment	1	-	-	1	-	-	1
Other assets	157	11	-	168	-	-	168
Total revaluation ICE Group	15,301	1,452	1,527	18,280	-	(6)	18,274
<u>Accumulated depreciation - revaluation:</u>							
Land	213	17	-	230	2	-	232
Buildings	798	57	1,353	2,208	38	-	2,246
Substations	9	5	4	18	3	-	21
Hydroelectric plants	5,185	159	-	5,344	5	-	5,349
General equipment	1	-	-	1	-	-	1
Other assets	47	5	-	52	1	-	53
Total accumulated depreciation- revaluation ICE Group	6,253	243	1,357	7,853	49	-	7,902
Total non - operating assets ICE Group	€ 40,601	2,872	(717)	42,756	1,163	(78)	43,841

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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(1) Land and rights of way:

As a result of a change to the accounting policy performed in 2013, the cost of land and rights of way was transferred from “Non-operating assets” to “Intangible assets” with retrospective effect, in order to align ICE Group’s financial and accounting policies with international best practices.

Note 18. Intangible Assets

Intangible assets are as follows:

		As of June 30 2014	As of December 31 2013
Intangible assets:			
Licenses, systems and applications	¢	87,137	84,089
Rights of way and easements		24,157	23,777
Derechos garantizados por ley		2	-
Goodwill (note A)		5,366	5,372
Total cost ICE Group		116,662	113,238
Accumulated amortization:			
Licenses, systems and applications		59,063	53,203
Goodwill		137	-
Total amortization ICE Group		59,200	53,203
Net total ICE Group	¢	57,462	60,035

Note A: Corresponds to the excess of the acquisition cost over the carrying amount (net equity) of the subsidiaries acquired in 2013: Cable Visión de Costa Rica, S.A. and Eólico Valle Central, S.A.

Amortization Method

For calculating the amortization of licenses, software, and applications, ICE applies the straight-line method from the date the assets were first used, over a useful life of three years. ICE’s rights of way and easements have no defined term over which they generate future benefits to ICE; accordingly, they are not amortized. The effect of applying this change of policy was an increase of ¢23,777.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Amortization of goodwill for Cable Visión de Costa Rica, S.A. occurs in a maximum 20-year term, according to best practices and on a systematic manner (straight line) since it is a going concern, where the future economic benefits to be obtained are projected on a permanent basis. Amortization of goodwill for Eólico Valle Central, S.A. is made during the remaining useful life of the asset during the acquisition period (228 months). When operations started, useful life was 20 years.

Movement in intangible assets is as follows:

	<u>Licences, svtems, and applications</u>		<u>Rights of way and easements</u>		<u>Rights guaranteed by law</u>	<u>Goodwill</u>		<u>Totals</u>	
	As of June 30, 2014	As of December 31, 2013	As of June 30, 2014	As of December 31, 2013	As of June 30, 2014	As of June 30, 2014	As of December 31, 2013	As of June 30, 2014	As of December 31, 2013
Cost:									
Opening balance	¢ 84,089	72,103	23,777	23,951	-	5,366	-	113,232	96,054
Additions	9,628	19,529	389	-	2	-	5,372	10,019	24,901
Transfers	(1,503)	(3,491)	(9)	-	-	-	-	(1,512)	(3,491)
Retirements	(5,072)	(3,981)	-	-	-	-	-	(5,072)	(3,981)
Adjustments	(5)	(71)	-	(174)	-	-	-	(5)	(245)
Total cost ICE Group	¢ 87,137	84,089	24,157	23,777	2	5,366	5,372	116,662	113,238
Accumulated amortization:									
Opening balance	¢ 53,203	40,052	-	-	-	-	-	53,203	40,052
Amortization - expense	6,100	11,454	-	-	-	137	-	6,237	11,454
Amortization - investment	845	1,926	-	-	-	-	-	845	1,926
Reclassifications	-	9	-	-	-	-	-	-	9
Transfers	-	(5)	-	-	-	-	-	-	(5)
Retirements	(1,085)	(233)	-	-	-	-	-	(1,085)	(233)
Total amortization ICE Group	59,063	53,203	-	-	-	137	-	59,200	53,203
Net total ICE Group	¢ 28,074	30,886	24,157	23,777	2	5,229	5,372	57,462	60,035

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Notes to the Interim Consolidated Financial Statements
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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.

The balance of the employer contributions transferred by ICE to the Guarantee and Savings Fund is distributed as follows:

	As of June 30 2014		As of December 31 2012	
	Amount	%	Amount	%
<u>ICE:</u>				
Electricity	¢ 71,609	39%	71,746	39%
Telecom	99,152	54%	99,341	54%
Corporate	12,853	7%	12,877	7%
Subtotal ICE	¢ 183,614	100%	183,964	100%
<u>RACSA:</u>				
RACSA Guarantee and Savings Fund	2,469	100%	2,400	100%
Subtotal RACSA	2,469	100%	2,400	100%
Total ICE Group	¢ 186,083	100%	186,364	100%

Of that amount,, ¢105.812 corresponds to the Supplemental Pension System and ¢77.802 to the Savings Fund (4,5% and 6%, respectively, of the monthly salaries of ICE's permanent employees.

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Notes to the Interim Consolidated Financial Statements
(In millions of colones)**Note 20. Amortizable Items**

Amortizable items are as follows:

Cost	Term	Method	As of December 31, 2012	Liquidation	Increase	As of December 31, 2013	Liquidation	Increase	As of June 30, 2014
Projects									
Miravalles III Geothermal Project	180 months	Straight line	€ 176	-	-	176	-	-	176
Electriona Belén Hydroelectric Project	480 months	Straight line	573	-	-	573	-	-	573
Investment transaction costs:									
Investment transaction costs	30 days	Effective interest	-	(13)	13	-	(4)	4	-
Investment transaction costs	60 days	Effective interest	17	(36)	19	-	(5)	6	1
Investment transaction costs	90 days	Effective interest	23	(31)	16	8	(7)	1	2
Investment transaction costs	120 days	Effective interest	10	(44)	37	3	(7)	4	-
Investment transaction costs	More than 180 days	Effective interest	218	(218)	1,727	1,727	(300)	382	1,809
Sub total, investment and project transaction costs			1,017	(342)	1,812	2,487	(323)	397	2,561
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)	-	-	-	-	-
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)	-	-	-	-	-
INS Title 2	60 months	Effective interest	9	(9)	-	-	-	-	-
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)	-	-	-	-	-
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 2043	120 months	Effective interest	-	(4)	165	161	-	-	161
Banistmo #2	60 months	Effective interest	-	-	8	8	-	-	8
Banistmo #3	84 months	Effective interest	-	-	8	8	-	-	8
International issue of bonds	120 months	Effective interest	945	-	-	945	-	-	945
Sub total, financing agreement fees			7,081	(403)	181	6,859	(654)	-	6,205
Total amortizable items - Cost - ICE Group			€ 8,098	(745)	1,993	9,346	(977)	397	8,766

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Absorción Partidas Amortizables	Plazo	Método	Al 31 de diciembre de 2012	Amortizaciones	Liquidaciones	Al 31 de diciembre de 2013	Amortizaciones	Liquidaciones	Al 30 de junio de 2014	
Proyectos										
Proyecto Geotérmico Miravalles III	180 meses	Línea recta	¢ 149	12	-	161	6	-	167	
Proyecto Hidroeléctrico Electriona Belén	480 meses	Línea recta	301	14	-	315	7	-	322	
Costos transacción de inversiones:										
Costos transacción de inversiones	30 días	Interés efectivo	1	8	(8)	1	2	(1)	2	
Costos transacción de inversiones	60 días	Interés efectivo	11	10	(21)	-	3	(2)	1	
Costos transacción de inversiones	90 días	Interés efectivo	13	12	(21)	4	-	(5)	(1)	
Costos transacción de inversiones	120 días	Interés efectivo	3	20	(21)	2	2	(3)	1	
Costos transacción de inversiones	Más de 180 días	Interés efectivo	139	403	(154)	388	300	(215)	473	
SubTotal Costos Transacción de proyectos e inversiones			617	479	(225)	871	320	(226)	965	
Comisiones por contrato de financiamiento:										
Bonos B	120 meses	Interés efectivo	301	46	-	347	12	(358)	1	
Bonos A	120 meses	Interés efectivo	257	40	-	297	10	(307)	-	
Citibank	120 meses	Interés efectivo	228	46	-	274	24	-	298	
B.C.I.E. No.1856	180 meses	Interés efectivo	40	103	(143)	-	-	-	-	
Corporación Andina de Fomento (C.A.F.)	180 meses	Interés efectivo	178	40	-	218	24	-	242	
Reconversión BID tramo A	180 meses	Interés efectivo	232	71	(5)	298	35	-	333	
Reconversión BID tramo B	120 meses	Interés efectivo	497	130	(4)	623	85	(4)	704	
INS Título 1	60 meses	Interés efectivo	71	18	(89)	-	-	-	-	
INS Título 2	60 meses	Interés efectivo	8	1	(9)	-	-	-	-	
Nordea Export & Project Finance No.1	60 meses	Interés efectivo	573	173	-	746	87	-	833	
M & T Bank	84 meses	Interés efectivo	23	8	-	31	4	-	35	
Scotiabank tramo A	36 meses	Interés efectivo	157	43	(200)	-	-	-	-	
Scotiabank tramo B	60 meses	Interés efectivo	88	101	-	189	98	(142)	145	
BNP Paribas A	60 meses	Interés efectivo	14	7	-	21	3	-	24	
BNP Paribas B	60 meses	Interés efectivo	50	23	-	73	12	-	85	
Hong Kong Shanghai Bank Corporation (HSBC)	60 meses	Interés efectivo	22	12	-	34	6	-	40	
Nordea Export & Project Finance No.2	12 meses	Interés efectivo	86	43	-	129	22	-	151	
M & T Bank N°2	12 meses	Interés efectivo	34	18	-	52	9	-	61	
Emisión Internacional de Bonos 2043	120 meses	Interés efectivo	-	-	-	-	1	-	1	
Emisión Internacional de Bonos	120 meses	Interés efectivo	62	74	-	136	39	-	175	
Subtotal comisiones por contrato de financiamiento			2.921	997	(450)	3.468	471	(811)	3.128	
Total absorción partidas amortizables - Grupo ICE			¢ 3.538	1.476	(675)	4.339	791	(1.037)	4.093	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 21. Securities Payable (Bonds)

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

Securities payable	As of December 31,				2013	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2014	Long-term
	2012	Amortization	Foreign exchange differences	Disbursements						
ICE:										
Internal debt:										
INS Security No. 1	¢	12,171	12,171	-	-	¢	-	-	-	-
INS Security No. 2		1,208	1,208	-	-		-	-	-	-
Series A1 bonds		50,000	-	-	-		50,000	-	-	50,000
Series A2 bonds		6,328	-	-	-		6,328	-	-	6,328
Series B1 bonds		38,192	-	(508)	-		37,684	-	3,098	40,782
Series B2 bonds		25,462	-	(338)	-		25,124	-	2,064	27,188
Series A2 bonds - 2010		28,426	-	-	-		28,426	-	-	28,426
Series B3 bonds - U.S. dollars (Electricity)		38,192	-	(507)	-		37,685	-	3,097	40,782
Series A3 bonds - colones		20,000	-	-	-		20,000	-	-	20,000
Series E1 bonds - U.S. dollars (Electricity)		29,824	-	(396)	-		29,428	-	2,418	31,846
Series A4 bonds - Telecom		10,000	-	-	-		10,000	-	-	10,000
Series A5 bonds - Electricity		20,000	-	-	-		20,000	-	-	20,000
Series A2 bonds -Electricity		15,246	-	-	-		15,246	-	-	15,246
Series E1 bonds - Electricity		8,369	-	(111)	-		8,258	-	678	8,936
Series A6 bonds - Electricity		18,756	-	-	-		18,756	-	-	18,756
Serie E2 bonds - Electricity		63,654	-	(845)	-		62,809	-	8,262	71,071
Series F1 bonds		16,853	-	(223)	-		16,630	-	1,366	17,996
Series F3 bonds - U.S. dollars (Electricity)		5,627	-	-	-		5,627	-	-	5,627
Series F4 bonds - U.S. dollars (Telecom)		15,277	-	(203)	-		15,074	-	1,239	16,313
Series F4 bonds - U.S. dollars (Electricity)		73,838	-	(980)	-		72,858	-	5,987	78,845
Subtotal internal debt - ICE	¢	497,423	13,379	(4,111)	-	¢	479,933	-	28,209	-
										508,142
										508,142

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Securities payable	As of December 31,								As of June 30, 2014	Long-term
	2012	Amortization	Foreign exchange differences	Disbursements	2013	Amortization	Foreign exchange differences	Disbursements		
ICE:										
External debt:										
A bonds - Credit Suisse First Boston	€ 20,369	20,099	(270)	-	€ 0	-	-	-	€ 0	-
B bonds - Credit Suisse First Boston	30,554	-	-	-	30,554	30,148	(406)	-	0	-
International bond issue 2012	254,615	-	(3,380)	-	251,235	-	20,645	-	271,880	271,880
International bond issue 2013	-	-	(3,380)	254,615	251,235	-	22,163	-	273,398	273,398
Other:										
Premium Series A1 bonds	144	16	-	-	128	5	-	-	123	123
Premium Series A2 bonds	87	7	-	-	80	2	-	-	78	78
Premium Series B1 bonds	149	12	-	-	137	6	-	-	131	131
Premium Series B2 bonds	299	82	-	-	217	42	-	-	175	175
Series A2 bonds - 2010	8	1	-	-	7	-	-	-	7	7
Series B3 bonds - U.S. dollars (Electricity)	1,135	86	-	-	1,049	46	-	-	1,003	1,003
Premium Series A3 bonds (Electricity)	4	-	-	-	4	-	-	-	4	4
Premium Series E1 bonds (Electricity)	178	18	-	-	160	10	-	-	150	150
Premium Series E1 bonds - U.S. dollars (Electricity)	4	-	-	-	4	-	-	-	4	4
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 2012	6,192	519	-	-	5,673	274	-	-	5,399	5,399
Premium Series F4 bonds - U.S. dollars (Telecom)	174	7	-	-	167	4	-	-	163	163
Premium Series F4 bonds - U.S. dollars (Electricity)	116	4	-	-	112	3	-	-	109	109
Discounts:										
Series A2 bonds - 2010	(595)	(43)	-	-	(552)	(14)	-	-	(538)	(538)
Series A3 bonds (Electricity)	(88)	(7)	-	-	(81)	(4)	-	-	(77)	(77)
Series A4 bonds (Telecom)	(20)	(3)	-	-	(17)	(2)	-	-	(15)	(15)
Series A2 bonds (Electricity)	(427)	(32)	-	-	(395)	(11)	-	-	(384)	(384)
Series E2 bonds - U.S. dollars (Electricity)	(198)	(11)	-	-	(187)	(5)	-	-	(182)	(182)
Series F1 bonds	(221)	(30)	-	-	(191)	(16)	-	-	(175)	(175)
Series F4 bonds - U.S. dollars	(186)	(6)	-	-	(180)	(4)	-	-	(176)	(176)
Series International bonds 2013	-	(22)	-	(4,178)	(4,156)	(23)	-	-	(4,133)	(4,133)
Subtotal external debt - ICE	€ 312,298	20,698	(7,030)	250,437	€ 535,007	30,461	42,402	-	€ 546,948	546,948
Standardized commercial paper										
Standardized commercial paper Series C1, C2 and D1 (6)	78	78	-	-	-	-	-	-	-	-
Subtotal short-term securities payable - ICE	78	78	-	-	-	-	-	-	-	-
Subtotal securities payable - ICE	809,798	34,155	(11,141)	250,437	€ 1,014,940	30,461	70,611	-	€ 1,055,090	1,055,090
CNFL:										
Internal debt:										
Series A bonds	-	-	-	-	-	-	-	-	-	-
Series B1 bonds	15,000	-	-	-	15,000	-	-	-	15,000	15,000
Series B2 bonds	14,600	-	-	-	14,600	-	-	-	14,600	14,600
Series B3 bonds	12,000	-	-	-	12,000	-	-	-	12,000	12,000
Series B4 bonds	-	-	-	10,300	10,300	-	-	-	10,300	10,300
Subtotal CNFL	41,600	-	-	10,300	51,900	-	-	-	51,900	51,900
Total ICE Group	€ 851,398	34,155	(11,141)	260,737	€ 1,066,840	30,461	70,611	-	€ 1,106,990	1,106,990

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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The characteristics of these debt bonds are detailed as follows:

Creditor	Instrument	Currency	Interest rate	Type of rate	Contract date	Maturity date	Securities payable		
							As of June 30, 2014	As of December 31, 2013	
ICE:									
Bonds in colones:									
Series A1 bonds	Standardized bonds	Colones	8.35%	Variable	30-Sep-09	30-Sep-21	€	50,000	50,000
Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	6-Nov-09	6-Nov-24		6,328	6,328
Series A2 bonds - 2010	Standardized bonds	Colones	8.30%	Variable	6-Nov-09	6-Nov-24		28,426	28,426
Series A2 bonds - 2011	Standardized bonds	Colones	8.30%	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	10.30%	Fixed	14-Dec-10	14-Dec-17		10,000	10,000
Series A5 bonds	Standardized bonds	Colones	8.70%	Variable	16-Dec-10	16-Dec-25		20,000	20,000
Series A6 bonds	Standardized bonds	Colones	8.75%	Variable	11-Aug-11	11-Aug-23		18,756	18,756
Series F3 bonds	Standardized bonds	Colones	9.50%	Variable	3-Apr-12	3-Apr-23		5,627	5,627
Premium Series A1 bonds	Standardized bonds	Colones	8.35%	Variable	30-Sep-09	30-Sep-21		123	128
Premium Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	6-Nov-09	6-Nov-24		78	80
Premium Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	6-Nov-09	6-Nov-24		7	7
Premium Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	3-Nov-10	3-Nov-20		3	3
Premium Series A6 bonds	Standardized bonds	Colones	8.75%	Variable	11-Aug-11	11-Aug-23		1	1
Premium Series F3 bonds	Standardized bonds	Colones	9.50%	Variable	3-Apr-12	3-Apr-23		3	3
Discount Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	6-Nov-09	6-Nov-24		(537)	(552)
Discount Series A2 bonds - 2011	Standardized bonds	Colones	8.30%	Variable	6-Nov-09	6-Nov-24		(384)	(395)
Discount Series A4 bonds	Standardized bonds	Colones	10.30%	Fixed	14-Dec-10	14-Dec-17		(15)	(17)
Discount Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	3-Nov-10	3-Nov-20		(77)	(81)
Bonds in U.S. dollars:									
International bonds 2012	Standardized bonds	U.S. dollars	6.95%	Fixed	10-Nov-11	9-Nov-21		271,880	251,235
International bonds 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	15-May-13	14-May-43		273,398	251,235
Credit Suisse First Boston	Series B bonds	U.S. dollars	6.45%	Fixed	3-Feb-04	3-Feb-14		-	30,554
Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	17-Nov-09	17-Nov-21		40,782	37,685
Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	20-May-10	20-May-16		27,188	25,124
Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	24-Jun-10	24-Jun-22		40,782	37,685
Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	14-Feb-11	12-Nov-20		31,846	29,428
Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	14-Feb-11	12-Nov-20		8,936	8,258
Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	12-Dec-11	12-Dec-24		71,071	62,809
Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	13-Feb-12	13-Feb-19		17,996	16,630
Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	7-Sep-12	7-Sep-27		95,158	87,932
Premium Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	17-Nov-09	17-Nov-21		131	137
Premium Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	20-May-10	20-May-16		175	217
Premium Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	24-Jun-10	24-Jun-22		1,003	1,049
Premium Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	14-Feb-11	12-Nov-20		150	160
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 2012	Standardized bonds	U.S. dollars	6.95%	Fixed	10-Nov-11	9-Nov-21		5,399	5,673
Premium series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	7-Sep-12	7-Sep-27		272	279
Discount Series International bonds - 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	15-May-13	14-May-43		(4,133)	(4,155)
Discount Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	12-Dec-11	12-Dec-24		(182)	(187)
Discount Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	13-Feb-12	13-Feb-19		(175)	(191)
Discount Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	7-Sep-12	7-Sep-27		(176)	(180)
Sub total ICE								1,055,090	1,014,940
CNFL:									
Bonds in U.S. dollars:									
Series B3 bonds	Standardized bonds	Colones	BDR + 3.21%	Variable	25-Jan-12	25-Jan-27		12,000	12,000
Series B2 bonds	Standardized bonds	Colones	BDR + 3.27%	Variable	28-Jun-11	28-Jun-23		14,600	14,600
Series B1 bonds	Standardized bonds	Colones	11.45%	Fixed	30-Sep-10	30-Sep-17		15,000	15,000
Series B4 bonds	Standardized bonds	Colones	BDR + 3.43%	Variable	16-May-13	16-May-33		10,300	10,300
Subtotal CNFL								51,900	51,900
Total ICE Group							€	1,106,990	1,066,840

