



**CONSOLIDATED FINANCIAL STATEMENTS**  
Instituto Costarricense de Electricidad  
and Subsidiaries



**ICE GROUP**  
ICE  
CNFL  
RACSA  
CRICSA  
Cable Visión

**September 2014**  
Financial Management



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

Consolidated Balance Sheet  
(In millions of colones)

As of September 30, 2014 and December 31, 2013

	<b>2014</b>	<b>2013</b>
	<b>(Without audit)</b>	<b>(Audit)</b>
		<b>Restated</b>
<b>Assets</b>		
<b>Property, machinery and equipment:</b>		
Operating assets - cost	€ 3,251,173	3,132,312
Accumulated depreciation of operating assets - cost	(1,218,886)	(1,082,754)
Operating assets - revalued	2,525,780	2,528,062
Accumulated depreciation of operating assets - revalued	(1,531,629)	(1,481,425)
Other operating assets - cost	435,209	417,691
Accumulated depreciation of other operating assets - cost	(279,332)	(249,540)
Other operating assets - revalued	99,788	101,816
Accumulated depreciation of other operating assets - revalued	(68,286)	(66,694)
Other operating assets under finance leases - cost	27,619	27,610
Accumulated depreciation of other operating assets under finance leases - cost	(2,625)	(2,159)
Other operating assets under finance leases - revalued	3,235	3,235
Accumulated depreciation of other operating assets under finance leases - revalued	(238)	(182)
Construction work in progress	799,979	763,538
Materials in transit for investment	52,607	117,705
Inventory for investment	154,766	138,045
<b>Total property, machinery and equipment, net</b>	<b>4,249,160</b>	<b>4,347,260</b>
<b>Long-term assets:</b>		
Long-term investments	53,592	47,727
Notes receivable	7,241	7,110
<b>Total long-term assets</b>	<b>60,833</b>	<b>54,837</b>
<b>Current assets:</b>		
Banks	8,375	10,126
Temporary investments	167,632	133,782
Valuation of investments	(143)	20
Restricted funds	1,610	5,406
Receivables for services rendered	150,702	128,039
Non-trade receivables	29,582	57,436
Allowance for doubtful accounts	(30,390)	(32,917)
Institutional receivables	264	614
Notes receivable	2,814	2,131
Operating inventory	50,673	39,495
Allowance for valuation of inventory	(10,010)	(10,956)
Materials and equipment held in custody	9,302	2,893
Materials in transit for operations	17,423	19,357
Prepaid expenses	113,746	76,017
<b>Total current assets</b>	<b>511,580</b>	<b>431,443</b>
<b>Other assets:</b>		
Non-operating assets - cost	35,920	33,567
Accumulated depreciation of non-operating assets - cost	(1,462)	(1,238)
Non-operating assets - revalued	18,119	18,280
Accumulated depreciation of non-operating assets - revalued	(7,830)	(7,853)
Service agreements	26,018	91,584
Project design and execution	108,849	98,550
Technical service centers	9,788	170
Amortizable items	7,780	9,346
Absorption of amortizable items	(3,331)	(4,339)
Intangible assets	118,478	113,238
Absorption of intangible assets	(61,169)	(53,203)
Securities received as guaranty deposits	6,154	6,494
Valuation of financial instruments	3,544	-
Guarantee and Savings Fund (restricted fund)	191,602	186,364
Transfer to Guarantee and Savings Fund	1,404	1,241
Operating inventory	41,326	34,764
<b>Total other assets</b>	<b>495,190</b>	<b>526,965</b>
	<b>€ 5,316,763</b>	<b>5,360,505</b>

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

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

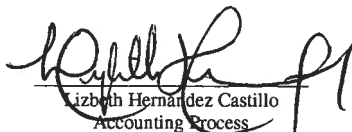
Consolidated Balance Sheet  
(In millions of colones)

As of September 30, 2014 and December 31, 2013

	<u>2014</u> (Without audit)	<u>2013</u> (Audit) <i>Restated</i>
<b><u>Liabilities and Equity</u></b>		
<b>Long-term liabilities:</b>		
Securities payable	€ 1,102,551	1,036,692
Loans payable	705,715	622,044
Obligations derived from credit	155	262
Security deposits	57,930	56,716
Accounts payable	14,645	27,168
Prepaid income	4,593	4,800
<b>Total long-term liabilities</b>	<b><u>1,885,589</u></b>	<b><u>1,747,682</u></b>
<b>Short-term liabilities:</b>		
Securities payable	-	30,148
Loans payable	93,502	181,946
Accounts payable	117,636	142,136
Accrued finance expenses payable	31,675	19,750
Prepaid income	25,692	8,024
Deposits from private individuals or companies	3,645	3,884
Legal provisions	1,000	1,000
Accrued expenses for employer obligations	51,261	37,475
<b>Total short-term liabilities</b>	<b><u>324,411</u></b>	<b><u>424,363</u></b>
<b>Other liabilities:</b>		
Valuation of financial instruments	16,741	21,099
Accounts payable	2,808	2,685
Legal provisions	40,696	42,031
Guarantee and Savings Fund (restricted fund)	191,602	186,364
<b>Total other liabilities</b>	<b><u>251,847</u></b>	<b><u>252,179</u></b>
<b>Total liabilities</b>	<b><u>2,461,847</u></b>	<b><u>2,424,224</u></b>
<b>Equity:</b>		
Paid-in capital	242	156
Development reserve	1,685,306	1,683,952
Asset revaluation reserve	1,086,096	1,092,893
Result of valuation of financial instruments	(4,909)	(10,944)
Legal reserve	9,291	9,291
Project development reserve	71	71
Forest development reserve	966	906
Restricted earnings from capitalization of stake in subsidiary	62,380	62,380
Retained earnings	99,164	92,784
Minority interest	4,683	4,792
Total excess of income over expenses	(88,374)	-
<b>Total equity and minority interest</b>	<b><u>2,854,916</u></b>	<b><u>2,936,281</u></b>
	<b>€ 5,316,763</b>	<b>5,360,505</b>
<b>Memoranda accounts</b>	<b>€ 338,757</b>	<b>327,755</b>