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ICE's Bond Issues

A detail of the main characteristics of the issue of bonds made by ICE as of June 30, 2014 is as follows:

In millions of colones											
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium bond issue	Discount on bond issue		
A1	30-Sep-09	30-Sep-21	1,75%	Variable	¢	50,000	50,000	-	¢	123	-
A2	6-Nov-09	6-Nov-24	8,30%	Variable		50,000	50,000	-		85	921
A3	3-Nov-10	3-Nov-20	11,41%	fixed		20,000	20,000	-		3	77
A4	14-Dec-10	14-Dec-17	10,30%	fixed		10,000	10,000	-		-	15
A5	16-Dec-10	16-Dec-25	8,70%	Variable		20,000	20,000	-		-	-
A6	11-Aug-11	11-Aug-23	8,75%	Variable		50,000	18,756	31 244		1	-
F3	3-Apr-12	3-Apr-23	9,60%	Variable		50,000	5,627	44 373		3	-
					¢	250,000	174,383	75,617	¢	215	1,013

In millions of U.S. dollars											
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium bond issue	Discount on bond issue		
B1	17-Nov-09	17-Nov-21	7,65%	fixed	US\$	75	75	-	US\$	131	-
B2	20-May-10	20-May-16	5,71%	fixed		50	50	-		175	-
B3	24-Jun-10	24-Jun-22	7,18%	fixed		75	75	-		1,003	-
E1	14-Feb-11	12-Nov-20	5,98%	fixed		75	75	-		153	-
E2	12-Dec-11	12-Dec-24	7,61%	fixed		125	125	-		-	182
F1	13-Feb-12	13-Feb-19	5,97%	fixed		100	33	67		-	175
F4	7-Sep-12	7-Sep-27	7,61%	fixed		175	175	-		272	176
					US\$	675	608	67	US\$	1,734	533

1) Series B Bonds - Credit Suisse First Boston

In February 2014, Series B Bonds of Credit Suisse First Boston were fully amortized. The issue was conducted in U.S. dollars for a total of US\$60 million equivalent to ¢30.554, bearing interest at the fixed rate of 6,45% per annum. The purpose of the issue is to finance transmission works, improvements and reconstruction of the National Electricity Service.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 22. Notes Payable

As of June 30, 2014, the movements of the notes payable are detailed as follows:

	As of December 31,				2013	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2014	Long-term	Short-term	2014 (in U.S. dollars)	
	2012	Amortization	Foreign exchange differences	Disbursements									
ICE													
Internal debt:													
Purchase of non-restructured debt - Tranche V	€	563	225	(5)	-	333	111	10	-	232	120	112	0.4
Subtotal Tranche V		563	225	(5)	-	333	111	10	-	232	120	112	US\$ 0.4
Banco Nacional de Costa Rica (B.N.C.R)		33,226	1,284	-	-	31,942	718	-	-	31,224	29,167	2,057	57.4
Sub-total		33,226	1,284	-	-	31,942	718	-	-	31,224	29,167	2,057	57.4
Scotiabank													
Scotiabank - Tranche A		12,731	637	(160)	-	11,934	1,256	876	-	11,554	10,196	1,359	21.2
Scotiabank - Tranche B		7,275	3,613	(73)	-	3,589	1,795	148	-	1,942	-	1,942	3.6
Subtotal Scotiabank		20,005	4,250	(233)	-	15,523	3,051	1,024	-	13,497	10,196	3,301	US\$ 24.8
BCR Trust - Telecom building		24,588	1,572	-	-	23,016	871	-	-	22,145	21,162	983	40.7
Supplier credit		28,128	7,245	(415)	10,034	30,502	3,987	2,180	-	28,695	24,035	4,659	52.8
Subtotal internal debt		106,510	14,576	(653)	10,034	101,316	8,738	3,214	-	95,792	84,680	11,112	US\$ 176.2
External debt													
CABEI													
CABEI No. 1599		54,005	54,005	-	-	-	-	-	-	-	-	-	-
CABEI No. 1856		43,710	43,710	-	-	-	-	-	-	-	-	-	-
CABEI No. 1962		31,721	31,721	-	-	-	-	-	-	-	-	-	-
CABEI Restructuring		13,367	4,074	(123)	-	9,170	2,198	573	-	7,545	4,962	2,583	13.9
CABEI No. 1516 - Moin III Thermal Plant		4,451	4,451	-	-	-	-	-	-	-	-	-	-
CABEI No. 2109 - Tranche A		-	-	(27)	2,037	2,010	-	165	-	2,175	2,175	-	4.0
CABEI No. 2109 - Tranche B		-	-	-	7,954	7,954	-	653	-	8,607	8,607	-	15.8
CABEI No. 2076 (1)		26,145	-	(610)	19,779	45,314	-	4,345	7,571	57,230	57,230	-	105.2
Subtotal CABEI	€	173,399	137,961	(760)	29,770	64,448	2,198	5,736	7,571	75,557	72,974	2,583	US\$ 139.0

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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(In millions of colones)

	As of December 31,								As of June		Short-term	2014 (in U.S. dollars)
	2012	Amortization	Foreign exchange differences	Disbursements	2013	Amortization	Foreign exchange differences	Disbursements	30, 2014	Long-term		
European Investment Bank (BEI)	€ 2,485	2,485	-	-	-	-	-	-	-	-	-	-
IDB:												
IDB No. 598	1,665	555	(30)	-	1,080	270	954	-	1,764	882	882	3.2
IDB No. 1931 A/OC-CR Conversion - Tranche B	84,023	15,277	(913)	-	67,833	7,537	4,955	-	65,251	57,095	8,156	120.0
IDB No. 1931 A/OC-CR Conversion - Tranche A	76,194	7,257	(915)	-	68,022	3,580	5,295	-	69,737	65,863	3,874	128.2
IDB No. 1908/OC-CR (2)	66,993	-	(1,072)	24,000	89,921	-	7,844	5,530	103,295	98,429	4,866	190.0
BID N° 2747 - CCLIP	-	-	(30)	7,570	7,540	-	622	34	8,196	8,196	0	15.1
Subtotal IDB	228,874	23,089	(2,960)	31,570	234,396	11,387	19,670	5,564	248,243	230,465	17,778	US\$ 456.5
BNP Paribas:												
BNP Paribas loan B	3,632	1,443	(39)	-	2,150	717	118	-	1,551	776	775	2.9
Subtotal BNP Paribas	3,632	1,443	(39)	-	2,150	717	118	-	1,551	776	775	US\$ 2.9
Nordea:												
Nordea Export & Project Finance	5,868	3,912	(26)	-	1,930	1,930	-	-	-	-	-	0.0
Nordea Export & Project Finance	2,867	950	(32)	-	1,885	1,885	-	-	-	-	-	0.0
Subtotal Nordea	8,735	4,862	(58)	-	3,815	3,815	-	-	-	-	-	US\$ 0.0
M & T Bank												
M&T Bank	2,526	631	(26)	-	1,869	312	129	-	1,686	1,349	337	3.1
M&T No. 2	1,654	548	(18)	-	1,088	272	68	-	884	589	295	1.6
Subtotal M&T Bank	4,179	1,179	(44)	-	2,957	584	197	-	2,570	1,938	632	US\$ 4.7
Otros Acreedores:												
Andean Development Corporation (CAF)	44,558	4,244	(535)	-	39,779	2,094	3,097	-	40,782	38,516	2,266	75.0
Citibank	12,061	3,994	(133)	-	7,934	1,983	488	-	6,439	4,293	2,146	11.8
Japan Bank for International Cooperation	78,665	5,827	(14,004)	-	58,834	2,353	7,054	-	63,535	59,891	3,644	116.8
Natexis Banque	24	24	-	-	-	-	-	-	-	-	-	0.0
Cisco Systems Capital Corporation	222	222	-	-	-	-	-	-	-	-	-	0.0
Cisco Systems (3)	21,204	3,229	(284)	3,088	20,779	1,650	1,613	477	21,219	18,044	3,175	39.0
Multibank INC.	1,617	805	(14)	-	798	266	44	-	576	288	288	1.1
Banitsmo S.A (anteriormente HSBC Bank Panamá S.A.)	6,111	2,037	(54)	-	4,020	1,005	413	-	3,428	2,175	1,253	6.3
Banitsmo N°2	-	-	-	26,631	26,631	2,663	1,969	-	25,937	23,055	2,882	47.7
Banitsmo N°3	-	-	-	30,902	30,902	2,207	2,358	-	31,053	28,664	2,389	57.1
Subtotal other creditors	164,461	20,382	(15,024)	60,621	189,677	14,221	17,036	477	192,969	174,926	18,043	US\$ 354.9
Subtotal external debt	585,766	191,401	(18,885)	121,961	497,443	32,922	42,757	13,612	520,890	481,079	39,811	US\$ 957.9
Total ICE - Long-term loans payable	€ 692,276	205,977	(19,538)	131,995	598,759	41,660	45,971	13,612	616,682	565,759	50,923	US\$ 1,134.1

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2014	Long-term	Short-term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements								
Short-term loans payable - ICE:												
Internal debt:												
Scotiabank (3)	17,685	51,162	(210)	51,776	18,089	46,730	1,280	44,218	16,857	-	16,857	31.0
Subtotal internal debt	€ 17,685	51,162	(210)	51,776	18,089	46,730	1,280	44,218	16,857	-	16,857	31.0
External debt:												
Citibank No.1 (4)	-	7,638	-	14,673	7,035	7,035	744	9,044	9,788	-	9,788	18
Bladex	-	79,440	(413)	130,099	50,246	11,557	3,179	0	41,868	-	41,868	77.0
Global Bank Corporation (5)	-	-	-	5,025	5,025	5,025	826	10,049	10,875	-	10,875	20
Mercantil Commercebank (6)	6,620	39,686	(68)	45,696	12,562	27,636	372	19,596	4,894	-	4,894	9.0
Subtotal external debt	6,620	126,764	(481)	195,493	74,868	51,253	5,121	38,689	67,425	-	67,425	USS 124.0
Total short-term loans payable - ICE	24,306	177,926	(691)	247,269	92,958	97,983	6,401	82,907	84,283	-	84,283	155.0
Total internal debt - ICE	124,195	65,738	(863)	61,810	119,405	55,468	4,494	44,218	112,649	84,680	27,969	207.2
Total external debt - ICE	592,386	318,165	(19,366)	317,454	572,311	84,175	47,878	52,301	588,315	481,079	107,236	1,081.9
Total debt - ICE	€ 716,581	383,903	(20,229)	379,264	691,716	139,643	52,372	96,519	700,964	565,759	135,205	1,289.1

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

	As of December 31,								As of June		Short-term	2014 (in U.S. dollars)	
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements	30, 2014	Long-term			
CNFL:													
External debt:													
Instituto Crédito Oficial (Spain)	¢	13,034	640	(176)	-	12,218	358	1,014	-	12,874	12,178	696	23.7
Deutsche Bank, Sociedad Anónima Española		3,259	1,281	(48)	-	1,930	703	165	-	1,392	-	1,392	2.6
Kreditanstalt für Wiederaufbau loan 1		8,096	1,329	(110)	-	6,657	729	555	-	6,483	5,043	1,440	11.9
Kreditanstalt für Wiederaufbau loan 2		3,628	477	(49)	-	3,102	261	259	-	3,100	2,583	517	5.7
BICSA - Line of credit		1,528	-	(20)	-	1,508	110	127	-	1,525	1,306	219	2.8
BICSA Línea de Crédito Desembolso N°2		-	-	2	1,503	1,505	88	126	-	1,543	1,370	173	2.8
BCR Balsa Inferior		31,550	-	-	8,878	40,428	-	0	-	40,428	39,729	699	74.3
BICSA Balsa Inferior		6,111	1,503	(83)	-	4,525	263	378	-	4,640	4,119	521	8.5
Banco Nac. De Desarrollo Econ. Y Soc. (7)		-	-	22	11,501	11,523	-	1,025	4,956	17,504	17,504	-	32.2
Bco Nacional-Bco Costa Rica Balsa Inferior (8)		-	-	13	4,818	4,831	73	321	7,018	12,097	11,742	355	22.2
Bco Nacional-Bco Costa Rica Eólico Valle Central		-	-	41	22,222	22,263	126	1,832	-	23,969	23,357	612	44.1
Bco Nacional-Reconstruc. Líneas Coronado (9)		-	-	2	695	697	-	52	1,332	2,081	2,081	0	3.8
Bco Nacional-Reconstruc. Planta Ventanas (10)		-	-	-	-	-	-	23	447	470	470	0	0.9
Global Bank Corporation (11)		-	-	-	-	-	-	0	5,494	5,494	-	5,494	10.1
Subtotal external debt - CNFL	¢	67,205	5,230	(406)	49,617	111,187	2,711	5,877	19,247	133,600	121,482	12,118	US\$ 245.7
RACSA:													
External debt:													
Control Electrónico, S.A. (CESA)		5	5	-	-	-	-	-	-	-	-	-	-
BICSA		1,029	-	(13)	-	1,016	-	81	-	1,097	-	1,097	2.0
Guaranteed Financing Agreement		-	-	170	-	170	-	(115)	-	55	-	55	0.1
Loan conversion		148	-	7	-	155	-	(13)	-	142	142	-	0.3
ICE Convenio de Financiamiento Garantizado (CONAVI-BN)		-	-	18	-	18	-	181	-	199	199	-	0.4
BICSA Full Móvil		-	-	-	-	-	-	(4)	554	550	-	550	1.0
BICSA Operac N° 41260 (12)		-	-	-	-	-	-	-	1,097	1,097	-	1,097	2.0
Subtotal external debt - RACSA	¢	1,182	5	182	-	1,359	-	130	1,651	3,140	341	2,799	US\$ 5.8
CABLE VISION:													
Deuda interna:													
Operacion 10074 Scotia Leasing		-	-	-	-	2	2	-	-	-	-	-	0.0
Operacion 10541 Scotia Leasing		-	-	-	-	3	1	-	-	2	-	2	0.0
Operacion 450016955 BAC Leasing		-	-	-	-	12	1	1	-	12	-	12	0.0
Operacion 450016956 BAC Leasing		-	-	-	-	12	1	1	-	12	-	12	0.0
Operacion 450016957 BAC Leasing		-	-	-	-	12	1	2	-	13	-	13	0.0
Operacion 450016958 BAC Leasing		-	-	-	-	12	1	2	-	13	-	13	0.0
Subtotal deuda interna - CABLE VISION		-	-	-	-	53	7	6	-	52	-	52	US\$ 0.1
Total internal debt - ICE Group		124,195	65,738	(863)	61,863	119,458	55,475	4,500	44,218	112,701	84,680	28,021	207.3
Total external debt - ICE Group		660,772	323,399	(19,590)	367,071	684,857	86,885	53,885	73,199	725,055	602,902	122,153	-
Total debt - ICE Group	¢	784,967	389,137	(20,453)	428,934	804,315	142,360	58,385	117,417	837,756	687,582	150,174	US\$ 1,540.7

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The general characteristics of notes payable, classified into internal and external debt in 2014 are summarized as follows:

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 (June 2014)	Accumulated disbursed amount (December 2013)	Currency	Guarantee	Financing	
Loans payable - ICE:																
ICE Electricity																
Internal debt:																
Restructured debt - Tranche V	21-May-89	21-May-15	25	15	10	Half-yearly	6.75%	Fixed	6.75%	-	4	4	4	US\$	Government	Restructuring of debt with commercial banks
Series F3 bonds	3-Apr-12	3-Apr-23	11	11	-	Quarterly	9.50%	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	10.50%	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	4.76%	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	6.00%	Var.	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks	
Multilateral organizations:																
CABEL:																
CABEL No. 1599	17-Mar-03	25-Apr-18	15	5.5	9.5	Half-yearly	6.40% - Bank policy	Var.	3%	0.75%	172	-	-	US\$	ICE	Construction of and equipment for Pirris Hydroelectric Power Plant
CABEL 2005 Prepayment	21-Oct-05	21-Oct-15	10	2	8	Quarterly	8.50%	Fixed	2%	-	55	-	55	US\$	ICE	Loan prepayment IDB No. 200, 535, and 572 (partial)
CABEL No. 1856	12-Apr-07	11-May-22	15	3	12	Half-yearly	7.68% - Bank policy	Var.	3%	-	110	-	-	US\$	ICE	Expansion of and maintenance to national electricity system 2007
CABEL No. 1516 - Moin III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	7.68% - Bank policy	Var.	-	-	12	-	-	US\$	ICE	Acquisition of Moin III Thermal Power Plant
CABEL No. 1516 - Moin III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	6.35% - Bank policy	Var.	-	-	21	-	-	US\$	ICE	Acquisition of Moin III Thermal Power Plant
CABEL No. 1962	19-Jun-09	19-Jun-24	15	3	12	Half-yearly	6.40% - Bank policy	Var.	-	0.75%	65	-	-	US\$	ICE	Programa de Obras Eléctricas 2008 - 2009
CABEL No. 2076	13-Feb-12	27-Nov-28	16	4	12	Half-yearly	6.40%	Fixed	30%	0.25%	140	105,249	51	US\$	ICE	Expansion of Cachi Hydroelectric Power Plant to increase capacity from 100 MW to 160 MW
CABEL No. 2109	22-May-13	22-May-33	20	4	16	Half-yearly	6.40%	Var.	-	0.25%	225	20	4	US\$	ICE	Planta Moin
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	9-Sep-80	9-Sep-15	35	8	27	Half-yearly	2.00%	Fixed	2%	0.50%	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	4.77%	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	10	3	7	Half-yearly	4.15%	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	1.17%	Var.	-	-	250	179	158	US\$	Government	Electricity Development Program 2008-2011
IDB N° 2747	31-Oct-12	15-Oct-37	25	5	20	Half-yearly	1.17%	Var.	-	-	250	15	-	US\$	Government	Meet the growth in demand for Electric Power
Bilateral organizations:																
Andean Development Corporation (CAF)	9-Apr-08	9-Apr-23	15	3	12	Half-yearly	2.14%	Var.	2%	-	100	100	100	US\$	ICE	Studies for or construction of Toro III, Diquis, Pacuare, and Pirris Projects
Japan Bank for International Cooperation	9-Apr-01	20-Apr-26	25	7	18	Half-yearly	2.20%	Fixed	2%	-	295	188	164	JPY	Government	Pirris Hydroelectric Project
Commercial banks:																
Citibank	14-Dec-05	19-Dec-15	10	1	9	Half-yearly	8.25%	Var.	-	-	75	75	75	US\$	ICE	Loan prepayment 572
M&T Bank No. 1	16-Dec-09	30-Sep-16	7	-	7	Half-yearly	2.53%	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	2.29%	Var.	-	-	10	5	5	US\$	ICE	Projects executed by UEN PySA
Multibank INC	17-Aug-12	20-Jun-15	3	-	3	Half-yearly	4.90%	Var.	1%	-	3	3	3	US\$	ICE	Sundry projects
BNP Paribas - loan B	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	1.56%	Var.	1%	-	16	14	14	US\$	ICE	Sundry projects

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

General characteristics of the debt (amount in million dollars and colones, according to the indication)																
Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (march 2013)	Accumulated disbursed amount (december 2013)	Currency	Guarantee	Financing	
ICE Telecom																
Internal debt:																
Restructured debt - Tranche V	21-Nov-89	21-May-15	25	-	25	Half-yearly	6.75%	Fixed	7%	-	0	0	1	US\$	Government	Restructuring of debt with commercial banks
Series B2 bonds	20-May-10	20-May-16	6	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	10.30%	Fixed	-	10	10	10	€	ICE	Operation support system	
BCR Trust - Telecom building	22-Apr-10	22-Jul-22	12	-	12	Monthly	10.30%	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	4.77%	Var.	2%	12	12	12	US\$	ICE	Loan prepayment OECF, 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	4.15%	Var.	2%	14	14	14	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse	
Organismos bilaterales:																
Natexis Banque	9-Sep-82	30-Jun-13	31	16	15	Half-yearly	3.50%	Fixed	3%	4	-	-	Euros	Government	Restructuring of debt with Alcatel CIT	
Commercial banks:																
Nordea Export & Project Finance No. 1	29-Jun-09	28-Feb-14	5	-	5	Half-yearly	2.51%	Fixed	-	37	-	37	US\$	ICE	Purchase of equipment and services from Ericsson	
Nordea Export & Project Finance No. 2	4-Nov-10	8-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	6-Apr-13	3	-	3	Quarterly	3.25%	Fixed	18%	50	-	-	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	9	9	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	8-Oct-18	7	1	6	Quarterly	3.01%	Fixed	13%	56	15	15	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	11	11	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 9	13-Sep-12	8-Aug-19	7	1	7	Quarterly	3.00%	Fixed	13%	1	1	1	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 10	18-Apr-13	12-Mar-20	7	1	6	Quarterly	3.00%	Fixed	-	13	0	2	US\$	ICE	Training multilayer Interoperability	
Cisco System No. 11	5-Apr-13	24-Aug-20	7	1	6	Quarterly	3.00%	Fixed	13%	-	0	2	US\$	ICE	Expansion and modernization of the IP Network	
Cisco System No. 12	14-Nov-13	8-Oct-20	7	1	6	Quarterly	3.00%	Fixed	13%	56	6	6	US\$	ICE	Equipment expansion and modernization of the DWDM Network	
Cisco System No. 13	30-Apr-14	30-Apr-19	5	1	4	Quarterly	2.95%	Fixed	13%	11	1	-	US\$	Government	Expenses associated with the project IP communications system	
ECI Telecom (provider credit)	16-Mar-11	1-Jun-16	5	-	5	Quarterly	4.95%	Fixed	-	11	11	11	US\$	ICE	Expansion and modernization of DWDM network	
ECI Telecom 2 (provider credit)	8-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	60	53	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system	
Huawei Technologies Co. LTD. Phase I and II (provider credit)	19-Apr-12	30-Jan-18	5	-	5	Half-yearly	5.45%	Fixed	-	5	-	-	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system	
M&T Bank No. 2	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	10	1	1	US\$	ICE	Expansion of mobile telephony	
BANISTMO	1-Nov-10	8-Nov-15	5	-	2	Quarterly	5.19%	Var.	-	20	9	20	US\$	ICE	Anticipated implementation of option to purchase leased equipment under Huawei 3G platform.	
BANISTMO 2	27-Nov-13	6-Dec-13	5	-	5	Quarterly	4.15%	Fixed	-	55	53	53	US\$	ICE	Anticipated implementation of option to purchase leased equipment under Huawei 3G platform.	
BANISTMO 3	12-Dec-13	12-Dec-20	7	-	7	Quarterly	4.95%	Fixed	-	62	62	62	US\$	ICE	Financing of investment projects in the Telecommunications Sector 2014.	
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	10	10	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 - Line of credit, disbursement No. 2	8-Dec-11	8-Dec-14	3	-	3	Half-yearly	6.50%	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	4-Jun-12	6-Jul-32	20	2	18	Monthly	BDR + 2% & BDR + 3%	Var.	Current rate + 2.00%	0.50% formalization & 10% appraisal	40	40	40	€	Promissory note	Balsa Inferior Hydroelectric Project
Banco Nac. De Desarrollo Econ. Y Soc.	19-Mar-13	19-Mar-23	10	2	8	Half-yearly	3.84%	Fixed	-	-	12	12	US\$	Promissory note	Balsa Inferior Hydroelectric Project	
Sindicado BNCR-BCR	13-Sep-13	13-Mar-19	5	0,5	5	Monthly	Libor + 5,75%	Var.	-	1% Administration	27	9	9	US\$	Promissory note	Balsa Inferior Hydroelectric Project
Sindicado BNCR-BCR	13-Sep-13	13-Mar-19	5	0,5	5	Monthly	Libor + 5,75%	Var.	-	1% Formalization	44	22	22	US\$	Promissory note	Valle Central Wind Project
Banco Nacional de Costa Rica	1-Oct-13	1-Oct-33	20	2	20	Quarterly	Libor + 5,25%	Var.	-	0,5% Formalization	6	1	1	US\$	Promissory note	Coronado Distribution Network
Bco Nacional-Reconstruc. Planta Ventanas	11-Sep-13	5-Feb-33	20	2	20	Monthly	Libor + 5,25%	Var.	Tasa Vig + 2,00%	0,5% Formalización	9	1	-	US\$	Promissory note	Planta Ventanas Reconstructions
Global Bank Corporation	28-Feb-14	8-Dec-14	1	-	1	Semester	Libor(6) + 3,25%	Var.	Tasa Vig + 30,00%	-	10	10	-	US\$	Promissory note	Working capital
RACSA																
External debt:																
BICSA	30-Mar-11	30-Sep-14	3	-	3	Half-yearly	4.00%	Var.	-	-	2	2	2	US\$	Promissory note	Working capital
BICSA Full Móvil	25-Apr-14	26-Sep-14	2 months	-	2 months	Bimonthly	4.00%	Fixed	-	-	1	1	-	US\$	Promissory note	Full Móvil Project Financing and Working Capital
BICSA Operac. N° 41260	25-Apr-14	26-Sep-14	5 months	-	5 months	End of term	3.50%	Fixed	-	-	2	2	-	US\$	Promissory note	Working capital
CABLE VISION																
Internal debt:																
Operation 450016955	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object Cart	Vehicle Leasing
Operation 450016956	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object Cart	Vehicle Leasing
Operation 450016957	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object Cart	Vehicle Leasing
Operation 450016958	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object Cart	Vehicle Leasing
Operation 10074	8-Dec-09	8-Nov-14	5	-	-	Monthly	Libor	Var.	-	-	15	10	9	US\$	Object Cart	Vehicle Leasing
Operation 10541	7-May-10	6-May-15	5	-	-	Monthly	6.25% sobre Prime	Var.	-	-	11	9	8	US\$	Object Cart	Vehicle Leasing

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The general characteristics of the short-term notes payable, classified into external debt for the 2014 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, 2013	Amount disbursed (2014)	Amortization 2014	Estimated quantification - Exchange difference	As of June 30, 2014	Financing
ICE Electricity												
External debt												
Citibank	U.S. dollars	1M LIBOR + 2.10% margin = 2.2674%	Variable	30-Dec-13	13-Feb-14	45 days	7,035	-	7,035	-	-	Working capital
Citibank	U.S. dollars	2M LIBOR + 1.30% margin = 2.2%	Variable	9-Jun-14	8-Aug-14	60 days	-	9,044	-	744	9,788	Working capital
Bladex	U.S. dollars	1,1185% fixed	Variable	27-Dec-13	10-Feb-14	45 days	11,556	-	11,557	3,179	3,179	Working capital
Bladex	U.S. dollars	1,1675% fixed	Variable	30-Dec-13	13-Feb-14	45 days	38,690	-	-	-	38,690	Construction Financing for Hydroelectric Project Reventazón
Global Bank	U.S. dollars	1,75% fixed	Fixed	30-Dec-13	13-Feb-14	45 days	5,025	-	5,025	-	-	Working capital
Global Bank	U.S. dollars	2,25% fixed	Fixed	12-Jun-14	11-Aug-14	60 days	-	10,049	-	826	10,875	Working capital
Mercantil Commercebank	U.S. dollars	1,14% fixed	Fixed	27-Dec-13	10-Feb-14	45 days	2,512	-	2,512	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1,14% fixed	Fixed	30-Dec-13	13-Feb-14	46 days	10,049	-	10,049	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1,30% fixed	Fixed	11-Feb-14	10-Jun-14	119 days	-	2,512	2,512	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1,14% fixed	Fixed	13-Feb-14	13-Jun-14	119 days	-	10,049	10,049	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1,30% fixed	Fixed	31-Jun-14	30-May-14	119 days	-	2,512	2,512	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1,35% fixed	Fixed	9-Jun-14	8-Aug-14	60 days	-	2,512	-	372	2,884	Working capital
Mercantil Commercebank	U.S. dollars	1,35% fixed	Fixed	12-Jun-14	11-Aug-14	60 days	-	2,010	-	-	2,010	Working capital
Internal debt												
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	30-Dec-13	13-Jun-14	90 days	2,513	-	2,513	-	-	Working capital
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	27-Dec-13	10-Jun-14	90 days	15,577	-	15,577	-	-	Working capital
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	28-Feb-14	30-May-14	119 days	-	16,582	16,582	-	-	Working capital
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	13-Mar-14	14-Jun-14	117 days	-	12,059	12,059	-	-	Working capital
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	9-Jun-14	8-Aug-14	60 days	-	15,577	-	1,280	16,857	Working capital
Total ICE							92,957	82,907	97,981	6,400	84,283	

As of June 30, 2014, relevant disbursements correspond to:

:

- (1) **CABEI 2076:** In February, March, May, and June 2014, disbursements were made for US\$4,4, US\$3,8, US\$3,4 and US\$3,3 million equivalent to ¢2,227, ¢1,934, ¢1,724 and ¢1,686 respectively. Financing is at annual interest rate of 6.4%, for a 16-year term, corresponding to the expansion of the Cachí Hydroelectric Power Project.
- (2) **IDB 1908:** The disbursement for capitalizable interest, for the sum of US\$1 million (equivalent to ¢505) takes place in May 2014. In June, 2014, there is a disbursement for US\$10 million, equivalent to ¢5,025, at a variable rate and 25-year term.

Credit Lines

The main movements in credit lines as of June 30, 2014 which were used for working capital, are described as follows:

- (3) **Scotiabank Costa Rica:** In January 2014, disbursements were made for US\$31 million, equivalent to ¢16,857, at an annual rate of 2.25% and a term of 60 days.
- (4) **Citibank:** In January 2014, a disbursement for US\$18 million, equivalent to ¢9,788, at an annual Libor rate of 2 m + 1.30% and a 90-day term. .
- (5) **Global Bank Corporation:** In June 2014, a disbursement was made for the sum of US\$20 million, equivalent to ¢10,875, at an annual rate of 2.25% and for a 60-day term.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- (6) **Mercantil Commercebank:** In June 2014, disbursements were made for US\$4 and US\$5 million equivalent to ₡4,894, at a rate of 1.35% and a 60-day term.

CNFL Subsidiary:

- (7) **National Bank for Economic and Social Development of Brazil - BNDES:** In March 2013, CNFL executed a loan with BNDES in the amount of US\$44 million to finance the construction of the Balsa Inferior Hydroelectric Power Project. The loan is for a term of 12 years with a 24-month grace period included in the total term and bears interest at the fixed rate of 4.07%.

Disbursements made in 2014 amount to approximately ₡4.956.

- (8) **Banco Nacional de Costa Rica - Valle Central Wind Power Plant:** In September 2013, CNFL executed a loan with BNCR in the amount of US\$35 million to complete the construction of the Balsa Inferior Hydroelectric Power Project, purchase CABEI's ownership interest in the Valle Central Wind Power Plant, and the early repayment of the debt with CABEI. The loan is for a term of 30 years with a 6-month grace period. The loan bears interest at the LIBOR rate + 5.75%, adjustable monthly, with a floor of 6.40%.

Disbursements made in 2014 amount to approximately ₡7.018.

- (9) **Banco Nacional de Costa Rica – Commercial Loan Agreement:** In September 2013, CNFL executed a loan with BNCR in the amount of US\$6 million to finance the refitting of the distribution network related to the future Coronado substation. The loan is for a term of 20 years with a 24-month grace period. The loan bears interest at the LIBOR rate + 5.25%, adjustable monthly, with a floor of 6.00% per annum.

Disbursements made in 2014 amount to approximately ₡1.332.

- (10) **Banco Nacional de Costa Rica – Ventanas Plant:** In October 2013, a loan with BNCR was recorded in the amount of \$8.6 million to finance the reconstruction of Ventanas Plant. This loan has a 20-year term, including a 24-month period of grace, during which, the interest on the capital issued will be recognized. As of month 25, monthly variable consecutive payments will be made. The interest rate is equal to a six-month LIBOR rate plus 5.25% and under no circumstances it will be lower than 6%. It has a formality and execution fee of 0.50%. If the loan is paid before the 5-year term, a fee of 3% on the amount paid will be charged. After these five years, the fee will be 1.75%.

Disbursements made in 2014 amount to approximately ₡447.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

- (11) **Global Bank Corporation:** In December 2013, CNFL formalizes a revolving line of credit with Global Bank Corporation for the sum of US\$10 million to finance its working capital and treasury needs. It has one-year term. Interest rate is equal to Libor rate at six months plus 3.25% per annum. Late interest shall be recognized at a rate of 30% above the current interest rate.

The disbursements made during 2014 have been for an approximate sum of ¢5,494.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 23. Accounts Payable

Accounts payable are as follows:

	As of June 30, 2014	As of December 31, 2013
<u>ICE:</u>		
Materials suppliers	¢ 102,279	106,853
Other creditors	22,417	26,450
Taxes	13,474	13,982
Service providers	13,077	6,612
Payroll and employee withholdings	7,368	6,290
Subsidiaries	129	129
Subtotal ICE	158,744	160,316
<u>CNFL:</u>		
Purchase of energy	1,428	-
Taxes	1,905	1,643
Employee withholdings	1,333	1,292
Other creditors	3,883	1,408
Accrued non-financial expenses	1,190	1,023
Subtotal CNFL	9,740	5,366
<u>RACSA:</u>		
Foreign lines	319	176
Other creditors	109	255
Suppliers and local institutions	2,569	1,902
Subtotal RACSA	2,997	2,333
<u>CABLE VISIÓN:</u>		
Materials suppliers	112	24
Other creditors	309	967
Taxes	79	46
Service providers	347	223
Payroll and employee withholdings	41	28
Employee withholdings	5	1
Subtotal CABLE VISION	893	1,289
Total ICE Group	172,374	169,304
Less reclassification long-term portion	(33,853)	(27,168)
Total ICE Group - Short term	¢ 138,521	142,136

As of June 30, purchase orders reclassified to long-term accounts are as follows:

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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Purchase order No.	Supplier	As of June 30, 2014
<u>Electricity</u>		
362644	Andritz Hydro S.R.L. Unipersonale	11,510
362646	Andritz Hydro GMBH	12,687
363890	Sumec Complete Equipment and Engineering Co. LTD	1,489
368089	Andritz Hydro GMBH	422
368085	Andritz Hydro S.R.L. Unipersonale	457
371111	Consortio Huawei Technologies Co. Ltd.	2,509
372124	Sumec Complete Equipment and Engineering Co. LTD	2,892
	Other Prestamo Mogote	1,887
Total ICE Group		€ 33,853

Purchase order No.	Supplier	As of December 31, 2013
<u>Electricity</u>		
362644	Andritz Hydro S.R.L. Unipersonale	11,213
362646	Andritz Hydro GMBH	€ 12,359
363890	Sumec Complete Equipment and Engineering Co. LTD	543
368089	Andritz Hydro GMBH	411
368085	Andritz Hydro S.R.L. Unipersonale	446
371111	Consortio Huawei Technologies Co. Ltd.	265
	Other Préstamo Mogote	1,931
Total ICE Group		€ 27,168

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 24. Accrued Expenses for Employer Obligations

Accrued expenses for employer obligations are as follows:

	As of June 30, 2014	As of December 31, 2013
<u>ICE:</u>		
Back-to-school bonus	¢ 8,163	16,130
Vacation	8,064	11,475
Statutory Christmas bonus	13,655	1,652
Subtotal ICE	29,882	29,257
<u>CNFL:</u>		
Back-to-school bonus	2,555	4,633
Vacation	3,111	3,177
Statutory Christmas bonus	2,046	344
Third biweekly salary payment	-	-
Subtotal CNFL	7,712	7,745
<u>RACSA:</u>		
Statutory Christmas bonus	323	43
Vacation	420	662
Subtotal RACSA	743	467
<u>CABLE VISION:</u>		
Statutory Christmas bonus	39	4
Vacation	18	2
Subtotal CABLE VISION	57	6
Total ICE Group	¢ 38,394	37,475

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement of accrued expenses for employer obligations is as follows:

Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
June, 2014					
Opening balance	¢ 1,780	21,034	14,661	-	37,475
Expensed - investments	4,947	1,751	5,903	4,567	17,168
Expensed - operations	10,095	9,204	9,287	-	28,586
Used	(759)	(21,271)	(18,238)	(4,567)	(44,835)
Total ICE Group	¢ 16,063	10,718	11,613	-	38,394
December, 2013					
Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
Opening balance	¢ 1,927	20,158	18,015	-	40,100
Expensed - investments	8,851	3,567	7,478	7,880	27,776
Expensed - operations	17,896	18,433	16,506	-	52,835
Used	(26,894)	(21,124)	(27,338)	(7,880)	(83,236)
Total ICE Group	¢ 1,780	21,034	14,661	-	37,475

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 25. Legal Provisions

Legal provisions are as follows:

	As of June 30, 2014	As of December 31, 2013
<u>ICE:</u>		
Severance benefits	¢ 12,574	12,713
Occupational hazards	6,462	5,756
Provision for contingent liabilities	4,514	5,038
Subtotal ICE	23,550	23,507
<u>CNFL:</u>		
Severance benefits - short-term	1,000	1,000
Severance benefits - long-term	17,605	17,818
Employee Protection Law	0	197
Cash shortages and cash accounts	6	6
Subtotal CNFL	18,709	19,317
<u>RACSA:</u>		
Other provisions	101	101
Subtotal RACSA	101	101
<u>CABLE VISION:</u>		
Severance benefits	26	6
Provision for contingent liabilities	-	100
Subtotal CABLEVISION	26	106
Total ICE Group	¢ 42,386	43,031

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement is as follows:

Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	Employee Protection Law	Cash shortages and cash accounts	Other Provisions	Total
June, 2014							
Opening balance	¢ 31,537	5,756	5,434	197	6	101	43,031
Expensed - investments	5,561	2,339	1,107	568	7	-	9,582
Expensed - operations	8,538	-	-	-	-	-	8,538
Used	(14,431)	(1,633)	(1,929)	(765)	(7)	-	(18,765)
Total ICE Group	¢ 31,205	6,462	4,612	-	6	101	42,386
Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	Employee Protection Law	Cash shortages and cash accounts	Other Provisions	Total
December, 2013							
Opening balance	¢ 30,149	5,841	6,645	184	7	-	42,826
Encrypts the time of acquisition - CABLE VISION	56	-	85	-	-	-	141
Expensed - investments	9,076	4,314	2,516	1,910	13	-	17,829
Expensed - operations	15,094	-	-	-	-	101	15,195
Used	(22,838)	(4,399)	(3,812)	(1,897)	(14)	-	(32,960)
Total ICE Group	¢ 31,537	5,756	5,434	197	6	101	43,031

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 26. Memoranda Accounts

	As of June 30, 2014	As of December 31, 2013
ICE:		
Guarantees received:		
Performance bonds (1)	¢ 281,203	259,104
Collection agents (2)	3,178	3,181
Bid bonds (3)	1,051	4,882
Tenders	8	8
Subtotal	285,440	267,175
Other guarantees received:		
Sundry services	791	773
Subtotal	791	773
Guarantees issued to third parties:		
Surety	719	815
Subtotal	719	815
Memoranda accounts creditors - others		
Performance bonds	1,103	-
Subtotal	1,103	-
Subtotal ICE	¢ 288,053	268,763
CNFL:		
Contingent assets:		
Savings and loan fund	¢ 28,021	32,422
CNFL Employees Association (ASEFYL)	13,279	12,502
Performance bonds - procurement	10,935	10,592
Materials in transit	861	694
Bid bonds	365	350
Collection of electricity services	1,035	868
Materials loan	594	592
Employee guarantees	187	227
Rental of posts	124	117
Performance bonds - labor	82	83
Guaranty deposits (electricity consumption)	121	123
ICE easement - Cote Plant	7	7
Parque Eólico Valle Central	79	-
Subtotal CNFL	55,690	58,577
Contingent liabilities:		
Payment arrangements - financing of appliances	35	22
Subtotal	35	22
Subtotal CNFL	55,725	58,599
RACSA:		
Guaranty deposits	403	393
Subtotal RACSA	403	393
Total ICE Group	¢ 344,181	327,755

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(1) *Performance bonds - received*

Performance bonds correspond to bonds issued to guarantee that the goods and services offered by a supplier will be delivered or rendered to ICE in accordance with the agreed terms and that, in the event of noncompliance, ICE will be compensated. The main bonds are as follows:

- *ICE-CNFL surety*

On May 4, 2006, ICE and KfW subscribed a security agreement whereby ICE acts as joint surety for the obligations contracted by CNFL as debtor under the aforementioned loan agreement.

On September 25, 2008, CNFL and KfW entered into a supplemental loan agreement in the amount of US\$9.5 (in millions) to finance unforeseen expenses. The surety required for this loan agreement was posted by ICE, increasing the total amount of the surety to US\$36 (in millions) (approximately ₡18,940). This surety is for a maximum term of 3 years.

- *ICE-JASEC surety*

ICE and JASEC subscribed a business partnership agreement for the construction of the Toro 3 Hydroelectric Power Project. For such purposes, in a meeting held on April 26, 2010, the Board of Directors of ICE authorized the provision of a joint and several surety bond to JASEC for a maximum amount of US\$30 million, plus interest derived from the investment's principal until maturity.

JASEC and BCR are designing and structuring financing to obtain resources through a private issue of securities. Guarantees for that issue include a joint and several surety bond issued by ICE. On February 22, 2012, the Board of Directors of ICE unanimously authorized the provision of the joint and several surety bond to the Toro 3 Hydroelectric Power Project Trust for a maximum amount of US\$180 (in millions), plus finance charges derived therefrom until settlement (maximum term of 3 years).

On October 28, 2013, the principal and interest related to the loan granted for the Toro 3 trust were paid-off, releasing ICE's surety related thereto.

(2) *Collection agents*

“Collection agents” corresponds to guarantees that ICE received from external collection agents to ensure the recovery of public funds held in the custody of those agents for a specified period.

(3) *Bid bonds - received*

Bid bonds correspond to bonds that guarantee the good faith participation of bidders of goods and services in ICE's tender processes and, if awarded the contract, that the bidders will comply with the procedures established in the corresponding award.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 27. Income from Services

Income from services is detailed as follows:

	For the peiod ended on june 30	
	2014	2013
<u>ICE:</u>		
Telecommunication Services	¢ 266,443	247,729
Electricity Services	232,144	245,127
Institutional Services	150	1,022
Subtotal ICE	498,737	493,878
<u>CNFL:</u>		
Electricity Services	155,694	162,956
Subtotal CNFL	155,694	162,956
<u>RACSA:</u>		
Telecommunication Services	13,155	11,951
Subtotal RACSA	13,155	11,951
<u>Cable Visión</u>		
Telecommunication Services	2,268	-
Institutional Services	6	-
Subtotal Cable Visión	2,274	-
Total Group ICE	¢ 669,860	668,785

Regulation of Electricity Services

Law No. 7593 “Law on the Costa Rican Public Service Regulatory Authority (ARESEP)” of August 9, 1996 establishes that “the Regulatory Authority will set prices and rates, and enforce compliance with standards of quality, quantity, reliability, continuity, timeliness, and optimum rendering of public services”, specifically with respect to the generation, transmission, distribution, and sale of electric power.

2013 Rate adjustments

On December 21, 2012 and through Decision No. 1031-RCR-2012 published in Official Gazette No. 248, Alcance No. 211, dated December 24, 2012 (corrected and clarified through Decision No. 1031- RCR-2012 of January 10, 2012), the Regulatory Committee of ARESEP published the factors related to the cost of fuels in accordance with the Variable Fuel Cost

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(CVC) Methodology and the rate schedules to be applied in the four quarters of 2013, in effect as of January 1, 2013.

As a result, since January 1, 2013, ICE has systematically recovered the cost incurred in fuel purchases to generate power in thermal power plants through the approved quarterly rates.

Telecom Service Regulation

Article 50, “Prices and rates”, of Law No. 8642 “General Telecommunications Law” dated May 14, 2008 states that “rates for public telecom services shall initially be set by SUTEL using the price ceiling methodology or any other system that promotes competition and the efficient use of resources, in accordance with the guidelines, procedures, and frequency defined in regulations.”

Through Decision No. RSC-295-2012, SUTEL authorizes operators to modify the modality under which prepaid mobile Internet data transfer services are charged. Also, as published in the Official Bulletin La Gaceta dated April 25, 2013, SUTEL excluded information services (multimedia messaging, text messaging, and video calling) from the current rate schedule, granting operators legal authority to review and adjust the rates applicable to such services.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Note 28. Operation and Maintenance Costs

Operation and maintenance costs include costs related to fuel consumption to generate power by thermal power plants as follows:

Fuel consumption	For the period ended on june 30	
	2014	2013
<u>Thermic plant:</u>		
Garabito	¢ 32,935	52,147
Moín II	10,085	15,018
Moin III	8,623	9,930
Moín I	2,050	2,779
Pujol - Pococi Plant	1,508	1,550
Pujol - Orotina Plant	1,500	2,108
San Antonio	215	373
Barranca	68	175
Colima	-	1,544
Total Group ICE	¢ 56,984	85,624

ARESEP issues resolution RIE-034-2014 of June 27, 2014, through which it approved the recognition through rate adjustments of the exchange rate difference between the estimated versus actual fuel expenses for February, March, and April 2014 for the sum of ¢45.696.

ARESEP accepted ICE's request so that such recognition be made in quarterly installments, as follows: in the third quarter of 2014, the sum of ¢24.890 will be recognized; in the fourth quarter of 2014, the sum of ¢7.916 will be recognized, and the rest will be recognized in equal parts during the quarters of 2015. According to this resolution, ICE registered as part of its assets, under the "prepaid expense" item, this balance pending of collection through rate adjustments.(see note 14)

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Note 29. Operation and Maintenance Costs of Leased Equipment

Operation and maintenance costs of equipment under operating leases are as follows:

	For the period ended on june 30	
	2014	2013
<u>ICE:</u>		
Thermic generation	¢ 49,603	68,957
Hydraulic generation	12,395	8,869
Aeolian generation	4,517	4,549
Substations	3,070	3,189
Transmission lines	1,354	1,412
Access	950	4,261
Civil and electromechanics	885	4,691
Transportation	52	3,281
Platforms	46	2,657
Sub total	72,872	101,866
Elimination of institutional services	926	1,239
Subtotal ICE	¢ 71,946	100,627
Aeolian generation	-	1,770
Subtotal CNFL	-	1,770
Total Group ICE	¢ 71,946	102,397

* Corresponds to the elimination of internal consumption of telephone and electricity services of the different areas of the institution.

In 2014, costs for the operating leases of the plants mentioned above amounts to ¢32,289 (¢45,688 for 2013).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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As indicated in the ICE's Policy Manual, ICE has the policy of recording and classifying the lease agreements for telecommunications equipment, transmission equipment, and energy generation plants as operational leases. A detail of these agreements is shown below:

Generalities of the Agreement					Amount in Millions of US Dollars											
Service Order	Supplier	Date of Agreement	Start date	Approximate end date	Agreed Amount	Total Paid	Service Order Balance as of June 30, 2014	Paid in 2014	Number of payments	Value of the Purchase Option	Expense recorded in 2014	Payment Frequency	Purpose of the agreement			
ICE																
343012	Consorcio Huawei Technologies (1)	10-feb-09	25-feb-10	26-mar-15	233	233	0	0	20	First stage US\$8; second stage US\$4 (in thousands)	23	108	Quarterly	Third-generation wireless system.		
1691	Peñas Blancas Securitization Trust (2)	16-ago-00	31-ene-08	16-jul-15	119	109	10	3	155	Between US\$875 and US\$725 (in thousands)	19	1,741	Monthly	Electricity infrastructure .		
Sin orden	Cariblanco Securitization Trust (2)	03-jul-03	29-feb-08	31-dic-19	304	166	139	10	147	2	8	5,201	Monthly	Lease of Cariblanco Hydroelectric Power Plant		
Sin orden	Garabito Geothermal Power Plant Trust (2)	05-nov-07	01-jul-10	31-mar-22	743	246	497	26	142	5	213	15,944	Monthly	Lease of Garabito Thermal Plant		
333059	Las Pailas Geothermal Power Plant Trust(3)	07-mar-07	28-mar-12	31-dic-23	240	42	198	9	24	8	-	4,095	Semi-annual	Lease of Las Pailas Geothermal Power Plant.		
351643	Junta Administradora de Servicios Electricos Municipal de Cartago JASEC (4)	14-abr-10	04-dic-13	14-abr-22	25	4	21	1	20	Between US\$ 1 637 and US\$ 854 (in thousands)	-	453	Semi-annual	Infrastructure for Tejar Step-Down Substation, easement rights, and expansion tower sites for Río Macho transmission lines		
Sin orden	Toro 3 Trust (2) and (5)	01-jun-13	30-jun-13	30-nov-24	131	10	121	4	137	\$1	-	2,367	Monthly	Lease of Toro 3		
Subtotal- Operating Leases -US dollars					US\$	1,796	809	986	54		€	29,909				
CO																
Generalities of the Agreement					Amount in millions of colones											
ICE																
350702	Cooperativa de Electrificación Rural Guanacaste (6)	16-feb-10	06-abr-10	06-sep-21	€	87,848	25,852	61,996	2,380	138	Variable between \$617 and €473	€3,541 approximately	€	2,380	Monthly	Infrastructure for electricity transmission Liberia, Papagayo - Nuevo Colón.
Subtotal- Operating leases -colones					€	87,848	25,852	61,996	2,380			€	2,380			
Total- Operating leases -ICE Group											€	32,289				

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(1) **Huawei Technologies Consortium:**

This agreement corresponds to the lease of a third-generation wireless system. The first phase of the lease includes installation of a mobile wireless network system called third-generation advanced mobile phone system (3G) with an initial capacity of 950,000 lines for voice and data services. The second phase of the lease consists of adding new sites (installation of antennae for the 3G mobile phone system) and upgrading existing sites so as to complete the coverage of the design proposed in the first phase.

On December 9, 2013, ICE partially exercised the purchase option provided for in the lease agreement subscribed by ICE and the CABEI-Huawei Consortium for the third-generation wireless network called “Advanced Mobile System Project” for a total of US\$52.4 million (equivalent to ¢26,347). The total paid for the project’s first and second phases amounts to US\$30.6 million and US\$21.8 million, respectively (equivalent to ¢15,395 and ¢10,952, respectively). The balance outstanding after exercising the purchase option amounts to US\$8 million (equivalent to approximately ¢4,020).

(2) **Securitization Trusts:**

ICE, BCR, and Banco Nacional de Costa Rica subscribed Securitization Trust agreements whereby ICE acts as the trustor and beneficiary and the corresponding Banks are named as the trustees. The purpose of the agreements is the independent generation and management of the necessary financial resources to build the Peñas Blancas, Cariblanco, and Toro 3 Hydroelectric Power Plants, and the Garabito Thermal Power Project.

The trusts may obtain those resources by acquiring commercial loans and by issuing, placing, and managing securities through securitization. Currently, the trusts are authorized to issue public debt, and as of June 30, 2014 and 2013, the financial statements of these trusts register liabilities for this concept.

The trusts contract ICE to build the aforementioned plants given its experience in the development of this type of projects. In their capacity as the owners, the trusts lease the plants to ICE for terms ranging between 11 and 13 years. At the end of the lease terms, ICE may exercise the purchase option established in each lease agreement.

The main clauses of the trust agreements are summarized below:

- The purpose of the agreements is to create trusts to generate and manage the necessary resources for development of the projects, serve as vehicles to create autonomous equity that will be used in a securitization process, and obtain the necessary resources to finance the project.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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- Trust assets will be comprised of the following:
 - a) The liquid assets generated by the trusts from the issue and placement of debt securities.
 - 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) The agreed-upon income from the lease of power plants.
 - d) Any other income obtained by the trusts in the normal course of business.
- 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 assets, are limited to the execution of those acts that are strictly necessary to fulfill the purpose of the trust.
- The trust's financial policy will be to allocate the resources obtained from the securitization process and temporary investments to construction of the projects, debt servicing, and covering the trust's operating costs. Upon compliance with such obligations, all of the trust assets will become the property of the trustor ipso jure.
- The trustor must appoint a Manager from the Execution Unit, who should be accepted by the trustee, and who shall act as the superior, with the inherent rights and duties.
- The trustor and the trustee agree that ICE will be hired by the Trust to assume the responsibility of the construction of the projects, through an engineering and construction agreement.
- Upon expiration of the trust agreements, all of the trust assets, without exception, delay, or condition, will be automatically transferred ipso jure to the trustor, who will become the legitimate owner.
- The Peñas Blancas trust is for a term of 20 years and the Cariblanco, Garabito, and Toro 3 trusts are for terms of 30 years.

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(3) **Las Pailas Geothermal Power Plant:**

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

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 provision:

- 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 total amount of the lease is US\$240 (in millions), including lease installments 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 agrees that ICE will carry out construction of the entire plant and its interconnection to the National Interconnected System. The total cumulative investment at the end of the construction phase will have been made in U.S. dollars, consisted of the following:
 - a) Actual cumulative direct investments made by CABEI for construction of the plant.
 - b) 0.75% (one time only) of CABEI's direct investment at the time CABEI makes the first disbursement of the direct investment.
 - c) 0.75% of the estimated direct investment that has not yet been used for construction of the plant.
 - d) Return calculated at the 6-month LIBOR rate + 2.25% on the partial cumulative investment made during construction of the plant.
 - e) Administrative expenses derived from creation and operation of the Project Management Unit to be set up by CABEI in accordance with the agreement.
- ICE agrees to lease the plant and act as the "lessee". CABEI will be the "lessor".
- The term of the lease will start 48 months after the beginning of construction of the plant.

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- Should ICE elect not to exercise the purchase option, the parties may agree to extend the lease agreement for up to 6 years, which will require an extension to the agreement. ICE may exercise the purchase option prior to expiration of the agreement for an amount equivalent to CABEI's investment not yet recovered.

(4) Tejar Step-down Substation - JASEC:

In April 2010, ICE and JASEC subscribed a lease agreement with an option to purchase the Tejar Step-down Substation as well as easements 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. This happened starting on June 4, 2012.

(5) Toro 3 Hydroelectric Power Project:

ICE and JASEC subscribed a partnership agreement for the joint development of the Toro 3 Hydroelectric Power Project, whereby BCR acts as the trustee and ICE and JASEC as trustors.

The partnership agreement involved the subscription of a 137-month lease agreement with a purchase option, whereby ICE and JASEC act as lessees and the Toro 3 Hydroelectric Power Project Securitization Trust as the lessor (see note 8).

The business Alliance between ICE and JASEC involves equal participation in respect of rights and obligations and benefits derived from the construction and commercial exploitation of the Toro 3 Hydroelectric Power Project over its useful life. Both entities will participate in the development of the Project, with an ownership interest of fifty percent (50%).

(6) Cooperativa de Electrificación Rural Guanacaste, R.L.:

On February 16, 2010, ICE and Cooperativa de Electrificación Rural de Guanacaste, R.L. (Coopeguanacaste) subscribed a lease agreement with an option to purchase the infrastructure of the power transmission Liberia-Papagayo-Nuevo Colón. ICE acts as lessee and Coopeguanacaste as lessor. The term of the agreement is 137 months and monthly lease payments are as follows:

- Monthly payments in colones that the lessor must make to its creditors (BCR and Banco Popular y de Desarrollo Comunal as a result of the loans granted to Coopeguanacaste), and
- Amounts payable by the lessor for monthly infrastructure maintenance costs.

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Note 30. Supplemental Services and Purchases

Supplemental services and purchases are as follows:

	For the period ended on June 30	
	2014	2013
<u>Telecommunications:</u>		
Telephone participation	¢ 6,336	7,362
National traffic operators	8,064	6,593
Channels rental	536	512
Television	544	479
Integral solutions	185	170
Total Telecommunications	15,665	15,116
<u>Electricity:</u>		
<u>Import:</u>		
Regional Operating Entity (EOR)	11,762	987
Cenergica S.A de c.v.	4,801	793
Poliwatt	4,220	444
Mercado Eléctrico de El Salvador	2,137	915
Edecsa de CV. El Salvador	1,943	-
Origem S.A de C.V	1,769	-
Excelergy S.A de c.v.	1,229	829
Enel Fortuna S.A(Panamá)	-	615
Others	321	145
Subtotal import	28,182	4,728
<u>Cogenerators:</u>		
Planta Eólica Guanacaste, S.A.	6,419	5,926
Unión Fenosa Generadora La Joya	5,992	5,979
Hidroenergía Del General (HDG), S.R.L.	4,673	5,041
Geoenergía de Guanacaste Ltda.	3,981	3,838
Azucares el Viejo S.A	1,873	1,167
Plantas Eólicas, S.A.	2,429	1,954
Molinos de Viento Del Arenal, S.A.	2,297	2,100
Hidroeléctrica Doña Julia	2,760	2,576
Ingenio Taboga, S.A.	1,593	1,405
Hidroeléctrica Platanar, S.A.	1,827	2,051
Hidroeléctrica Zarcas, S.A.	1,418	1,567
Hidroeléctrica Río Lajas, S.A.	1,272	1,491
Proyecto Hidroeléctrico Pedro, S.A.	1,094	1,200
Proyecto Hidroeléctrico Río Volcán, S.A.	1,399	1,333
Aeroenergía S.A	757	627
Inversiones la Manguera S.A	591	597
Hidroeléctrica Venecia S.A	486	434
Empresas Electricas Matamoros S.A	482	539
Hidroeléctrica Caño Grande S.A.	401	385
Others	1,138	1,264
Subtotal cogeneradores	42,882	41,474
<u>Purchases for export:</u>		
Regional Operating Entity (EOR)	4,913	5,197
Total Electricity	75,977	51,399
Total Group ICE	¢ 91,642	66,515

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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. This Law provides for two systems or chapters: Chapter I, “Autonomous or Parallel Generation,” which generates the so called BOO (build, Own, and Operate) agreements, and Chapter II, “Purchase of Power under the Competition System”, which generates the so called BOT (Build, Operate, and Transfer) agreements.