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


  
José Alberto Retana Reyes  
Head of Accounting Budget

  
Lizbeth Hernández Castillo  
Accounting Process

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES  
(San José, Costa Rica)  
Consolidated Statement of Changes in Equity  
For the periods ended as of September 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
Effect of changes in accounting policies and adjustments for the period	-	-	-	-	-	-	-	-	325	-	325
Balance at December 31, 2013, adjusted	156	1,092,893	(10,944)	1,683,952	9,291	71	906	62,380	92,784	# 4,792	2,936,281
Extraordinary contribution	86	-	-	-	-	-	-	-	-	-	86
Revaluation of assets of the period	-	(3)	-	-	-	-	-	-	-	-	(3)
Elimination between sectors for OPGW	-	-	-	27	-	-	-	-	-	-	27
Effect of elimination for institutional services from previous periods	-	-	-	3,926	-	-	-	-	-	-	3,926
Adjustments to previous periods	-	29	-	(2,595)	-	-	-	-	92	-	(2,474)
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	60	-	(60)	-	-
Surplus (deficit), net	-	-	-	(88,374)	-	-	-	-	-	-	(88,374)
Audit adjustments to be recorded	-	(0)	-	(4)	-	-	-	-	-	-	(4)
Realization of asset revaluation reserve	-	(6,082)	-	-	-	-	-	-	6,082	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	6,198	-	-	-	-	-	-	-	6,198
<i>Inversiones</i>	-	-	(163)	-	-	-	-	-	-	-	(163)
Assets retirement during the period	-	(829)	-	-	-	-	-	-	245	-	(584)
Appropriation to minority interest	-	88	-	-	-	-	-	-	21	(109)	-
Balances as of September 30, 2014	<sup>e</sup> 242	1,086,096	(4,909)	1,596,932	9,291	71	966	62,380	99,164	4,683	2,854,916

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Preliminary translation

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

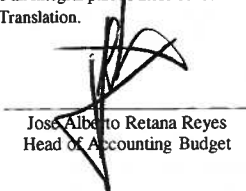
Consolidated Statement of Profit or Loss  
(In millions of colones)

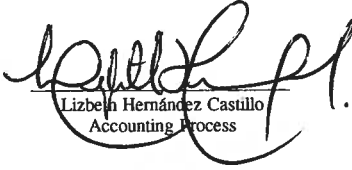
For the periods ended as of September 30, 2014 and 2013

	<u>2014</u> (Without audit)	<u>2013</u> (Without audit) <i>Restated*</i>
<b>Operating revenues:</b>		
Electricity services	€ 591,711	607,418
Telecom services	425,275	394,817
Complementary services	1,457	-
Institutional services	221	1,597
<b>Total operating revenues</b>	<b>1,018,664</b>	<b>1,003,832</b>
<b>Operating costs:</b>		
Operation and maintenance	206,472	191,129
Operation and maintenance of leased equipment	113,500	152,629
Depreciation of operating assets	199,614	184,271
Supplemental services and purchases	95,241	85,217
Production management	53,756	57,741
Technical service center	8,514	7,821
<b>Total operating costs</b>	<b>677,097</b>	<b>678,808</b>
<b>Gross profit</b>	<b>341,567</b>	<b>325,024</b>
<b>Operating expenses:</b>		
Administrative	65,018	60,674
Marketing	179,584	170,744
Preliminary studies	15,916	18,469
Preinvestment studies	4,412	3,707
Other operating expenses	1,762	1,730
<b>Total operating expenses</b>	<b>266,692</b>	<b>255,324</b>
<b>Operating profit (deficit)</b>	<b>74,875</b>	<b>69,700</b>
<b>Other income:</b>		
Finance income	19,258	16,337
Foreign exchange differences	15,178	32,652
	628	-
<b>Other income</b>	<b>268,496</b>	<b>32,802</b>
<b>Total other income</b>	<b>303,560</b>	<b>81,791</b>
<b>Other expenses:</b>		
Interest	59,450	63,580
Commissions	6,529	12,822
Foreign exchange differences	147,600	4,803
Other expenses	253,338	24,044
<b>Total other expenses</b>	<b>466,917</b>	<b>105,249</b>
<b>Profit before tax and minority interest</b>	<b>(88,482)</b>	<b>46,242</b>
<b>Tax and minority interest:</b>		
Minority interest	108	(24)
<b>Profit net</b>	<b>€ (88,374)</b>	<b>46,218</b>

\* See note 26.

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

  
Jose Alberto Retana Reyes  
Head of Accounting Budget

  
Lizbeth Hernández Castillo  
Accounting Process

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

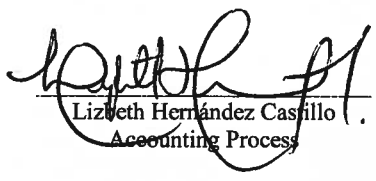
Consolidated Statement of Cash Flows  
For the periods as of ended September 30  
(In millions of colones)

	<u>2014</u>	<u>2013</u>
	<u>(Without audit)</u>	<u>(Without audit)</u> <i>Restructured*</i>
Sources (uses) of cash:		
Operating activities:		
Deficitt (profit), net	¢ (88,374)	46,218
Items not requiring (providing) cash:		
Depreciation	225,818	217,986
Legal provisions	11,422	10,067
Bonus	14,744	13,521
School salary	13,645	13,813
Accumulated vacations	13,206	11,731
Allowance for doubtful accounts	3,430	2,774
Allowance for valuation of inventory	46	25
Asset retirement expense	2,587	1,242
Absorption of amortizable and intangible items	9,421	9,490
Litigation	-	692
Foreign exchange differences	114,142	(26,491)
Valuation of financial instruments	(1,868)	3,911
Cash provided by operations	406,593	258,761
Cash provided by (used for) changes in:		
Notes and accounts receivable	(2,081)	(36,926)
Operating inventory	(16,712)	(27,130)
Other assets	31,993	(25,160)
Accounts payable	(36,359)	(38,622)
Security deposits	1,214	2,123
Other liabilities	(11,401)	(16,254)
Cash provided by operating activities	284,873	163,010
Investing activities:		
Increase in long-term investments	(5,865)	(18,035)
Additions to property, machinery and equipment	(135,054)	(263,780)
Increase in other assets	(28,545)	(28,593)
Increase committed temporary investments	(22,160)	(36,925)
Net cash used in investing activities	(191,624)	(347,333)
Financing activities:		
Increase in securities payable	-	260,737
Amortization of securities payable	(30,618)	(528)
Increase in loans payable	175,417	218,104
Amortization of loans payable	(228,003)	(315,896)
Increase in obligations derived from credit	(107)	(4,003)
Net cash provided by financing activities	(83,311)	158,414
Increase (decrease) in cash and cash equivalents	9,938	(25,909)
Cash and cash equivalents at beginning of the year	86,278	122,687
Cash and cash equivalents at end of the year	¢ 96,216	96,778

\* See note 26.

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Preliminary translation.

  
José Alberto Retana Reyes  
Head of Accounting Budget

  
Lizbeth Hernández Casfallo  
Accounting Process

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

September 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.), *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. In July 24, EVCSA was absorbed by CNFL.

#### **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.

(Continues)



# 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 November 28, 2014.

(Continues)

# 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 September 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:

(Continues)

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

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

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

### (i) *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) Consolidation Policies

#### (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 September 30,	up to Diciembre 31,
		2014	2013
Compañía Nacional de Fuerza y Luz, S.A. (CNFL)	Costa Rica	98.6%	98.6%
Eólico Valle Central, S.A. (1)	Costa Rica	0%	100%
Compañía Radiográfica Internacional Costarricense, S.A. (CRICSA)	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.

On September 13, 2013, CNFL acquired an additional 50% ownership interest in Eólico Valle Central S.A. (EVCSA), thereby becoming the owner of all of the shares (100%) of such entity. CNFL presents consolidated financial statements starting in 2013.

Eólico Valle Central S.A. (EVCSA) was absorbed in July 2014 by CNFL.

(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	Adjustmens and reclassifications	<u>As of</u> <u>September 30</u> <u>of, 2014</u>	
<b>ICE Electricity:</b>										
Hydraulic generation	¢	574,423	24,720	(566)	(70)	598,507	5,940	(156)	(89)	604,202
Thermic generation		84,263	1,834	(4,103)	-	81,994	2,186	-	(229)	83,951
Substations (1)		132,575	27,780	(438)	-	159,917	15,144	(1,098)	-	173,963
Transmission lines		128,215	14,174	(622)	(2)	141,765	952	(1)	2	142,718
Distribution lines (2)		153,588	47,405	(1,588)	(199)	199,206	18,878	(795)	(92)	217,197
Public lighting		3,129	2,111	(108)	-	5,132	551	(13)	(2)	5,668
Geothermic generation (3)		156,743	113	(575)	-	156,281	19,185	-	(1)	175,465
Aeolian generation		7,204	279	(94)	-	7,389	37	-	-	7,426
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	66	-	-	18,889
<b>Subtotal ICE Electricity</b>	<b>¢</b>	<b>1,265,423</b>	<b>121,548</b>	<b>(8,094)</b>	<b>(271)</b>	<b>1,378,606</b>	<b>63,545</b>	<b>(2,063)</b>	<b>(411)</b>	<b>1,439,677</b>
<b>ICE Telecommunications:</b>										
Transportation (4)	¢	509,936	74,049	(81)	(29)	583,875	42,815	(13)	101	626,778
Access (5)		398,284	62,915	(107)	-	461,092	13,583	-	(116)	474,559
Civil and electromechanics		210,993	11,304	(1,121)	(2)	221,174	4,736	-	33	225,943
Platforms (6)		84,294	63,947	(1,786)	46	146,501	6,229	(1)	(310)	152,419
<b>Subtotal ICE Telecommunications</b>	<b>¢</b>	<b>1,203,507</b>	<b>212,215</b>	<b>(3,095)</b>	<b>15</b>	<b>1,412,642</b>	<b>67,363</b>	<b>(14)</b>	<b>(292)</b>	<b>1,479,699</b>
<b>Subtotal ICE</b>	<b>¢</b>	<b>2,468,930</b>	<b>333,763</b>	<b>(11,189)</b>	<b>(256)</b>	<b>2,791,248</b>	<b>130,908</b>	<b>(2,077)</b>	<b>(703)</b>	<b>2,919,376</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Assets in operation - cost	Plants, substations, lines, stations and other								
	As of December 31								
	<u>2012</u> <i>(Restated)</i>	Additions	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Additions	Retirements	Adjustmens and reclassifications	<u>As of</u> <u>September 30</u> <u>of, 2014</u>
<b>CNFL:</b>									
Lands	€ 3,336	444	-	-	3,780	-	-	-	3,780
Improvements to lands	6,067	1,876	-	-	7,943	213	-	-	8,156
Buildings	11,699	951	-	-	12,650	1,140	-	1,629	15,419
Plants	50,133	22,327	-	-	72,460	328	-	-	72,788
Distribution lines (7)	99,217	7,922	(550)	-	106,589	8,144	(554)	1,366	115,545
Transmission lines	2,022	-	-	-	2,022	-	-	-	2,022
Substations	13,823	1,927	(493)	-	15,257	28	(69)	(2,997)	12,219
Service connections	18,822	2,656	(83)	-	21,395	2,372	(53)	-	23,714
Equipment for road lighting	3,988	92	(74)	30	4,036	60	(35)	-	4,061
Public lighting	7,112	1,521	-	-	8,633	821	-	-	9,454
General equipment	25,794	1,515	(1,213)	-	26,096	1,059	(435)	40	26,760
Communication system	780	172	-	-	952	72	-	-	1,024
<b>Subtotal CNFL</b>	<b>€ 242,793</b>	<b>41,403</b>	<b>(2,413)</b>	<b>30</b>	<b>281,813</b>	<b>14,237</b>	<b>(1,146)</b>	<b>38</b>	<b>294,942</b>
<b>RACSA:</b>									
Lands	€ 203	-	-	-	203	-	-	-	203
Buildings	768	-	-	-	768	-	-	-	768
Communication equipment	36,720	327	(6,364)	-	30,683	300	-	3,319	27,163
General equipment (8)	7,310	15	(132)	-	7,193	5	-	(322)	4,739
Submarine cable - Maya I (8)	6,832	-	-	-	6,832	-	-	-	-
Submarine cable - Arcos I (8)	2,449	-	-	-	2,449	-	-	-	-
Submarine cable - Costa Rican Pacific coast (8)	7,331	-	-	-	7,331	-	-	-	-
<b>Subtotal RACSA</b>	<b>€ 45,001</b>	<b>342</b>	<b>(6,496)</b>	<b>-</b>	<b>55,459</b>	<b>305</b>	<b>-</b>	<b>2,997</b>	<b>32,873</b>
<b>CABLE VISIÓN</b>									
Transportation	€ -	3,504	-	-	3,504	186	(16)	-	3,674
Platforms	-	288	-	-	288	21	(1)	-	308
<b>Subtotal Cable Visión</b>	<b>€ -</b>	<b>3,792</b>	<b>-</b>	<b>-</b>	<b>3,792</b>	<b>207</b>	<b>(17)</b>	<b>-</b>	<b>3,982</b>
<b>Total Group ICE</b>	<b>€ 2,773,336</b>	<b>379,300</b>	<b>(20,098)</b>	<b>(226)</b>	<b>3,132,312</b>	<b>145,657</b>	<b>(3,240)</b>	<b>2,332</b>	<b>3,251,173</b>