As of June 30, 2014, ICE has subscribed power purchase agreements under Chapter II that correspond to BOT agreements (Built, Operate, and Transfer) with the following independent power producers: Geoenergía de Guanacaste, S.R.L.; Unión Fenosa Generadora La Joya; Hidroenergía del General (HdG), S.R.L.; and Planta Eólica Guanacaste, S.A. As a result, the following projects are in the construction phase: PH Chucás, S.A.; Unión Fenosa Generadora Torito, S.A.; Hidrotárcoles; S.A.; and Inversiones Eólicas de Orosi Dos, S.A; Consorcio Eólico Chiripa (as of June 30, it was in final testing); P.H. Capulín San Pablo. During the life of the agreements, those independent power producers must build, operate, and provide maintenance to the corresponding plants. The power generated will be sold exclusively to ICE. At the end of the term of those agreements, the ownership, management, and operation of the plants will be automatically transferred to ICE, free of any liens and encumbrances. The corresponding cogenerators or ICE may request the early transfer of the power plants.

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

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

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include price adjustment forms for variations due to inflation, and which apply on the operating and maintenance cost component.

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.

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

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

The agreements are in effect for terms that range between 15 and 20 years and expire between March 2016 and October 2033.

For cogenerators who have subscribed agreements under Chapter I of Law No. 7200, 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 and.
- Class 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 cogenerator may supply once its own energy needs are met, up to the maximum power output agreed. The cogenerator commits to operate the plant so that the power output delivered to ICE at the point of measurement does not exceed the power output agreed. ICE will not make any payments for the power delivered by the cogenerator exceeding of the maximum power output agreed. Electricity received in light of these agreements is paid at the rates in effect set by ARESEP upon delivery.

Under Chapter I of Law N° 7200, ICE signed agreements as of the date the law was enacted, in 1990. As of 2009, once the agreements executed in the nineties started to expire (which maximum term was 15 years), ICE proceeded to renewal, for the remaining term of the concessions (which were granted for 20 years.) Currently, agreements are being renewed once the companies obtain new concessions, both for use of water forces, in case of

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hydroelectric projects, and the generation public service granted by ARESEP. Currently, there are 25 agreements in force: 3 wind plants, 2 sugar plantations, and 20 hydroelectric plants.

In addition, as of 2012, once ARESEP published the rates for new plants, and the new regulation for Chapter I of Law No. N° 7200 was published, ICE started the selection process of projects with which new agreements will be signed. In June 2012, Bid No. 01-2012 was published, through which 5 wind projects and 6 hydroelectric projects were selected, out of which only the Tila Wind Project has been signed, which is under construction and is expected to be operating next year. The Campos Azules wind project is in the requisite verification stage, and the agreement is expected to be signed by the third quarter of the year.

In February of this year, Bid No. 02-214 was published, which results appeared in La Gaceta of June 25, but it is not final due to an appeal filed by one of the participants. In this **second**

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Note 31. Administrative Expenses

Administrative expenses are detailed below:

	For the period ended on June 30	
	2014	2013
<u>ICE:</u>		
Remunerations	¢ 17,344	16,650
Use of service centers	2,534	2,535
Services	1,595	1,663
Current transfers	1,216	461
Depreciation of other assets in operation	719	707
Materials and supplies	221	213
Others	1,345	1,210
Subtotal	24,974	23,439
* Elimination of institutional services	186	183
Total ICE	¢ 24,788	23,256
<u>CNFL:</u>		
Remunerations	5,555	5,214
Rental and services	365	421
Transportation	58	22
Materials and supplies	34	117
Others	693	554
Subtotal CNFL	6,705	6,328
<u>RACSA:</u>		
Remunerations	4,770	4,653
Services	3,257	2,671
Depreciation of other assets in operation	418	959
Materials and supplies	83	71
Others	1,576	1,698
Subtotal RACSA	10,104	10,052
<u>Cable Visión</u>		
Administrative expenses	647	-
Subtotal RACSA	647	-
Total Group ICE	¢ 42,244	39,636

* Corresponds to the elimination of internal consumption of telephone and electricity services of the different areas of the institution.

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Note 32. Marketing Expenses

Marketing expenses are detailed as follows:

	For the period ended on June 30	
	2014	2013
<u>ICE:</u>		
Materials and supplies	¢ 27,829	22,657
Remunerations	25,557	24,352
Services	25,531	26,216
Use of service centers	15,800	14,942
Current transfers	5,676	4,881
Depreciation of other assets in operation	2,201	1,895
Others	4,341	4,042
Subtotal ICE	106,935	98,985
* Elimination of institutional services	780	907
Subtotal ICE	106,155	98,078
<u>CNFL:</u>		
Expenses consumers	11,798	10,417
Subtotal CNFL	11,798	10,417
<u>Cable Visión:</u>		
Remunerations	166	-
Services	47	-
Materials and supplies	1	-
Others	10	-
Subtotal Cable Visión	225	-
Total Group ICE	¢ 118,177	108,495

* Corresponds to the elimination of internal consumption of telephone and electricity services of the different areas of the institution.

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Note 33. Pre-Investment Studies

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

	For the period ended on June 30	
	2014	2013
<u>ICE:</u>		
Ayil Hydroelectric Project (2) ¢	2,066	186
Savegre Study (1)	298	1,915
P.H Tejona II	124	-
RC 500 Study	-	116
Pocosol - Arenal Study	-	11
Others	276	222
Total Grupo ICE ¢	2,764	2,450

- (1) An agreement was subscribed with the indigenous communities in respect of the Ayil Hydroelectric Power Project, which will be located in the Cabécar indigenous territory in Bajo Chirrió, Matina, Limón, whereby a term of 3 years (from May 27, 2011 to May 27, 2014) is granted to perform project studies related to pioneer roads that require the construction of several bridges. In 2014, expenses therefor amount to ¢2,066 and ¢186 in 2013.
- (2) In 2014, the SAVEGRE Project incurred expenses for ¢298 (¢1,915 in 2013), for engineering and site feasibility studies and ancillary works related to the headrace tunnel and water intakes

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Note 34. Preliminary Studies

Preliminary studies are as follows:

	For the period ended on June 30	
	2014	2013
<u>ICE:</u>		
Remunerations	¢ 6,208	6,856
Use of service centers	2,805	3,678
Services	323	401
Current transfers	250	132
Depreciation of other assets in operation	218	219
Materials and supplies	158	232
Others	640	647
Subtotal	10,602	12,165
* Elimination of institutional services	48	47
Total Grupo ICE	¢ 10,531	12,074

* Corresponds to the elimination of internal consumption of telephone and electricity services of the different areas of the institution.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Note 35. Other Operating Expenses

Other expenses incurred by ICE to ensure the quality of the construction and operation of works owned by third parties are recognized as “Other operating expenses”. Additionally, this item includes subsequent mitigation and social compensation costs that exceed the amounts established in the Environmental Management Plan and were not included in the “Baseline” planned and controlled by ICE Group. Other operating expenses are as follows:

	For the period ended on June 30	
	2014	2013
<u>ICE:</u>		
Advance mobile services	¢ 256	443
Torito Hydroelectric Project	221	199
Chuscas Hydroelectric Project	176	198
Balsa Inferior Hidroeléctrica Project	37	57
Pirris Hydroelectric Project	84	92
Reventazon Hydroelectric Project	-	172
Interconexión Ingenio El Viejo	59	-
Other	313	54
Total Grupo ICE	¢ 1,146	1,215

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Note 36. Other Interests and Other Expenses

Other interests and other expenses are detailed below:

Other products	For the period ended on June 30	
	2014	2013
ICE:		
Construction services (1)	¢ 212,171	11,816
Interests and other financial products(3)	13,910	10,910
Exchange fluctuations (2)	13,497	38,176
Investments income in other enterprises	628	-
Other products (4)	8,437	5,142
Subtotal ICE	248,643	66,044
CNFL:		
Exchange fluctuations	2,601	734
Financial income	73	153
Other products	1,904	897
Subtotal CNFL	4,578	1,784
RACSA:		
Exchange fluctuations	-	359
Interests and other financial products	87	157
Other products	435	275
Subtotal RACSA	523	791
Cable Visión:		
Exchange fluctuations	76	-
Interests and other financial products	4	-
Subtotal Cable Visión:	80	-
Total Group ICE	¢ 253,824	68,619
For the period ended on June 30		
Other expenses	2014	2013
ICE:		
Contracts of civil and electromechanical works (1) ¢	209,780	11,959
Exchange fluctuations (2)	144,476	5,232
Interests and other financial expenses(5)	40,055	52,715
Other expenses	800	1,169
Subtotal ICE	395,111	71,075
CNFL:		
Exchange fluctuations (2)	8,408	354
Interests and other financial expenses	1,196	755
Other expenses	781	782
Subtotal CNFL	10,385	1,891
RACSA:		
Exchange fluctuations	1,774	-
Interests and other financial expenses	80	610
Other expenses	40	42
Subtotal RACSA	1,894	652
CRICRSA:		
Interests and other financial expenses	251	-
Exchange fluctuations	72	-
Subtotal CRICRSA	323	-
Total Group ICE	¢ 407,713	73,618

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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- (1) This item includes invoices for percentage of completion or completed works related to agreements subscribed for engineering, design, construction, or other specialized services provided to ICE by third parties for projects under construction, such as the Reventazón Hydroelectric Power Project. The costs related to these construction agreements are registered under “Agreements for civil and electromechanical works”.

In January 2014, ICE received from Fideicomiso UNO P.H Reventazón the amount of US\$221 million (equivalent to ¢111,045), and ¢71,917, as payment for the construction services of Reventazón Hydroelectric Power Project.

- (2) Interest includes income on external sector securities.
- (3) As of June 30, 2014, an exchange rate of ¢540.67 (¢500.44 in 2013) for US\$1.00, respectively, was used to value the monetary assets and liabilities denominated in foreign currency.
- (4) In compliance with agreements 4g and 4h of the General Stockholders’ Meeting of Empresa Propietaria de la Red (EPR) 2014, held on June 19, 2014 in the City of Guatemala, a payment is made to ICE corresponding to yields, for the agreed amount of ¢628 million in June 2014.
- (5) It mainly shows expenses corresponding to fees for administration of financial derivatives and the respective interest, plus debt interest.
- (6) In 2014, this item shows income, mainly the collection of compensation for noncompliance with agreements, administrative penalties, etc.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

In addition, Law No. 7722 entitled “Government Institutions Subject to Payment of Income Tax” stipulates that “*excess of income over expenses constitute taxable income and shall be calculated as gross income less costs, productive expenditures, and investment reserves or development funds that are necessary and relevant to production of that income*”.

Given that ICE must reinvest the total net profit it obtains, no surplus is produced, which means that it does not show any taxable income, and, therefore, it has no income tax liability. However, the Costa Rican Tax Authorities normally imposes income tax withholdings that are subsequently applied as a credit to the sales tax liability.

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 exemptions granted through Executive Order No. 449 of April 8, 1949 and any other exemptions granted by the legal system will remain in effect (see note 42).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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 these companies, income tax includes current tax. Income tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using the tax rate in effect at the cut-off date. As of December 31, 2013 and 2012, deferred tax in respect of temporary differences is adjusted in ICE Group's consolidated financial statements due to the alignment of the subsidiaries' accounting policies with those of ICE Group.

General Sales Tax

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

Because it is a value-added tax, ICE pays sales tax on the merchandise and services required to develop its economic activity. Pursuant to article 14 of the General Sales Tax Law, sales tax paid on merchandise and inputs that are used to produce energy and telecom services can be applied as a credit to the sales tax liability for the period.

As of December 31, 2013, two administrative proceedings are open related to assessment notices 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 assessment notices 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 41).

Special para-fiscal 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

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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 tax is defined in an affidavit issued for periods of one calendar year. The affidavit must be filed by March 15 of each year and the tax is paid in four equal installments on the 15th day of March, June, September, and December of each year following the corresponding tax year-end.

The tax rate is set annually by SUTEL no later than November 30 of the corresponding tax year. The percentages established for this tax range between 1.5% and 3%, and the definition of the final rate will be based on SUTEL's estimates of the income and costs of the projects to be executed in the following budget year. In the event that the tax rate is not defined by SUTEL in a timely manner, the applicable rate for the immediately preceding tax period will be used.

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

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

Tax in favor of the Firefighter Department of Costa Rica

Law No. 8228, "Law of the Meritorious Firefighter Department of Costa Rica", dated March 19, 2002 was amended through Law No. 8992, "Law for the Economic Strengthening of the Meritorious Firefighter Department of Costa Rica", published in the Official Gazette on September 22, 2011. The latter Law amends articles 28 and 33 as well as article 40 of Law No. 8228 - "Financing of the Firefighter Department" and creates, as an additional source of revenue for the operations and sustained growth of the Costa Rican Firefighter Department, a tax equivalent to 1.75% (one point seventy-five per cent) of the monthly billings for electricity consumption of subscribers.

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

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included among the internal taxes: Selective Excise Tax (rate according to goods), Tax Law No. 6946 (1%), General Sales Tax (13%), other specific taxes from IDA (Instituto de Desarrollo Agrario), IFAM (Instituto de Fomento y Asesoría Municipal), Depósito Libre de Golfito, among others. Thus, based on the type of merchandise or goods eligible for exemption, ICE has to pay the customs duties obligations for goods imported before customs clearance.

Other Obligations

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

- 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.
-

Note 38. Institutional Financial Risk Management

ICE Group is exposed to the following risks from financial instruments: credit risk (noncompliance by customers or counterparties), liquidity risk (inability to meet obligations due to lack of liquidity), and market risk (currency, interest rate, and commodity risks). All these risks have an impact on the management of ICE Group; however, each risk is handled individually. For example, in the case of ICE, credit risk is regulated through the investment committee and in each segment; liquidity risk is managed by controlling treasury's cash flows; and liquidity risk is hedged with financial derivatives. As a result, risk exposure is controlled through the committees described below:

ICE's Investment Committee is vested with the authority to monitor and control management of the temporary investments of ICE's Electricity and Telecom segments. This is the body to which Financial Management delegates responsibility for defining investment policies and procedures. Therefore, this committee establishes the guidelines (restrictions) in respect of investment decisions, which include investment limits, currency, and risk levels for the portfolio composition.

The Investment Committee approves the Investment Strategy document (which is reviewed on a yearly basis) and the Management Limits document for ICE's investment portfolios (which is reviewed as determined by the Committee). It also has the Financial Investment Policy Manual and the procedure for making international investments, which seeks greater and better diversification of temporary investments.

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The Institutional Risk Committee was created on August 26, 2011 with the support of General Management. The main purpose of such committee is to “enforce compliance at the Institutional level with the regulations in effect and continuously improve risk management.” This committee started operations on October 4, 2011 and ICE’s General Manager was appointed as the President thereof in December 2012. All ICE departments and risk-managing areas are represented in this committee, which currently holds an Institutional-level global risk map.

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”.

Risk management policies and systems are revised annually to ensure that they reflect changes in market conditions and ICE’s activities.

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

Each year, Financial Management develops a financial risk map for ICE together with other ICE departments and management of the subsidiaries and follows-up on action plans. ICE Group’s subsidiaries have designed and implemented a set of risk policies with the purpose of minimizing potential adverse effects on their financial performance.

In addition, the Financial Management has focused its efforts in determining action plans and goals to comply with the financial plan and financial strategy for 2013-2021. For such purpose, its presents quarterly management reports to the top Administration.

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

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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, credit risk involves the failure to apply control policies and measures to manage the level of credit granted to its customers, which may jeopardize income and generate high financial losses as a result of bad debt. Accordingly, RACSA applies customer quality controls through credit protectors and filters the portfolio of customers in arrears, developing customer profiles..

Accounts Receivable

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

- Issuance of invoice and collection process through messengers in the telecommunications sector, with reminders of outstanding payments.
- Immediate suspension of electric and telephone services, after expiration date shown on the invoice, where the average collection period in the Telecommunications Sector is 29 days and 31 days for the Electricity Sector. The terms are established per sector and are included in the Collection Management Policy).
- Online collection process, through contracts with external collectors and banks, or internal collection through ICE cashiers.
- In the event that the balance outstanding is not recovered, the administrative collection process begins 35 days after the services have been suspended. Administrative collection involves locating the customer and informing about the delinquency as well as notifying the credit protector thereof so that the situation is included in the customer's credit history. For such purposes, ICE uses companies dedicated to collection or coordinating payment arrangements with customers to mitigate arrears.
- As a last resort, any residual past due accounts are processed by ICE's Legal Division and collection is pursued by legal action.

ICE's Accounting Policy Manual, under "Policies for Current Assets", section "Allowance for Doubtful Accounts", explains in detail the accounting policy for *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,

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bank letters, purchase and sale of foreign currencies, investments, bond issuance, purchase of raw materials, among others.

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

Currently, there is an agreement from the Board of Directors on the maximum limit of the Institution to operate financial derivatives regarding liabilities.

Impairment Losses

Ageing of trade account receivables is as follows:

		At June 30, 2014	At December 31, 2013
		Balance	Balance
Effective	¢	105,168	91,449
Judicial and administrative collection		41,039	36,590
Total ICE Group	¢	146,207	128,039

Movement in the allowance for accounts receivable is as follows:

		At June 30, 2014	At December 31, 2013
Opening balance	¢	32,917	35,616
Recognized estimation during the period		(3,064)	(12,526)
Using the estimation during the period		2,462	7,998
Settings		-	1,829
Final Balance	¢	32,315	32,917

Liquidity Risk:

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

Regarding liquidity risk, actions have been generated for the Energy and Telecommunications Sectors to provide a higher level of security in the projection of payments of the liabilities contracted, as well as a more rigorous stance on income projection, resulting in the ability to control treasury cash flow. These measures in the projection of liabilities and expenses, as

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well as for the income of both sectors, allow follow up and control of cash flow or liquidity risk, and also a better management of treasury operations, regarding the purchase and sale of currencies and access to short and medium term credit lines, among others.

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

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

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.

Liquidity is guaranteed by optimizing the payment cycle, first using no-cost sources and short-term lines of credit (if necessary). Terms of payment for providers are approximately 30 days from the event generating the payment and submittal of the invoice. Also, in accordance with ICE's policy, payments are made weekly and all payments are made by bank transfer and payment orders are processed through the institutional payment 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.

Lines of credit are approved as follows: amounts greater than US\$20 million are approved by the Board of Directors and amounts equal to or of less than US\$20 million are approved by the Corporate Procurement Board. Shortfalls are determined based on the schedule of cash inflows and outflows along with the required terms so as to obtain quotes and borrow funds from the lowest cost bank. Line of credit transactions are documented with a promissory note. The purpose of using lines of credit is covering mismatches between the date of receipt of income and the date of payment of obligations and other liabilities, typical of cash flow management.

Market Risk:

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.

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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, 9 derivative financial instruments have been acquired: 4 to cover interest rate risk (interest rate swaps), 1 to cover Japanese yen exchange rate to the US dollar, called Cross Currency Swap, and 4 Non Delivery Currency Swap to cover part of the colón/dollar exposure.

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

Detail	PR002 Tranche B	PPF017 Tranche B-1	PR003 Tranche A	PR005 HSBC	PR004 Yens	PR15 Dollar/colón three year	PR12 Dollar/colón three year	PR13 Dollar/colón seven year	PPF016 Dollar/colón three year
Hedged debt:	BID-1931 B/OC-CR	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project - Extension of capacity of submarine cables	JIBC-CR-P3	Bonds 2043	BID-1908	BID-1908	Bonds 2043
Principal amount	\$120	\$120	\$135	\$6	¥5,852	\$50	\$40	\$40	\$20
Hedged amount	\$120	\$120	\$135	\$6	\$64	€25.000	€20.167	€20.132	€10.005
Exchange rate	N/A	¢532,85	N/A	N/A	\$91	¢500	¢504,17	¢503,30	¢500.259
Hiring date	08/05/2008	28/04/2014	27/01/2009	04/11/2010	18/06/2012	14/11/2013	27/01/2014	29/03/2011	19/07/2013
Hedge starting date of first payment	15/08/2008	15/08/2008	14/01/2010	08/02/2010	22/10/2010	14/05/2014	25/05/2014	02/05/2011	15/11/2013
Hedge expiration date	15/02/2018	15/02/2018	14/07/2023	08/11/2015	20/04/2026	14/04/2016	25/11/2016	02/11/2017	16/05/2016
Term	10 years	4 years	15 years	5 years	14 years	3 years	3 years	7 years	3 year
Base rate	Libor 6 months	Libor 6 months	Libor 6 months	Libor 3 months	2.2%	6.38%	Libor 6 months	Libor 6 months	Libor 6 months
Spread over/under base rate	3.00%	5.75%	-	4.95%	5.11%	13.89%	9.08%	2.95 pb	-
Fixed rate	-	-	3.23%	0.95%	-	-	-	Base Rate	8.11%
Total Fixed rate	4.37%	5.75%	3.23%	5.90%	5.11%	13.89%	9.08%	Base Rate +2,95 pb	8.11%
Strategy	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge
Hedged risk	Interest rate	Interest rate	Interest rate	Interest rate	Exchange rate Yen/dollar	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón
Hedge Type	Cash flow hedge	Cash flow hedge	Cash flow hedge	Cash flow hedge	Fair value hedge accounting	Fair value hedge accounting	Fair value hedge accounting	Fair Value Hedge Accounting	Fair Value Hedge Accounting
Hired instrument	Interest rate swap	Interest rate swap	Interest rate swap	Interest rate swap	Cross currency swap	Non deliverable currency swap	Non deliverable currency swap	Non deliverable currency swap	Non-Delivery Currency Swap

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In the case of cash flow hedges, expected cash flows for the primary instrument and hedging derivative are presented below.

Millions of colones	Expected cash flows derived	less than 12 months	over 12 months
Forward starting swap	¢ 4,932	1,947	2,985
Plain vanilla swap	4,974	2,347	2,626
Swap	18	10	8

Millions of colones	Expected cash flows from liabilities	less than 12 months	over 12 months
BID-1931A/OC-CR	¢ 60,005	6,667	53,338
BID-1931B/OC-CR	56,145	14,036	42,109
Banistmo S.A.	3,015	2,010	1,005

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 the second quarter of 2014, there has been no change in the way ICE Group's capital is managed. ICE Group is not subject to external capital requirements.

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

Index Debt - Capital	Up to June 30, 2014	Up to December 31, 2013
Group ICE		
Total liabilities	¢ 2,512,858	2,424,549
(-) Cash and equivalent to cash	(81,958)	(86,278)
Debt, net	2,430,900	2,338,271
Total patrimony	2,810,315	2,935,956
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(6,423)	(10,944)
Capital adjusted	2,816,738	2,946,900
Index debt Group ICE	0.864	0.794

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

Value in books of financial assets	Up to June 30, 2014	Up to December 31, 2013
Group ICE		
Banks	¢ 6,526	10,126
Transitory investments	161,106	133,782
Valuation of investments	(134)	20
Long term investments	50,490	47,727
Funds of restricted use	1,376	5,406
Documents and account payable	182,800	195,332
Total Group ICE	¢ 402,164	392,393

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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 June 30, 2014	Up to December 31, 2013
National	¢ 177,270	188,994
External	5,530	6,337
Total by geographical region	¢ 182,800	195,331

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 June 30, 2014	Up to December 31, 2013
Private people	¢ 72,669	98,896
Toro III	-	179
Clients high, medium and low tension	25,139	19,901
Telephonic administrators	2,354	2,108
Distributing companies	10,286	8,448
Government	13,644	10,999
Selling of devices (terminals)	453	269
Operators and suppliers of services	5,066	5,790
Public lighting system	798	904
Others	52,391	47,837
Total by type of client	¢ 182,800	195,331

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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The risk ratings for ICE Group reported as of June 30, 2014 are shown as follows:

Issuing	ISIN	Instrument	Risk Rating
ICE			
Bank BAC San José, S.A.	00BSJ00C80U2	Term Certificate of Deposit (global note)	F1+ (cri)
Bank BAC San José, S.A.	CRBSJ00B1640	Bonds BSJ	AAA (cri)
Bank BAC San José, S.A.	00BSJ00C76V8	Term Certificate of Deposit (global note)	F1+ (cri)
Bank BANSOL Bank of Solutions	00BASOLC15V1	Term Certificate of Deposit (global note)	SCR2
Bank BANSOL Bank of Solutions	00BASOLC67V2	Term Certificate of Deposit (global note)	SCR2
Bank BANSOL Bank of Solutions	00BASOLC91V2	Term Certificate of Deposit (global note)	SCR2
Bank BCT	00BCT00C54J3	Term Certificate of Deposit (global note)	SCR2+
Bank BCT	CRBCT00B0143	Bonds BCT	SCR AAA
Bank BCT	00BCT00C56J8	Term Certificate of Deposit (global note)	SCR2+
Bank Cathay	00CATAYC5434	Term Certificate of Deposit (global note)	SCR2
Bank Cathay	00CATAYC5442	Term Certificate of Deposit (global note)	SCR2
Bank Cathay	CRCATAYC0026	(Private) commercial paper	SCR2-
Central Bank of Costa Rica	CRBCCR0B3371	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B3553	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B3827	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B4064	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B4080	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B4353	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B4361	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0C4162	Bono monetary stabilization 0 coupon	BB
Central Bank of Costa Rica	CRBCCR0C4170	Bono monetary stabilization 0 coupon	BB
Central Bank of Costa Rica	CRBCCR0C4196	Bono monetary stabilization 0 coupon	BB
Central Bank of Costa Rica	0NR0ICE00450	Deposit over night (electronic shop)	BB
Central American Bank for Economic Integration	CRBCIE0C0215	(Private) commercial paper	F1+ (cri)
Bank Citibank (CMB Costa Rica)	00CITIBC40C1	Term Certificate of Deposit (global note)	F1+ (cri)
Bank Citibank (CMB Costa Rica)	00CITIBC41C9	Term Certificate of Deposit (global note)	F1+ (cri)
Bank Citibank (CMB Costa Rica)	00CITIBC86C4	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C15J0	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C17I8	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C26J7	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C73J9	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	0NR0ICE00416	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	CRBCAC0B1181	Bonds BCAC	AA+(cri)
Farm Credit Bank of Cartago	CRBCAC0C1248	Commercial paper	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C72J1	Repurchase	F1+ (cri)
Bank Davivienda (Costa Rica) S.A.	00BDAVIC0314	Term Certificate of Deposit (global note)	F1+ (cri)
Bank of Costa Rica	00BCR00CIA48	Term Certificate of Deposit (global note)	F1+ (cri)
Bank of Costa Rica	00BCR00CIA89	Term Certificate of Deposit (global note)	F1+ (cri)
Bank of Costa Rica	CRBCR00C3270	Commercial paper	F1+ (cri)
Bank of Costa Rica	CRBCR00C3346	Commercial paper	F1+ (cri)
Bank of Costa Rica	0NR0ICE00445	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00448	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00447	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00449	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00446	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00444	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Mortgage Housing Bank -BANHVI-	CRBANVIB0037	Bonds Banhvi	SCR AA+
Bank Improsa	00BIMPRC7309	Term Certificate of Deposit (global note)	SCR2
Bank Improsa	00BIMPRC7713	Term Certificate of Deposit (global note)	SCR2
International Bank C.R. -Miami-	0NR0ICE00046	Overnight	AA+(cri)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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Issuing	ISIN	Instrument	Risk Rating
International Bank C.R. -Miami-	0NR0ICE00049	Certificate of Time Deposit (electronic shop)	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00051	Overnight	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00052	Overnight CLIPP	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00280	Overnight Cachi	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00358	Overnight BID 2747	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00375	Overnight BCIE 2109 PH Reventazón	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00397	Certificate of Time Deposit (window)	AA+(cri)
International Bank C.R. -Miami-	0NR0ICE00431	Certificate of Time Deposit (electronic shop)	AA+(cri)
Bank Lafise	00BLAFIC46G6	Term Certificate of Deposit (global note)	SCR2
Bank Lafise	00BLAFIC67G2	Term Certificate of Deposit (global note)	SCR2
Bank Lafise	00BLAFIC68G0	Term Certificate of Deposit (global note)	SCR2
Bank Lafise	00BLAFIC75H3	Term Certificate of Deposit (global note)	SCR2
National Bank of Costa Rica	00BNCR0C13P0	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	00BNCR0C20N0	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	00BNCR0C21N8	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	00BNCR0C42O2	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00451	Certificate of Time Deposit (electronic shop)	F1+ (cri)
National Bank of Costa Rica	00BNCR0C33O1	Repurchase	F1+ (cri)
Popular Bank and community development	00BPDC0CQ124	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CQ223	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CR429	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS146	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS153	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS161	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS229	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS534	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS559	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CS708	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CT318	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CU142	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CU191	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	00BPDC0CU514	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and community development	0NR0ICE00393	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Popular Bank and community development	CRBPDC0B6947	Bonds BPDC	F1+ (cri)
Bank promérica	CRBPROMB1144	Bonds BPROM	SCR2+
Bank promérica	CRBPROMB1169	Bonds BPROM	SCR2+
Compañía nacional de fuerza y luz -CNFL-	CRCFLUZB0207	Bonds CNFL	AAA (cri)
Financiamiento	00FDESYC14Q3	Term Certificate of Deposit (global note)	SCR2
Financiamiento	00FDESYC62Q2	Term Certificate of Deposit (global note)	SCR2
Financiamiento	00FDESYC64P0	Term Certificate of Deposit (global note)	SCR2
Financiamiento	00FDESYC76Q2	Term Certificate of Deposit (global note)	SCR2
Florida ICE & farm company S.A.	CRFIFCOB0972	Bonds FIFCO	SCR AAA
Florida ICE & farm company S.A.	CRFIFCOB0998	Bonds FIFCO	SCR AAA
Government	CRG0000B14H6	Property title	BB
Government	CRG0000B54G4	Property title	BB
Government	CRG0000B55G1	Property title	BB
Government	CRG0000B59G3	Property title	BB
Government	CRG0000B60G1	Property title	BB
Government	CRG0000B63G5	Property title	BB
Government	CRG0000B64G3	Property title	BB
Government	CRG0000B72G6	Property title	BB
Government	CRG0000B80G9	Property title	BB
Government	CRG0000B81G7	Property title	BB
Government	CRG0000B89G0	Property title	BB
Government	CRG0000B92G4	Repurchase	BB
Government	CRG0000B97G3	Property title	BB

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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Issuing	ISIN	Instrument	Risk Rating
Government	CRG0000C05H2	Property title macro zero coupon	BB
Government	CRG0000C06H0	Property title macro zero coupon	BB
Government	CRG0000C07H8	Property title macro zero coupon	BB
Government	CRG0000C21H9	Property title macro zero coupon	BB
Government	USP3699PAA59	bond debt	BB
Group housing Alajuela- Mutual Savings and loan	00MADAPCH597	Mortgage participation certificate	SCR2
Group housing Alajuela- Mutual Savings and loan	00MADAPCH969	Mortgage participation certificate	SCR2
Group housing Alajuela- Mutual Savings and loan	00MADAPCI140	Mortgage participation certificate	SCR2
Group housing Alajuela- Mutual Savings and loan	00MADAPCJ361	Mortgage participation certificate	SCR2
Group housing Alajuela- Mutual Savings and loan	00MADAPCJ411	Mortgage participation certificate	SCR2
Group housing Alajuela- Mutual Savings and loan	00MADAPCJ775	Mortgage participation certificate	SCR2
Group housing Alajuela- Mutual Savings and loan	CRMADAPB2277	Bond MADAP	SCR AA +
Group housing Alajuela- Mutual Savings and loan	CRMADAPB2368	Bond MADAP	SCR AA +
Group housing Alajuela- Mutual Savings and loan	00MADAPCK039	Mortgage participation certificate	SCR2
Hong Kong Shanghai Bank Corp. (HSBC)	CRBHSBCB0118	Bond HSBC	F1+ (cri)
La Nación S.A.	CRNACIOB0142	Bond la nación S.A.	SCR AAA
La Nación S.A.	CRNACIOB0167	Repurchase	SCR AAA
Mutual Savings and Loan Cartago	00MUCAPC4662	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC4829	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5057	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5305	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5321	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5347	Mortgage participation certificate	SCR2
Costa Rican Petroleum Refinery	CRRECOPB0012	Bond standardized recope	AAA (cri)
Costa Rican Petroleum Refinery	CRRECOPB0020	Bond standardized recope	AAA (cri)
SAFI BAC San José	SAJCPcFI	BAC San José liquidity C ND	SCR AA+F2
SAFI Bank Costa Rica	BCRLcFI	BCR-not short term colones diversificado-	SCR AA+F2
SAFI Bank Costa Rica	BCRMXcFI	BCR mixed short term colones -not diversificado-	SCR AAF2
SAFI Bank Costa Rica	FI-000000022	BCR dollar liquidity -not diversificado-	SCR AA+F2
SAFI Bank Costa Rica	FI-000000022	BCR F.I dollar liquidity	SCR AA+F2
SAFI Bank Costa Rica	FI-000000066	F.I. Mixed BCR dollars	SCR AAF2
SAFI National Bank Costa Rica	FI-000000002	F.I. BN dinerfondo dollars	F1+ (cri)
SAFI National Bank Costa Rica	BNASUPERcFI	BN Superfund colones	SCR AAF2
SAFI Popular Bank	FI-000000006	People money market colones -not diversificado-	SCR AAF2
SAFI National Insurance Institute	BANCREDLASCcFI	INS liquidity colones -not diversificado-	SCR AAF 2
SAFI National Insurance Institute	BANCREDLASCcFI	INS public liquidity colones -not diversificado-	SCR AAF 2
SAFI Scotiabank	ITFCPPUSFI	F.I public ND \$ scotiabank	SCR AAF3
SAFI Scotiabank	ITFCPPUcFI	Scotiabank public colones- not diversificado-	SCR AAF2
Ministry of hacienda	CRG0000B26H0	Repurchase	BB
Ministry of hacienda	CRG0000B93G2	Repurchase	BB
CNFL			
National Bank Costa Rica		CDP dematerialized	F1+ (cri)
CRICSA			
SAFI National Bank Costa Rica		BN Fund diner background colones undiversified	scrAA+f2

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Estimation of Potential Losses:

According to the methodology used in SUGEVAL, adjustments were made in the evaluation of the potential loss for ICE's investments. A risk rating and write-off percentage are assigned to each investment based on the maturity of the instrument, as follows:

Term	International rating			Weighting
	Moody's	Standard & Poor's	Fitch	
Short term	-	A1+	F1+	0%
	P1	A1+	F1	1%
	P2	A2	F2	2.5%
	P3	A3	F3	5%
	-	B	B	7.5%
	C and other	C and other	C and other	10%
Long term	Aaa	AAA	AAA	0%
	Aa	AA	AAA	1%
	A	A	AAA	2.5%
	Baa	BBB	BBB	5%
	BA	BB	BB	7.5%
	B	B	B	9%
	Caa and other	CCC and other	CCC and other	10%

Term	Local rating	
	rating	Weighting
Short term	1, 2, 3	7.5%
	otros	10%
Long term	AAA-A	7.5%
	BBB-B	9%
	CCC y otros	10%

Class	International rating		Local rating	
	Long term	Short term	Long term	Short term
1	AAA y AA	F1, A-1 Y P-1	-	-
2	A y BBB	F2, A-2 Y P-2	-	-
3	BB	F3 Y P-3	Scr-AAA y AAA (cri)	Scr-1 y F1(cri)
			scr-AA y AA(cri)	scr-2 y F2 (cri)

In the case of Central Bank, 0% write-off is applied; for Government and Finance Ministry investments, 0.5% write-off is applied; for repurchases, the counterparty rating is used; for investments without risk rating, these are classified under others with 10% write-off; for investments in dollars, sovereign rating and write-off are applied according to chart. The final result corresponds to the "potential loss."