# 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 September 30, 2014:

### **ICE – Electricity Sector:**

#### **(1) Substations:**

Additions for improvements to productive assets for ¢15,144, which include capitalizations for collateral works for ¢4,274, common electromechanical installations for ¢3,580, and transmission and distributions lines for ¢5,564.

#### **(2) Distribution Lines:**

Additions for improvements to productive assets for ¢18,878, mainly in Electric Work – Distribution and Lightning, for ¢10,282, and Civil Works for ¢8,172.

#### **(3) Geothermal Power Generation:**

Additions for capitalization of works in the amount of ¢19,185, made at the Pailas Geothermal Plant, in the components of powerhouse for ¢9,769, steam ducts for ¢5,562, and wells for ¢3,508.

### **ICE Telecommunications Sector:**

#### **(4) Transportation**

Additions to the telecommunication transportation for additions and capitalization of works for ¢42,815, especially in the components of fiber optic network for ¢17,917; control systems and equipment for ¢15,321; transmission, switching, and distribution for ¢8,289. It includes transfer of RACSA's assets.

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."

#### **(5) Access**

Additions in telecommunications access for capitalization of works for ¢13,583, mainly multi-service access platforms for ¢4,238, copper network for ¢3,918; network terminals for ¢1,803, package network for ¢1,370, fiber optics network access for ¢1,042, others for ¢1,025.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

#### **(6) Platforms**

Additions for capitalization of works for ¢6,229, mainly in components of provision of services, for the sum of ¢5,697, and it includes RACSA's asset transfer.

#### **Compañía Nacional de Fuerza y Luz:**

#### **(7) Distribution Lines**

As of September 30, 2014, the subsidiary presents additions for a sum of ¢22,372, especially due to the capitalization of extensions or aerial lines, underground lines, and improvements to substations, in addition to the service connections.

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

#### **(8) Transfer of Assets**

ICE's Board of Directors, in article 5.3 of session 5985 of March 7, 2012, on the framework of a series of measures to strengthen its subsidiary RACSA, according to 2. Vi, agreed upon the following: "Evaluate technical and financial feasibility of the relocation of RACSA's platforms to ICE Group".

In August 2014, JES platforms (cloud computing), information services (1155), and submarine cable capacity (Mayo-1, Arcos -1, and Global Crossing) are transferred from RACSA to ICE, for the sum of ¢25,888. This transfer takes place from the logistics, operations, legal and financial perspective.

(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> <u>(Restated)</u>	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Depreciation	Retirements	Adjustmens and reclassifications	<u>As of September</u> <u>30 of, 2014</u>	
<b>ICE Electricity:</b>										
Hydraulic generation	¢	71,992	15,274	(23)	(21)	87,222	12,708	(50)	(3)	99,877
Thermic generation		19,591	4,065	(993)	30	22,693	3,005	-	(66)	25,632
Substations		30,661	6,842	(144)	(84)	37,275	5,266	(104)	-	42,437
Transmission lines		14,246	4,873	(272)	(280)	18,567	3,564	-	-	22,131
Distribution lines		53,083	11,995	(494)	(20)	64,564	9,682	(167)	-	74,079
Public lighting		2,147	140	(86)	-	2,201	144	(10)	-	2,335
Geothermic generation		41,181	5,312	12	-	46,505	4,158	-	-	50,663
Aeolian generation		2,861	425	2	-	3,288	338	-	-	3,626
Solar generation		606	479	-	-	1,085	374	-	-	1,459
Micro generation - Hydraulic plant		19	6	-	-	25	3	-	-	28
Control, communication and infrastructure equipment		4,231	1,322	-	-	5,553	839	-	-	6,392
<b>Subtotal ICE Electricity</b>	<b>¢</b>	<b>240,618</b>	<b>50,733</b>	<b>(1,998)</b>	<b>(375)</b>	<b>288,978</b>	<b>40,081</b>	<b>(331)</b>	<b>(69)</b>	<b>328,659</b>
<b>ICE Telecommunications:</b>										
Transportation	¢	266,529	42,345	(32)	(235)	308,607	41,075	-	(2)	349,680
Access		165,787	37,428	52	(395)	202,872	30,551	-	(6)	233,417
Civil and electromechanics		117,720	13,864	(80)	(309)	131,195	9,489	-	(5)	140,679
Platforms		29,923	16,449	(309)	(496)	45,567	17,756	-	-	63,323
<b>Subtotal ICE Telecommunications</b>	<b>¢</b>	<b>579,959</b>	<b>110,086</b>	<b>(369)</b>	<b>(1,435)</b>	<b>688,241</b>	<b>98,871</b>	<b>-</b>	<b>(13)</b>	<b>787,099</b>
<b>Subtotal ICE</b>	<b>¢</b>	<b>820,577</b>	<b>160,819</b>	<b>(2,367)</b>	<b>(1,810)</b>	<b>977,219</b>	<b>138,952</b>	<b>(331)</b>	<b>(82)</b>	<b>1,115,758</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Plantas, subestaciones, líneas, estaciones y otros										
As of December 31										
Depreciation accumulated - cost	<u>2012</u> <i>(Restated)</i>	Depreciation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Depreciation	Retirements	Adjustmens and reclassifications	<u>As of September</u> <u>30 of, 2014</u>	
<b>CNFL:</b>										
Improvement to lands	¢ 1,012	186	3	-	1,201	54	2	74	1,331	
Buildings	2,000	234	20	-	2,254	171	15	77	2,517	
Plants	9,395	2,173	-	-	11,568	1,782	-	-	13,350	
Distribution	21,698	3,609	(189)	-	25,118	2,902	(100)	433	28,353	
Transmission	414	69	-	-	483	52	-	(1)	534	
Substations	3,259	536	(195)	-	3,600	324	(19)	(432)	3,473	
Service connections	3,874	671	(25)	-	4,520	570	(16)	-	5,074	
Equipment for road lighting	846	148	(72)	29	951	113	(22)	-	1,042	
Public lighting	1,115	264	-	-	1,379	231	-	(1)	1,609	
General equipment	12,433	1,428	(166)	14	13,709	1,015	296	48	15,068	
Communication systems	102	28	-	-	130	24	-	-	154	
<b>Subtotal CNFL</b>	<b>¢ 56,148</b>	<b>9,346</b>	<b>(624)</b>	<b>43</b>	<b>64,913</b>	<b>7,238</b>	<b>156</b>	<b>198</b>	<b>72,505</b>	
<b>RACSA:</b>										
Building	¢ 236	25	-	-	261	17	-	-	278	
Communication equipment	29,454	3,156	(3,040)	-	29,570	902	-	-	25,543	
General equipment	2,617	712	(64)	-	3,265	374	-	-	2,887	
Submarine cable - Maya I	1,800	382	-	-	2,182	255	-	-	-	
Submarine cable - Arcos I	887	109	-	-	996	73	-	-	-	
Submarine cable - Costa Rican pacific coast	2,076	489	-	-	2,565	326	-	-	-	
<b>Subtotal RACSA</b>	<b>¢ 37,070</b>	<b>4,873</b>	<b>(3,104)</b>	<b>-</b>	<b>38,839</b>	<b>1,947</b>	<b>-</b>	<b>-</b>	<b>28,708</b>	
<b>CABLE VISIÓN</b>										
Transportation	¢ -	1,666	-	-	1,666	110	(1)	-	1,775	
Platforms	-	117	-	-	117	23	-	-	140	
<b>Subtotal Cable Visión</b>	<b>¢ -</b>	<b>1,783</b>	<b>-</b>	<b>-</b>	<b>1,783</b>	<b>133</b>	<b>(1)</b>	<b>-</b>	<b>1,915</b>	
<b>Total Group ICE</b>	<b>¢ 913,795</b>	<b>176,821</b>	<b>(6,095)</b>	<b>(1,767)</b>	<b>1,082,754</b>	<b>148,270</b>	<b>(176)</b>	<b>116</b>	<b>1,218,886</b>	