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Exposure to Liquidity Risk

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

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	¢ 1,106,990	1,106,990	666.84	37,887.76	483,955	584,480
Documents payable	687,582	687,582	55,393.34	154,883.57	239,900	237,405
Accounts payable	33,853	33,853	16,508.05	13,862.72	3,482	-
Total Long Term Liabilities	1,828,425	1,828,425	72,568	206,635	727,337	821,885
Circulating						
Title deeds payable						
Documents payable	150,174	150,174	150,174	-	-	-
Accounts payable	138,521	138,521	138,521	-	-	-
Total Short Term Liabilities	288,695	288,695	288,695	-	-	-
Total Group ICE	¢ 2,117,120	2,117,120	361,263	206,635	727,337	821,885

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

Millions Dollar	Book Value	Expected Cash Flows	6 months or less	6-12 months	1-2 year	2-5 years	More than 5 years
Cross Currency Swap							
Liabilities	¢ (4,634)	10,465	830	800	1,504	3,671	3,659
Swap							
Liabilities	(18)	18	6	5	6	2	-
Forward Staring Swap							
Liabilities	(4,796)	4,932	962	985	1,629	1,557	(201)
Plain Vanilla Swap							
Liabilities	(4,840)	4,974	1,223	1,125	1,606	1,020	-
Plain Vanilla Swap							
Liabilities	(1,056)	4,606	1,230	1,089	1,433	854	-
Non Delivery Currency Swap 3 year							
Liabilities	1,283	4,011	794	805	1,608	803	-
Non Delivery Currency Swap 7 years							
Liabilities	641	6,572	948	1,056	1,995	2,572	-
Non Delivery Currency Swap 1 years							
Assets	2,015	4,865	983	954	1,946	983	-
Non Delivery Currency Swap 3 years							
Liabilities	685	1,338	392	343	603	-	-

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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The lines of credit with financial institutions used for working capital, acquired during the period ended as of June 30, 2014:

Global Features credit line				Terms of disbursements made					
Financial Institution	Purpose	Currency	Interest Rate	Amount approved line	Disbursement Date	Expiration date	Date cancellation	Renewal Date	Disbursement Amount (in millions of U.S. dollars, as indicated)
Citibank	Working Capital. Opening letters of credit and refinancing	US\$	Libor (1m) + 2.10% = 2.26735%	50	13/12/2013**	30/12/2013	-	30/12/2013	14
		US\$	Libor (2m) + 2.10% = 2.3128%		30/12/2013**	13/02/2014	13/02/2014	-	14
		US\$	Libor (2m) + 1.30% = 1.49075%		09/06/2014	08/08/2014	-	-	18
Scotiabank	Opening letters of credit and refinancing, working capital, issuance of performance bonds	US\$	Libor (1m) + 1.13% = 1.2985%	60	13/12/2013	30/12/2013	-	30/12/2013	5
		US\$	Tasa fija 1.295%		30/12/2013**	13/02/2014	-	13/02/2014	31
		US\$	Tasa fija 1.2973%		27/12/2013**	10/02/2014	-	10/02/2014	5
		US\$	Tasa fija 1.40%		10/02/2014**	10/06/2014	10/06/2014	-	31
		US\$	Tasa fija 1.40%		13/02/2014**	13/06/2014	13/06/2014	-	5
		US\$	Tasa fija 1.40%		14/02/2014**	13/06/2014	13/06/2014	-	24
		US\$	Tasa fija 1.40%		31/01/2014	30/05/2014	30/05/2014	-	33
		US\$	Tasa fija 1.40%		09/06/2014	08/08/2014	-	-	31
BLADEX	Opening letters of credit and refinancing and working capital	US\$	Libor (1m) + 0.95% = 1.1185%	100	08/11/2013	27/12/2013	-	27/12/2013	13
		US\$	Libor (1m) + 0.95% = 1.1185%		13/11/2013	27/12/2013	-	27/12/2013	10
		US\$	Tasa fija 1.1185%		27/12/2013**	10/02/2014	-	10/02/2014	23
		US\$	Libor (1m) + 1.00% = 1.1670%		25/11/2013	30/12/2013	-	30/12/2013	38
		US\$	Libor (1m) + 1.00% = 1.1675%		06/12/2013	30/12/2013	-	30/12/2013	32
		US\$	Libor (1m) + 1.00% = 1.1675%		13/12/2013	30/12/2013	-	30/12/2013	7
		US\$	Tasa fija 1.1675%		30/12/2013**	13/02/2014	-	13/02/2014	77
		US\$	Tasa fija 1.41823%		10/02/2014**	10/06/2014	10/06/2014	-	23
		US\$	Tasa fija 1.41823%		13/02/2014**	13/06/2014	-	13/06/2014	77
		US\$	Tasa fija 1.67980%		13/06/2014**	11/09/2014	-	-	77
Global bank	Capital de trabajo	US\$	Tasa fija 1.25%	20	13/12/2013	30/12/2013	-	30/12/2013	10
		US\$	Tasa fija 1.75%		30/12/2013**	13/02/2014	13/02/2014	-	10
		US\$	Tasa fija 2.25%		12/06/2014	11/08/2014	-	-	20
Mercantil Commerce Bank	Working capital, openness and credit card financing	US\$	Tasa fija 1.10%	30	08/11/2013	27/12/2013	-	27/12/2013	5
		US\$	Tasa fija 1.14%		27/12/2013**	10/02/2014	10/02/2014	-	5
		US\$	Tasa fija 1.125%		09/12/2013	30/12/2013	-	30/12/2013	20
		US\$	Tasa fija 1.14%		30/12/2013**	13/02/2014	13/02/2014	-	20
		US\$	Tasa fija 1.30%		11/02/2014**	10/06/2014	10/06/2014	-	5
		US\$	Tasa fija 1.14%		14/02/2014**	13/06/2014	13/06/2014	-	20
		US\$	Tasa fija 1.30%		31/01/2014	30/05/2014	30/05/2014	-	5
		US\$	Tasa fija 1.35%		09/06/2014	08/08/2014	-	-	5
US\$	Tasa fija 1.35%	12/06/2014	11/08/2014	-	-	4			

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Market Risk

Exposure to Currency Risk

As of June 30, 2014, ICE Group's exposure to foreign currency risk is the following:

Assets	US\$		Yenes		EUROS	
	June 2014	December 2013	June 2014	December 2013	June 2014	December 2013
ICE						
Material in transit for investment	66	96	6	7	54	83
Long Term Investments	2	3	-	-	-	-
Receivables	36	37	26	3	1	1
Banks and temporary investments	77	108	-	-	-	-
Restricted funds	2	2	-	-	-	-
Accounts receivable for services	12	13	-	-	-	-
Accounts receivable no trade	4	2	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	45	32	0	-	0	-
Valuation of derivative financial instruments	2	0	-	-	-	-
Total foreign currency ICE's assets	247	294	32	10	55	84
CNFL						
Banks and temporary investments	29	33	-	-	-	-
Accounts and notes receivable	30	3	-	-	-	-
Environmental commitments Guarantees	0	0	-	-	-	-
Total foreign currency CNFL's assets	59	36	-	-	-	-
RACSA						
Banks and temporary investments	1	1	-	-	-	-
Accounts Receivable	1	2	-	-	-	-
Total foreign currency RACSA's assets	2	2	-	-	-	-
Cable Visión						
Banks and temporary investments	201	992	-	-	-	-
Total foreign currency assets CABLE VISIÓN	201	992	-	-	-	-
Total foreign currency ICE Group's assets	509	1,325	32	10	55	84
Liabilities						
ICE						
Securities payable	1,617	1,734	-	-	-	-
Notes payable long term and short term	1,146	885	5,982	12,824	-	-
Obligations against loans	-	2	-	-	-	-
Deposits received as collateral	1	1	-	-	-	-
Accounts payable	127	127	26	5	60	60
Financial accrued expenses	31	47	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits by individuals	2	2	-	-	-	-
provisions	2	1	-	-	-	-
Valuation of derivative financial instruments	32	47	-	-	-	-
Total foreign currency ICE' liabilities	2,958	2,846	6,008	12,829	60	60
Excess of liabilities over assets	2,711	2,552	5,976	12,819	5	(24)
CNFL						
Notes payable long term and short term	179	143	-	-	-	-
Financial accrued expenses	1	1	-	-	-	-
Total liabilities by currency	180	144	-	-	-	-
Excess of liabilities over assets	121	108	-	-	-	-
RACSA						
Notes payable long term and short term	41	39	-	-	-	-
Deposits received as collateral	1	1	-	-	-	-
Accounts payable	4	2	-	-	-	-
Financial accrued expenses	-	1	-	-	-	-
Total liabilities by currency	46	43	-	-	-	-
Excess of liabilities over assets	44	41	-	-	-	-
Cable Visión						
Accounts payable	415	1,725	-	-	-	-
Total foreign currency assets Cable Visión	415	1,725	-	-	-	-
Exceso de pasivos sobre activos	214	733	-	-	-	-
Total foreign currency ICE Group's liabilities	3,599	4,758	6,008	12,829	60	60
Excess of liabilities over ICE Group's assets	3,090	3,433	5,976	12,819	5	(24)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Items in U.S. dollars were updated using the sell exchange for the colón with respect to the U.S. dollar established by the Central Bank of Costa Rica for operations with the non-banking public sector, which as of June 30, 2014, was ¢543,76 (¢502,47 as of December 31, 2013).

The main exchange rates used are as follows:

Name of currency	Exchange rate to U.S. \$	
	At 30 June 2014	At 31 December 2013
Corona Sueca	6.14	6.44
Libra Esterlina	1.71	1.66
Franco Suizo	0.89	0.89
Euro	1.37	1.37
Colones	543.76	502.47
Yen Japonés	101.37	105.31

In the case of currency operations, ICE Group adheres to the provisions of Law No. 7558, “Internal Regulations of the Central Bank of Costa Rica”, of November 27, 1995. Article 89 of that law states that “Non-banking public sector institutions shall execute their currency buy and sell transactions through the Central Bank of Costa Rica or State-owned commercial banks (...)”.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Sensitivity Analysis

The table below shows the sensitivity as of June 30, 2014 to an increase or decrease in the foreign exchange rate. ICE Group applies a sensitivity index of 10%, which represents its best estimate of foreign exchange rate variations.

Dollars

Sensitivity to an increase in the exchange rate:

Net dollar position (expressed in colones) at the exchange rates prevailing	¢	1,680,206,848,308.18
Net dollar position	US\$	3,089,978,755.90
10% increase in the exchange rate	US\$	2,809,071,596.27
Loss	¢	<u>(152,746,077,118.93)</u>

Sensitivity to a disminución in the exchange rate:

Net dollar position (expressed in colones) at the exchange rates prevailing	¢	1,680,206,848,308.18
Net dollar position	US\$	3,089,978,755.90
10% decrease in the exchange rate	US\$	2,809,071,596.27
Gain	¢	152,746,077,118.93

Yen

Sensitivity to an increase in the exchange rate:

Net position in yen (expressed in colones) at the exchange rates prevailing	¢	32,055,931,340.63
Net position in yen (expressed in dollars) at the exchange rates prevailing	US\$	58,952,352.77
10% increase in the exchange rate	US\$	53,593,047.97
Loss	¢	<u>(2,914,175,576.42)</u>

Sensitivity to a disminución in the exchange rate:

Net position in yen (expressed in colones) at the exchange rates prevailing	¢	32,055,931,340.63
Net position in yen (expressed in dollars) at the exchange rates prevailing	US\$	58,952,352.77
10% decrease in the exchange rate	US\$	53,593,047.97
Gain	¢	<u>2,914,175,576.42</u>

Euros

Sensitivity to an increase in the exchange rate:

Net position in Euros (expressed in colones) at the exchange rates prevailing	¢	(3,716,055,840.00)
Net position in Euros (expressed in dollars) at the exchange rates prevailing	US\$	(6,834,000.00)
10% increase in the exchange rate	US\$	(7,517,400.00)
Loss	¢	<u>(371,605,584.00)</u>

Sensitivity to a disminución in the exchange rate:

Net euro position (expressed in colones) at the exchange rates prevailing	¢	(3,716,055,840.00)
Net euro position (expressed in dollars) at the exchange rates prevailing	US\$	(6,834,000.00)
10% decrease in the exchange rate	US\$	(7,517,400.00)
Gain	¢	<u>371,605,584.00</u>

This analysis assumes that all other variables, particularly interest rates, remain constant.

(Continues)

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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
Temporary Investments	12
Notes payable	22
Long Term Investments	8
Effects receivable	10

Sensitivity Analysis

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

During the year ended June 30, 2014, it is estimated that an overall increase or decrease of one percentage point in interest rates would have caused the following changes in financial assets and liabilities:

	Effect on income income-expenditure	
	At June 30, 2014	
	Strengthening of 1%	Weakening of 1%
ICE		
Temporary investments	¢ 1,609.55	(1,610)
Long-term financial investments	362	(362)
Short-term financial investments	0	-
Long-term receivables	73	(73)
Short-term receivables	21	(21)
Titles payable long-term value	(10,664)	10,664
Securities payable short term	-	-
Notes payable Long-term	(5,630)	5,630
Notes payable short term	(1,352)	1,352
Net effect ICE	¢ (15,582)	15,582
CNFL		
Temporary investments	1	(1)
Securities payable	(519)	519
Notes payable Long-term	(1,336)	1,336
Net effect CNFL	(1,854)	1,854
RACSA		
Temporary investments	-	-
Notes payable Long-term	(31)	31
Net effect RACSA	(31)	31
Cable Visión		
Notes payable short term	(1)	1
Net effect Cable Visión	(1)	1
Net effect group ICE	(17,467)	17,467

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 39. ICE Group's Operating Segments

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

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

The segments identified by ICE Group are: ICE Telecom, which includes RACSA and CRICRSA and ICE Electricity, which includes the electricity segment and CNFL and its subsidiary EVCSA.

The information for these segments is detailed below:

ICE Energy Segment:

Consolidated Balance Sheet	Up to on June 30 2014	Up to December 31 2013
Properties, machinery and equipment	3,333,355	3,380,157
Investment and long term accounts receivable	29,335	25,095
Circulating assets	312,326	268,668
Other assets	340,203	375,873
Total assets	4,015,219	4,049,794
Long term liabilities	1,707,752	1,582,929
Short term liabilities	387,833	431,281
Other liabilities	136,815	140,393
Total liabilities	2,232,400	2,154,604
Patrimony	1,782,819	1,895,190
Total liabilities and patrimony	4,015,219	4,049,794

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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ICE Energy Segment:

Consolidated statement of income and expend.	For the period ended on June 30	
	2014	2013
Income of operation	¢ 510,003	541,090
Costs and expenses of operation	490,090	491,152
Surplus (Loss) of Operation	19,913	49,938
Other products	230,040	22,701
Other products for exchange fluctuations	12,054	35,410
Financial expenses	36,101	49,265
Other expenses	212,028	14,171
Other expenses for exchange fluctuations	133,314	4,029
Net Surplus (Loss)	¢ (119,436)	40,584

ICE Telecommunications Segment:

Consolidated Balance Sheet	Up to	Up to
	on June 30 2014	December 31 2013
Furniture, machinery and equipment	¢ 939,503	982,744
Investment and long term accounts receivable	103,708	100,110
Circulating assets	322,999	309,926
Other assets	152,551	153,133
Total assets	1,518,761	1,545,914
Long term liabilities	253,525	239,544
Short term liabilities	108,482	135,061
Other liabilities	110,942	111,788
Total liabilities	472,949	486,393
Patrimony	1,045,812	1,059,520
Total Liabilities and Patrimony	¢ 1,518,761	1,545,914

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements
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ICE Telecommunications Segment:

Consolidated statement of income and expenses	For the period ended on June 30	
	2014	2013
Income of operation	¢ 284,156	261,984
Costs and expenses of operation	283,725	275,604
Surplus (Loss) of Operation	431	(13,620)
Other products	10,260	8,813
Other products for exchange fluctuations	4,120	3,859
Financial expenses	6,854	5,557
Other expenses	483	364
Other expenses for exchange fluctuations	21,428	1,623
Net Surplus (Loss)	¢ (13,954)	(8,492)

Eliminations between segments:

Consolidated Balance Sheet	Up to	Up to
	June 30 2014	December 31 2013
Property, machinery and equipment	¢ (11,509)	(15,641)
Investments and long term accounts receivable	(75,282)	(70,368)
Circulating assets	(118,842)	(147,149)
Other assets	(5,176)	(2,042)
Total Assets	(210,809)	(235,200)
Long term liabilities	(70,280)	(74,637)
Short term liabilities	(122,211)	(141,809)
Other liabilities	0	0
Total liabilities	(192,491)	(216,446)
Patrimony	(18,318)	(18,754)
Total liabilities and patrimony	¢ (210,809)	(235,200)

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Eliminations between segments:

Consolidated statement of income and expenditures	For the period ended	
	on June 30	
	2014	2013
Income of operation	(124,300)	(134,289)
Costs and expenditures of operation	(124,189)	(135,234)
Surplus (Loss) of Operation	(111)	945
Other products	(2,651)	(2,153)
Financial expenses	(1,373)	(742)
Other expenses	(1,111)	(584)
Other expenses for exchange fluctuations	(12)	(66)
Surplus before income tax	(266)	184
Minority interest (1.4%)	108	33
Net Surplus (Loss)	(158)	217

Eliminations between segments:

As of June 30, the principal eliminations entries that affect the statement of position of the electricity and telecommunication businesses of ICE are the following:

- Inter-Sector Memorandum of Understanding (OPGW)- Services provided by the electric sector to the telecommunications sector for right of use of fiber optic (OPGW) installed in the transmission lines, post lines, fiber optics network, and electric distribution, affecting the following balance sheet items:
 - Operating assets – cost: ¢14,720
 - Accumulated depreciation of operating assets– cost: ¢2,397
 - Notes receivable, long term: ¢29,064
 - Prepaid expenses: ¢7,440
 - Income received in advance, long term: ¢46,200
 - Income received in advance, short term: ¢2,541
 - Development reserve: ¢104
- Loans provided between Electricity and Telecommunications sector for elimination of accounts receivable and payable (short and long term) ¢1,921, non-trade accounts receivable and accumulated financial expenses for ¢26.

According to the statement of income and expenses, elimination entries that are affected at the level of Electricity and Telecommunications, are the following:

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

- Elimination of operating costs for OPGW ¢736, other interest ¢1,277, and other expenses ¢559.
- Elimination of loans between sectors for ¢102.

At consolidation level, there are eliminations for the following concepts:

- Elimination of the long-term investment from ICE corresponding to the subsidiaries for ¢13,880, and the elimination for purchase made by ICE from bonds placed by CNFL in the market for ¢400.
- Reclassification of dividends in shares, declared by CNFL, from capital stock to restricted earnings for capitalization of shares in subsidiaries, for ¢62,380 and ¢2 of RACSA.
- Elimination of trade account receivable from RACSA and accounts payable to ICE for telephone and infocommunication services in the amount of ¢109.
- Elimination of account receivable from RACSA and accounts payable to ICE for lease of areas in ICE's buildings throughout the entire country, for ¢171.
- Interest receivable from RACSA and accounts payable to ICE related to interest on the financing for the V-SAT platform in the amount of ¢151.
- Long-term loans and mortgages payable to ICE and short term notes receivable from RACSA, in order to eliminate the financing agreement for the V-SAT platform subscribed between ICE and RACSA in the amount of ¢55.
- Elimination of notes receivable for the (CONAVI-BNCR) financing agreement for ¢2,299 long term and current portion of ¢660.
- Long-term loans and mortgages payable (RACSA) and long-term notes receivable from ICE, in order to eliminate the liability restructuring agreement in the amount of ¢15,849.
- Elimination of accounts payable to and receivable from for services, including invoices of Balsa Inferior for ¢11,584.
- Elimination of notes receivable from and payable to ICE-CNFL for a financing agreement secured by ICE in the amount of ¢436.
- Elimination of account payable to and receivable from ICE-CNFL for electricity services, leasing of lamp posts and ducts, and other services in the amount of ¢745.
- Elimination of accounts payable to and receivable from ICE-RACSA for mutual services in the amount of ¢171.
- Elimination of account payable to and receivable from ICE-RACSA for lease of office space to ICE for ¢46.
- Elimination of ICE's power sales to CNFL in the amount of ¢21,902.
- Elimination of agreement with CNFL for the purchase of electricity in November 2013 with a 2-year term, for ¢4,394 long term and current portion ¢7,861.
- Elimination of CNFL's security deposits received by ICE, for ¢8.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- Elimination of Notes receivable and payable between ICE and CNFL for the payments originated from settlement of loan Moín III, in the amounts of ¢469, and the elimination of finance expenses payable and interest receivable from ICE to CNFL, for the settlement of loan Moín III for the sum of ¢8.
- Elimination of Profit from ICE's invoices for the Balsa Inferior Project ¢1,625.
- Elimination of ICE's purchase of bonds placed in the market by CNFL in the amount of ¢400.
- Elimination of Donation of backhaul use (RACSA) for ¢3,063.
- Elimination of transfer in favor of ICE for rights of way of RACSA corresponding to the fourth expansion of the Maya-1 Submarine Cable System, for ¢3,259.
- Elimination of exchange rate difference in capital contribution records from ICE to RACSA for ¢66.
- Elimination of the exchange rate difference in capital contribution records from ICE to Cable Visión for ¢12.
- Reclassification of the investment made by ICE in the construction of Balsa Inferior project, by CNFL, of service agreements on works in progress, for ¢5,976.
- Registration of goodwill at the consolidated level, as intangible asset by ICE, as a result of the excess cost of acquisition on carrying amount of Cable Visión, for ¢3.136.
- Registration of the accumulated amortization of goodwill for the acquisition of Cable Visión for ¢78, for which a 20-year term was determined.
- Elimination of accumulated amortization of the right to use backhaul by RACSA, for ¢839.