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> <i>(Restated)</i>	Revaluation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Revaluation	Retirements	Adjustmens and reclassifications	<u>As of September 30 of, 2014</u>	
<b>ICE Electricity:</b>										
Hydraulic generation	¢	1,151,361	22,326	(9,638)	-	1,164,049	-	(186)	-	1,163,863
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	-	-	1,004	100,521
Distribution lines		245,852	7,158	(2,040)	-	250,970	-	(897)	-	250,073
Public lighting		4,612	139	(239)	-	4,512	-	(34)	-	4,478
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)	-	1,745
Micro generation hydraulic plants		1	2	-	-	3	-	-	-	3
Control, communication and infrastructure equipment		7,577	602	-	-	8,179	-	-	-	8,179
<b>Subtotal ICE Electricity</b>	<b>¢</b>	<b>2,072,941</b>	<b>53,862</b>	<b>(20,033)</b>	<b>-</b>	<b>2,106,770</b>	<b>-</b>	<b>(1,559)</b>	<b>1,004</b>	<b>2,106,215</b>
<b>ICE Telecommunications:</b>										
Access	¢	6	-	-	-	6	-	-	(6)	-
Civil and electro mechanics		89,332	3,729	-	-	93,061	-	(3)	-	93,058
<b>Subtotal ICE Telecommunications</b>	<b>¢</b>	<b>89,338</b>	<b>3,729</b>	<b>-</b>	<b>-</b>	<b>93,067</b>	<b>-</b>	<b>(3)</b>	<b>(6)</b>	<b>93,058</b>
<b>Subtotal ICE</b>	<b>¢</b>	<b>2,162,279</b>	<b>57,591</b>	<b>(20,033)</b>	<b>-</b>	<b>2,199,837</b>	<b>-</b>	<b>(1,562)</b>	<b>998</b>	<b>2,199,273</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other									
	As of December 31									
	<u>2012</u> <i>(Restated)</i>	Revaluation	Retirements and transfers	Adjustmens and reclassifications	<u>2013</u>	Revaluation	Retirements	Adjustmens and reclassifications	<u>As of September 30 of, 2014</u>	
<b>CNFL:</b>										
Lands	¢	15,682	700	-	-	16,382	-	-	-	16,382
Improvement to lands		7,888	512	-	-	8,400	-	-	-	8,400
Buildings		18,662	1,096	-	-	19,758	-	-	(2)	19,756
Plants		70,431	3,046	-	(326)	73,151	-	-	-	73,151
Distribution		124,811	6,343	(1,393)	-	129,761	-	(714)	1,950	130,997
Transmission		1,655	112	-	-	1,767	-	-	-	1,767
Substations		20,717	875	(2,038)	-	19,554	-	(101)	(1,950)	17,503
Service connections		29,408	989	(135)	-	30,262	-	(80)	-	30,182
Public lighting		11,797	601	(126)	50	12,322	-	(63)	-	12,259
General equipment		5,190	-	(538)	-	4,652	-	(147)	-	4,505
Communication system		237	25	-	-	262	-	-	-	262
<b>Subtotal CNFL</b>	<b>¢</b>	<b>306,478</b>	<b>14,299</b>	<b>(4,230)</b>	<b>(276)</b>	<b>316,271</b>	<b>-</b>	<b>(1,105)</b>	<b>(2)</b>	<b>315,164</b>
<b>RACSA:</b>										
Lands		11	-	-	-	11	-	-	-	11
Buildings		2,287	-	-	-	2,287	-	-	-	2,287
Communication equipment		9,733	-	(1,526)	-	8,207	-	(573)	-	7,634
General equipment		1,499	-	(50)	-	1,449	-	(38)	-	1,411
<b>Subtotal RACSA</b>	<b>¢</b>	<b>13,530</b>	<b>-</b>	<b>(1,576)</b>	<b>-</b>	<b>11,954</b>	<b>-</b>	<b>(611)</b>	<b>-</b>	<b>11,343</b>
<b>Total Group ICE</b>	<b>¢</b>	<b>2,482,287</b>	<b>71,890</b>	<b>(25,839)</b>	<b>(276)</b>	<b>2,528,062</b>	<b>-</b>	<b>(3,278)</b>	<b>996</b>	<b>2,525,780</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Detail, plants, substations, lines, stations and other

Depreciation accumulated - revaluation	As of December 31						2013	Depreciation	Revaluation	Retirements	Adjustmens and reclassifications	As of September 30 of, 2014
	2012 (Restated)	Depreciation	Revaluation	Retirements and transfers	Adjustmens and reclassifications	2013						
<b>ICE Electricity:</b>												
Hydraulic generation	¢	670,620	27,089	9,364	(5,429)	124	701,768	21,210	-	(59)	(22)	722,897
Thermic generation		55,081	1,889	1,210	(4,684)	40	53,536	1,558	-	-	(26)	55,068
Substations		102,831	5,340	2,393	(581)	-	109,983	4,012	-	(251)	1	113,745
Transmission lines		66,199	2,191	1,402	(730)	(6)	69,056	1,719	-	-	730	71,505
Distribution lines		155,213	8,973	3,714	(1,274)	(1)	166,625	6,963	-	(609)	-	172,979
Public lighting		4,393	25	116	(235)	-	4,299	16	-	(34)	-	4,281
Geothermic generation		123,300	9,973	3,214	249	107	136,843	8,013	-	-	-	144,856
Aeolian generation		1,900	234	75	(23)	29	2,215	195	-	-	25	2,435
Solar generation		509	58	32	-	-	599	56	-	-	-	655
Micro generation - Hydraulic plant		(2)	-	-	-	-	(2)	-	-	-	2	-
Control, communication and infrastructure equipment		6,394	548	267	-	-	7,209	299	-	-	-	7,508
<b>Subtotal ICE Electricity</b>	<b>¢</b>	<b>1,186,438</b>	<b>56,320</b>	<b>21,787</b>	<b>(12,707)</b>	<b>293</b>	<b>1,252,131</b>	<b>44,041</b>	<b>-</b>	<b>(953)</b>	<b>710</b>	<b>1,295,929</b>
<b>ICE Telecommunications:</b>												
Transportation	¢	1	-	-	-	(1)	-	-	-	-	-	-
Access		5	-	-	-	1	6	-	-	-	(6)	-
Civil and electromechanics		60,481	2,551	1,745	-	-	64,777	1,785	-	-	-	66,562
<b>Subtotal ICE Telecommunications</b>	<b>¢</b>	<b>60,487</b>	<b>2,551</b>	<b>1,745</b>	<b>-</b>	<b>-</b>	<b>64,783</b>	<b>1,785</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>66,562</b>
<b>Subtotal ICE</b>	<b>¢</b>	<b>1,246,925</b>	<b>58,871</b>	<b>23,532</b>	<b>(12,707)</b>	<b>293</b>	<b>1,316,914</b>	<b>45,826</b>	<b>-</b>	<b>(953)</b>	<b>704</b>	<b>1,362,491</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Detail, plants, substations, lines, stations and other

Depreciation accumulated - revaluation	As of December 31						2013	Depreciation	Revaluation	Retirements	Adjustmens and reclassifications	As of September 30 of, 2014
	2012 (Restated)	Depreciation	Revaluation	Retirements and transfers	Adjustmens and reclassifications	2013						
<b>CNFL:</b>												
Improvement to lands	¢	2,223	156	118	-	-	2,497	125	-	-	1	2,623
Buildings		7,576	277	333	39	-	8,225	222	-	31	-	8,478
Plants		23,593	1,788	833	-	-	26,214	1,430	-	-	-	27,644
Distribution		68,406	3,619	2,643	(1,000)	-	73,668	2,858	-	(566)	843	76,803
Transmission		605	59	31	-	-	695	47	-	-	-	742
Substations		9,932	663	313	(1,272)	-	9,636	479	-	(56)	(843)	9,216
Service connections		20,325	627	496	(92)	-	21,356	489	-	(56)	-	21,789
Public lighting		6,934	311	234	(122)	48	7,405	247	-	(40)	-	7,612
General equipment		4,418	70	-	(441)	-	4,047	40	-	(104)	-	3,983
Communication systems		86	8	5	-	-	99	6	-	-	-	105
<b>Subtotal CNFL</b>	<b>¢</b>	<b>144,098</b>	<b>7,578</b>	<b>5,006</b>	<b>(2,888)</b>	<b>48</b>	<b>153,842</b>	<b>5,943</b>	<b>-</b>	<b>(791)</b>	<b>1</b>	<b>158,995</b>
<b>RACSA:</b>												
Building	¢	1,164	49	-	-	-	1,213	36	-	-	20	1,269
Communication equipment		9,717	16	-	(1,526)	-	8,207	-	-	(573)	-	7,634
General equipment		1,223	75	-	(49)	-	1,249	50	-	(38)	(21)	1,240
<b>Subtotal RACSA</b>	<b>¢</b>	<b>12,104</b>	<b>140</b>	<b>-</b>	<b>(1,575)</b>	<b>-</b>	<b>10,669</b>	<b>86</b>	<b>-</b>	<b>(611)</b>	<b>(1)</b>	<b>10,143</b>
<b>Total Group ICE</b>	<b>¢</b>	<b>1,473,116</b>	<b>66,589</b>	<b>28,538</b>	<b>(17,170)</b>	<b>(178)</b>	<b>1,481,425</b>	<b>51,855</b>	<b>-</b>	<b>(2,355)</b>	<b>704</b>	<b>1,531,629</b>



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

**Note 5. Other Operating Assets**

Other operating assets at cost are detailed as follows:

Other operating assets - cost	As of December 31									
	<u>2012</u>	Additions	Adjustments and reclassifications	Retirements and transfers	<u>2013</u>	Additions	Adjustments and reclassifications	Retirements	Transfers	<u>As of September 30, 2014</u>
Land	2,038	-	-	-	2,038	-	-	-	-	2,038
Access roads	1,760	476	-	-	2,236	-	-	-	-	2,236
Buildings	30,938	6,555	-	(186)	37,307	6,780	184	(197)	58	44,132
Production machinery and equipment	2,502	965	-	873	4,340	3	-	(503)	-	3,840
Construction equipment	74,157	12,326	-	(1,783)	84,700	4,143	-	(541)	(144)	88,158
Transport equipment	82,313	5,576	-	853	88,742	576	-	(539)	117	88,896
Communication equipment	12,473	7,708	-	(249)	19,932	831	(18)	(617)	(372)	19,756
Office furniture and equipment	8,560	438	-	(244)	8,754	497	-	(169)	12	9,094
Computer hardware and software	69,777	3,651	-	(2,890)	70,538	3,338	(8)	(1,109)	413	73,172
Laboratory, research, and sanitation equipment	32,366	5,264	-	(920)	36,710	1,839	-	(479)	355	38,425
Sport, recreational, and education furniture and equipment	665	72	-	(9)	728	66	-	(9)	(1)	784
Sundry machinery and equipment	17,726	1,872	-	8	19,606	1,111	(25)	(239)	(441)	20,012
Maintenance machinery and equipment	35,308	2,919	-	(37)	38,190	2,727	-	(378)	24	40,563
Photography, video, and publication equipment	3,705	163	-	2	3,870	298	-	(35)	(30)	4,103
<b>Total ICE Group</b>	<b>374,288</b>	<b>47,985</b>	<b>-</b>	<b>(4,582)</b>	<b>417,691</b>	<b>22,209</b>	<b>133</b>	<b>(4,815)</b>	<b>(9)</b>	<b>435,209</b>

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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
	2012	Depreciation	Retirements and transfers	2013	Depreciation	Retirements	Transfers	September 30, 2014
Buildings	3,963	789	-	4,752	695	(5)	5	5,447
Production machinery and equipment	659	453	(3)	1,109	84	(392)	-	801
Construction equipment	34,184	12,453	(447)	46,190	9,508	(487)	1	55,212
Transport equipment	64,626	7,051	(508)	71,169	5,213	(539)	-	75,843
Communication equipment	6,228	1,575	(398)	7,405	1,463	(416)	(41)	8,411
Office furniture and equipment	3,747	730	(143)	4,334	552	(121)	(1)	4,764
Computer hardware and software	49,468	11,264	(2,145)	58,587	6,205	(1,075)	33	63,750
Laboratory, research, and sanitation equipment	15,113	3,836	(601)	18,348	3,111	(352)	57	21,164
Sport, recreational, and education furniture and equipment	235	71	(2)	304	55	(6)	-	353
Sundry machinery and equipment	8,640	2,449	(182)	10,907	1,801	(201)	(62)	12,445
Maintenance machinery and equipment	17,872	6,153	(217)	23,808	4,617	(310)	-	28,115
Photography, video, and publication equipment	2,035	635	(43)	2,627	434	(33)	(1)	3,027
<b>Total ICE Group</b>	<b>206,770</b>	<b>47,459</b>	<b>(4,689)</b>	<b>249,540</b>	<b>33,738</b>	<b>(3,937)</b>	<b>(9)</b>	<b>279,332</b>