The principal elimination entries according to the statement of income and expenses at the consolidated level are the following:

- Elimination by CNFL of ICE's income and expense account for leasing of lamp posts for telephone wiring and ducts in the amount of ¢546.
- Elimination by CNFL of ICE's income and expense accounts for power bills, in the amount of ¢115,949.
- Elimination by ICE of CNFL's income and expense accounts for telephone bills, in the amount of ¢77.
- Elimination by CNFL of ICE's income and expense accounts for provision of power meter services, in the amount of ¢3,401.
- Elimination of income and expense accounts for mutual services - ICE-RACSA, for ¢4.
- Elimination of income and expense accounts for financial interest for V-SAT and ICE-RACSA Agreement, for ¢639.
- Elimination of income and expenses for telephone services, leases, operation, and maintenance of backhaul, and VSAT warehousing, in the amount of ¢477.
- Elimination of administrative income and expenses for rental of buildings, electricity, and cleaning- ICE-RACSA for ¢72.
- Elimination of operating income and expenses for commercial billings, RACSA-ICE, for ¢70.

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- Elimination of amortization for use of backhaul, for ¢109, corresponding to depreciation, and profit in the amount of ¢729.
- Elimination of exchange rate difference in capital contribution records (ICE to Cable Visión) for ¢12.
- Elimination of income and expenses for recording interest of Moín Plant settlement, for ¢8.
Elimination of income and expenses for interest of financing agreement, billing balance ICE-CNFL for ¢624.

(Continues)

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Note 40. Contingent Assets and Liabilities

Current judicial proceedings involving ICE Group as of June 30, 2014 are as follows:

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30,	
				2014	2013
				Provision for Lawsuits	
Contingent Assets - Lawsuits filed by ICE:					
Legal Collection	Electricity	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for electricity services. ICE has 3066 proceedings as of June 30, 2014. ICE's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	2,188	-	-
Expropriations	Electricity and Telecommunications	As of June 30, 2014, there are 606 court proceedings for forced expropriation, in order to take possession and gain legal title to the property required for the different projects being developed. Those proceedings are related to appraisals made by ICE appraisers that were not formalized through the administrative venue, either due to legal issues or rejection of the appraisal.	9,459	-	-
Legal Collection	Telecommunications	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for telephone services. ICE has 8906 proceedings as of June 30, 2014. ICE's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	1,503	-	-
Ordinary Contentious	Electricity	ICE claims payment of outstanding fines and Odebrecht claims breach of contract. First Court confirmed the ruling in second instance in favor of ICE. Both parties filed liquidation in process of execution of ruling. CLAIM ODEBRECHT: ₡1.942 CLAIM ICE: ₡974.	974	-	-
Total contingent assets - ICE			14,124	-	-

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30,	
				2014	2013
				Provision for Lawsuits	
Contingent liabilities - lawsuits filed against ICE:					
Ordinary	Electricity	Claim for the nullity of several administrative acts and the recognition of US\$ 3,8 for economic unbalance in the BOT agreement - public tender 6670-e. Public proceeding on August 26 and 27, 2013. Hearing in favor of ICE. An appeal was filed, pending the decision of the Chamber to accept it.	2,062	-	-
Ordinary	Electricity	It is accumulating with two other proceedings. There was a preliminary hearing, pending the trial because there is a lack of expert evidence and balance the other two proceedings. (files No. 12-003480-1027-CA and 10-003975-1027-CA), estimated amount in dollars US\$ 1,3.	707	71	-
Ordinary	Electricity	A request to pay machinery rental fees which according to the plaintiff were not recognized in the execution of the agreement. A request to pay a price readjustment. Awaiting the compliance of the plaintiff with an order issued by the judge.	1,533	-	-
Ordinary	Electricity	Claim for the revocation of the sanction and for the payment of damages pain and suffering caused to MATRA, pending the final ruling by the Administrative Contentious and Civil Court. A claim estimated at US\$ 14,1. Court confirmed the ruling in first instance in favor of ICE.	7,643	-	-
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. Awaiting the date of the	1,290	-	-
Ordinary Contentious	Electricity	Request for the recognition of US\$7,9 for extra costs for the interruption of the construction of the tunnel of La Joya HP which affected the economic balance of the agreement. An expert was appointed as requested by the plaintiff to validate the calculations regarding the economic unbalance of the agreement.	4,299	430	-
Arbitral Ad Hoc	Electricity	Alternative claim of the plaintiff was accepted, pending the execution of the ruling. Main: Civil liability for alleged purchase-sale agreement. Amount updated to the present value and interest. Subsidiary: civil liability for the provision of provisional works and concrete forms, plus the updating of the amount to the present value and interest and costs.	500	500	500
Ordinary Contentious	Electricity	Claim for damages. In this case, a claim was filed by ICE payment of outstanding fines and Odebrecht claims breach of contract. In this case, a claim was filed by ICE for payment of outstanding fines and by ODEBRECHT for breach of contract. The Chamber ratified the ruling in second instance in favor of ICE. Both parties filed liquidation in process of execution of ruling. CLAIM ODEBRECHT: €1.942 CLAIMICE: €974.	1,942	1,942	1,942
Ordinary	Electricity	In this proceeding for the claim of damages for differentiated rates, there have been three preliminary hearings, the last one was held at 9:00 hours on 02/24/2011, and was suspended while were assessing the disputed facts and were about to assess the documentary evidence provided by the parties. The preliminary hearing will continue on 03/28/2012. Through resolution at 10:00 hours on 10/15/2013, the Court requested the Association of Economic Sciences Professionals for the appointment of the expert.	1,326	-	1,326
Ordinary Contentious	Electricity	Payment of costs incurred by the company to repair the machinery leased from ICE for the Reventazon Project and which was damaged by flooding in the project.	498	62	-
Total contingent liabilities - ICE			€ 21,799	3,005	3,768

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30,		
				2014	2013	
			Brought forward	21,799	3,005	3,768
Ordinary Contentious	Electricity	Favorable ruling for the plaintiff during the trial stage, it is final. Seeking recognition of price readjustment for the economic balance of the agreement and interest payment. A ruling in the first instance was issued and which ruled that ICE must pay the corresponding price adjustment to be determined.	764	764	706	
Ordinary Contentious	Telecommunications	Plaintiff requests compensation by an ICE's contractor for the alleged losses caused by a breach of contract. A hearing for an oral proceeding is pending.	34,947	-	-	
Ordinary Contentious	Telecommunications	The claim was answered and the hearing on the accumulation of proceedings was answered, the formalities were rejected by the Court through resolution 675-2012 t 9:20 hours on March 21, 2012. A request to interrupt the fiber optic works in Parrita Saavegre the works of EPR and not to energize it. The amount of the claim is US\$8.1, a claim was filed, a subpoena was filed against EPR, so the error has just been detected, so the judge granted a hearing to EPR and the situation still persists. It is in the stage of Preliminary Hearing as of July 4, 2014.	4,432	-	-	
Ordinary Contentious	Telecommunications	During preliminary hearing on 11/24/2011, the Contentious Court accepted the exception for incompetence alleged by ICE, and it was declared incompetent to hear the proceeding. ICE was asked to pay US\$1.5, plus interest for an administrative claim for the leasing of the buildings 2x1, Pitahaya, Torre Z and Real Sabana.	807	-	-	
Ordinary	Telecommunications	Through ruling No.547-2009 at 10:20 hours on 03/03/2009, the claim was accepted and ICE was ordered to pay damages, and through ruling No. 547-20 bis, the sentence was increased to include moral damage payment. Through motion of 06/03/2009, an Appeal was filed, reserving the written bases of appeal for a timely proceeding opportunity. The appeal ruling No. 14-2010-IX at 11:30 hours on 02/26/2010 ratified the trial-stage ruling, ordering ICE to pay damages and costs. The ruling was submitted and the amount is estimated, an objection was filed. On 02/09/2013, ICE submitted conclusions. Pending the resolution of a competence	565	565	564	
Administrative Sanctioning	Electricity - Telecommunications	Administrative claim for € 10.008 million for the sale of low-sulfur bunker, RECOPE alleges that under the clauses of the Framework Agreement entered into by and between RECOPE and ICE for mutual cooperation for the development of the Pacific Terminal CON-172-11, ICE agreed to pay all the costs, both investment and operating costs, to supply fuel from Puerto Caldera or from any of the Stages of the Pacific Terminal, and it alleges that during the period from September 27, 2010 and June 11, 2013, the sales made to ICE were charged at a price that did not cover import costs, so in conformity with the Framework Agreement, ICE is supposed to pay for the difference, which is estimated at an effective loss from the low-sulfur bunker sales for €10.008. ICE rejected the claim filed by RECOPE through resolution at 14:30 hours on April 23, 2014 through official communication number 0510-0582-2014, received by RECOPE on April 24, 2014. ICE must recognize the difference for the costs not covered in the low-sulfur bunker sales made from September 17, 2010 and June 11, 2013.	10,008	-	-	
Administrative Proceeding	Telecommunications	Commencement of the administrative proceedings of the assessment notice for the adjustment of the reserve tax on the radio-frequency spectrum for the 2012 budget period. ICE challenges the administrative actions through Official Letter No. 094-197-2012 dated October 31, 2012, requesting to nullify assessment notice No. SRCST-TC-108-2012 and suspend the current administrative proceedings until a ruling is issued by the Board of Directors of ARESEP with respect to the concomitant appeal and annulment filed by ICE against agreement No. 002-018-2012.	1,099	-	-	
Total contingent liabilities - ICE			€ 74,422	4,334	5,038	

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	Provision for Lawsuits	
				2014	2013
		Brought forward	74,422	4,334	5,038
Arbitration	Electricity	The company has indicated that it will request an arbitration process for several items amounting to about US\$ 1.5, it has not been notified yet.	816	-	-
Sutel	Customer Management	ICE implemented unfair competition and price practices, it was heard during oral private hearing and the defense motion and conclusions were submitted.	5,000	-	-
Sutel	Telecommunications	The Telecommunications Superintendence through ruling RCS-286-2013 requires filing a Sanctioning Administrative Proceeding to impose a sanction to ICE for breach of provisions of the General Telecommunications Law and the National Frequency Allocation Plan, and for breach of instructions issued by SUTEL to exercise its duties. The purpose of ICE's defense in this proceeding is to exempt ICE from the fines applied by SUTEL, for preventing ICE from launching the 4GH LTE services in the 2600 MHz band. Pending the resolution of the Revocation with an Alternative Appeal against a Demand for Payment issued by SUTEL.	500	-	-
Sutel	Telecommunications	As of today, the respective final act has not been issued; the appearance took place on December 18, 2012. "There is not a resolution filing the records and there has not been any formal communication thereof. The Service Quality and Provision Regulations stipulate Articles 49 to 70, the minimum efficiency indicators for mobile telephony services, including a total of 23 indicators to comply with, each with a weighted value to define the compliance percentage for operators of this service. The failure to comply with efficiency indicators leads to an application of the Quality Adjustment Factor (QAF); said factor penalizes the operator to make it reduce the rates in the same non-compliance percentage. Articles 135 and 137 of said Regulations govern the application of the QAF in this case and it would be applied to mobile telephony users at a national level, thus the significance of the amount.	140,000	-	-
Sutel	Telecommunications	Regarding the possibility of refunds, there are two methods: future credit and cash refund; in these cases it is customary to use the former, so for clients receiving a reduction of the mobile telephony rates, this would mean that refunds would be made as of September 30; therefore, an adjustment of fixed telephony rates was published in the official newspaper until the date ICE implements said rates (November 24).	845	-	-
Ordinary Contentious	Telecommunications	Annulment of administrative action issued by ARESEP ordering ICE to refund the amounts charged to Radio Mensajes S.A. for its platform to provide content services. The ruling rejected the claim filed by ICE and ordered it to pay the costs amounting to about € 225 million; however, this amount would be openly lower if considering the invaluable proceeding. An appeal will be filed.	1,800	180	-
Total contingent assets - ICE			€ 223,382	4,514	5,038

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2014	As of December 30, 2013
Contingent assets - Lawsuits filed by 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 claimed 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	-	-
	Electricity	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 Compañía Nacional de Fuerza y Luz S.A. by the minority shareholders as a result of a donation authorized by the Legislative Assembly for a plot to Fundación Consejo de la Tierra los Hermanos, S.A. As of December 31, 2010, no judgment had been issued and no costs assessed.	€ 1,386	-	-
Ordinary	Electricity	Compañía Nacional de Fuerza y Luz S.A. deposited funds as payment of indemnity for flooding of a property near Lake Cote in connection with a hydroelectric power project. The plaintiff (Rufea, S.A.) is disputing the amount deposited.	200	72	72
Ordinary	Electricity	The plaintiff (Vega Fonseca Wendy) files a lawsuit against CNFL and CONAVI alleging that the lighting of the Florencio del Castillo 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. (Consortio Hydrocote S.A.).	1,528	16	15
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	-	199
	Electricity	Lawsuit filed by Banco de San José for a change in voltage that damaged computer equipment and lighting. Provision for ruling 2608-2012. (Banco de San José)	-	10	10
		Total contingent liabilities - CNFL	€ 46,294	98	296

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2014	As of December 30, 2013
Contingent liabilities - Lawsuits filed against RACSA:					
Labor and ordinary contentious	Telecommunications	Several minor ordinary, administrative, and labor proceedings, which are in different stages.	30	-	-
Ministry of Finance	Telecommunications	The General Tax Administration (DGT), seeks the collection of sales tax in connection with Internet services provided in 2008. Precautionary measures and a claim were filed.	12,789	-	-
FONATEL	Telecommunications	Administrative claim. Appeal dismissed by the Administrative Tax Court.	1,463	-	-
		Total contingent liabilities RACSA	€ 14,282	-	-
		Total contingent liabilities ICE	€ 283,958	4,612	5,334

Note 41. Laws

General Telecommunications Law

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

The objectives defined by this Law are:

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

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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 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.

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- Access to and interconnection with public telecom networks is guaranteed in order to ensure efficiency, true competition, optimization in the use of limited resources, and greater benefits for users. Interconnection prices shall be aligned with costs, as prescribed in paragraph 13) of article 6 of this law, and are to be freely negotiated among operators using the procedures 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 dated August 9, 1996. This tax will provide the resources necessary for effective management.
- A reserve tax is imposed on the radio-frequency spectrum. That tax is to be paid annually by network operators and telecom service providers with the purpose of planning, managing, and monitoring the use of the radio-frequency spectrum rather than for complying with the objectives of the tax policy. It is collected to finance SUTEL's activities pursuant to articles 7 and 8 of this law.
- Taxpayers will be the network operators or telecommunication service providers to whom frequency bands within the radio electric spectrum has been assigned, regardless of the use of the band or lack thereof. The amount to be paid for this tax is estimated directly by SUTEL, considering a number of engineering and economic parameters established in the law. This tax is defined by the taxpayer in a tax return issued for periods of one calendar year. The term for filing the tax return and paying the corresponding tax is two months and fifteen days after yearend.
- On October 4, 2012, the Large Taxpayer Division of the Finance Ministry notified ICE on the start of administrative proceedings related to a notice of deficiency for an adjustment to the reserve tax on the radio-frequency spectrum for the 2012 budget period. ICE objected the administrative act through Official Letter No. 094-197-2012 dated October 31, 2012. As of the date of this report, ICE has not received or been notified of a decision or response issued by the Large Taxpayer Division (see note 40).

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Number portability

As determined by SUTEL, the agreements between mobile telephony operators and the Number Portability Reference Entity (ERPN) were subscribed on April 25, 2013. Also, an addendum was subscribed establishing that the Number Portability system would start operations no later than November 30, 2013.

Number portability is in effect since November 30, 2013. ICE actively participates in the Number Portability Technical Committee overseeing that SUTEL's regulations thereon are correctly applied. Penalty administrative proceedings were started as a result of a complaint filed by ICE against Telefónica de Costa Rica for noncompliance with the aforementioned regulations. Similarly, a preliminary investigation is in process for another complaint against Claro for telephone slamming (ICE's customer).

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.

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- Create the Telecommunications Sector and its regulating entity, as well as developing the rights and functions and powers pertaining to the Sector Minister, who will create the National Telecommunications Development Plan, along with the President of the Republic.
- Streamline and expand the mechanisms and procedures concerning public procurement for ICE and its companies.
- Guarantee and ensure the administrative and financial autonomy of ICE and its companies.
- Guarantee accountability and evaluation of results by ICE and its companies.

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

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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.

Water Law and National Electric Service Law

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

For the exploitation of public water by public interest or private companies, it is necessary to have the corresponding authorization, which is granted by the Ministry of the Environment and Energy (MINAЕ). 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.

In accordance with the dispositions of article 46 of Law No. 276, concessions for the use of public water to develop hydraulic and hydroelectric power for public and private services were regulated by the provisions of the Law of the National Electricity Service (Law No. 258 of August 18, 1941). However, the repeal of Law No. 258 by Law No. 7593 of September 5, 1996 left such concessions with no basis in the law until the approval of Law No. 8723 of April 2, 2009 (Framework Law for Concessions for the Use of Hydraulic Power for Hydroelectric Generation).

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Electricity Agreement

On April 8, 1941, CNFL subscribed the Electricity Agreement with the Government of the Republic of Costa Rica. The Agreement was amended by Law No. 4197 of 20 of 1968 and Law No. 4977 of May 19, 1972. The main clauses of the agreement establish the following:

- CNFL shall be exempted, over the term of the Agreement, from all import duties and taxes and the respective surcharges (including customs duties, consular fees, and theater tax) as well as from any other charges levied on imported goods for the exclusive use in its businesses and all electricity property, including hydroelectric power plants, substations, transformers and converters, transmission and distribution lines, and all secondary accessories required to construct, offer maintenance, and repair electricity facilities that are part of CNFL's electric power production, transmission, distribution, and supply systems.

Article 36 reads as follows: "This Electricity Agreement and the related concessions shall continue to be in force for additional 25 years from July 1, 1968 and shall be automatically renewed for an equal period, except as otherwise expressly agreed by the parties. Upon expiration of the agreed term, CNFL shall be liquidated and ICE shall assume and continue with the supply of electricity services to the localities served by CNFL. In that event, ICE shall acquire all of CNFL's shares and, therefore, assume all its assets and liabilities under the existing term and conditions. CNFL's shares shall be purchased at a price determined by the Administrative and Tax Court of the Tax Administration".

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Note 42. Subsequent Events

Las Pailas II – Loan

In August 2014, the first loan agreement between ICE and the Government of Japan was signed. The purpose of the loan is to acquire electromechanical equipment and materials for Las Pailas II Geothermal Project. With this agreement, ICE secures approximately \$164 million, so that the Plant can start operations by the end of 2017, based on the Expansion Plan of the National Electric Management.

CNFL Subsidiary:

In July 2014, the Compañía Nacional de Fuerza y Luz **absorbed** the subsidiary Eólico Valle Central, S.A. (EVCSA), according to agreement of the Board of Directors, Session #2340, article 2, subparagraph c), held on June 30, 2013, when it was agreed to authorize the Administration to acquire a syndicated loan with Banco Nacional de Costa Rica and Banco de Costa Rica. Once the above takes place, EVCSA would be dissolved, in order to proceed with its subsequent liquidation and settlement.

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