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							As of September 30, 2014
	2012	Revaluation	Retirements and transfers	2013	Revaluation	Reteriments	Transfers	
Land	¢ 6,844	250	-	7,094	-	-	-	7,094
Access roads	-	-	16	16	-	-	-	16
Buildings	46,645	2,251	(4)	48,892	-	(8)	2	48,886
Production machinery and equipement	1,745	128	203	2,076	-	(1,084)	-	992
Construction equipment	11,166	1,953	(88)	13,031	-	(356)	-	12,675
Transport equipment	15,414	1,096	(375)	16,135	-	(231)	-	15,904
Office furniture and equipment	2,169	226	(92)	2,303	-	(77)	(1)	2,225
Sanitary equipment for laboratory and investigation	5,201	804	(289)	5,716	-	(149)	14	5,581
Educational, sport and recreational equipment and furniture	63	18	(1)	80	-	(1)	-	79
Diverse machinery and equipment	1,311	284	(29)	1,566	-	(40)	(14)	1,512
Machinery and equipment for maintenance	3,722	851	(55)	4,518	-	(79)	-	4,439
Equipment for photography, video and publications	311	84	(6)	389	-	(4)	-	385
<b>Total ICE Group</b>	<b>¢ 94,591</b>	<b>7,945</b>	<b>(720)</b>	<b>101,816</b>	<b>-</b>	<b>(2,029)</b>	<b>1</b>	<b>99,788</b>

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					2013	Depreciation	Retirements	Transfers	As of September 30, 2014
	2012	Depreciation	Revaluation	Retirements and transfers						
Access roads	¢	-	-	-	16	16	-	-	-	16
Buildings		26,874	1,015	906	(2)	28,793	803	(3)	-	29,593
Production machinery and equipment		1,118	177	53	-	1,348	67	(926)	-	489
Construction equipment		9,558	719	739	(85)	10,931	808	(354)	-	11,385
Transport equipment		13,730	755	544	(374)	14,655	646	(231)	-	15,070
Communication equipment		-	-	-	-	-	-	-	-	-
Office furniture and equipment		1,719	90	73	(84)	1,798	80	(69)	1	1,810
Computer hardware and software		-	(1)	-	1	-	-	-	-	-
Laboratory, research, and sanitation equipment		3,946	390	275	(264)	4,347	349	(134)	-	4,562
Sport, recreational, and education furniture and equipment		36	6	4	(1)	45	5	(1)	-	49
Sundry machinery and equipment		935	148	94	(30)	1,147	128	(36)	-	1,239
Maintenance machinery and equipment		2,662	449	332	(113)	3,330	483	(73)	-	3,740
Photography, video, and publication equipment		198	57	36	(7)	284	53	(4)	-	333
<b>Total ICE Group</b>	¢	<b>60,776</b>	<b>3,805</b>	<b>3,056</b>	<b>(943)</b>	<b>66,694</b>	<b>3,422</b>	<b>(1,831)</b>	<b>1</b>	<b>68,286</b>

## 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	<u>As of</u> <u>December 31,</u> <u>of 2013</u>	Additions	<u>As of</u> <u>September 30,</u> <u>of 2014</u>
<b><u>ICE:</u></b>			
Land	¢ 1,151	-	1,151
Buildings	25,315	-	25,315
Office furniture and equipment	1,084	-	1,084
Transport equipment	60	9	69
<b>Total ICE Group</b>	<b>¢ 27,610</b>	<b>9</b>	<b>27,619</b>

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

Accumulated depreciation	<u>As of</u> <u>December 31,</u> <u>of 2013</u>	Depreciation	<u>As of</u> <u>September 30,</u> <u>of 2014</u>
<b><u>ICE:</u></b>			
Buildings	¢ 1,773	380	2,153
Office furniture and equipment	378	81	459
Transport equipment	8	5	13
<b>Total ICE Group</b>	<b>¢ 2,159</b>	<b>466</b>	<b>2,625</b>

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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 September 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:

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

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

<b>Accumulated depreciation - Others operation assets under financial leases - revaluation</b>	<b><u>As of</u> <u>December 31,</u> <u>of 2013</u></b>	<b>Depreciation</b>	<b><u>As of</u> <u>September 30,</u> <u>of 2014</u></b>
<b><u>ICE:</u></b>			
Buildings	¢ 148	45	193
Office furniture and equipment	34	11	45
<b>Total ICE Group</b>	<b>¢ 182</b>	<b>56</b>	<b>238</b>

(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 September 30, 2014
<b>ICE:</b>															
Major construction work in progress	350,811	185,300	(51,306)	27,094	-	(57,280)	-	454,619	102,254	(16,036)	23,323	-	(101,254)	-	462,906
Other construction work in progress	234,347	168,911	(255,495)	9,580	-	(5,488)	-	151,855	104,185	(105,329)	5,600	-	(2,223)	-	154,088
* Elimination of Government services	-	-	-	-	-	(3,752)	-	(3,752)	-	-	-	-	1,137	-	(2,615)
<b>Subtotal construction work in progress</b>	<b>585,158</b>	<b>354,211</b>	<b>(306,801)</b>	<b>36,674</b>	<b>-</b>	<b>(66,520)</b>	<b>-</b>	<b>602,722</b>	<b>206,439</b>	<b>(121,365)</b>	<b>28,923</b>	<b>-</b>	<b>(102,340)</b>	<b>-</b>	<b>614,379</b>
Materials in transit for investment	153,476	22,127	-	-	(25,686)	(130)	(32,291)	117,496	561	-	-	(30,565)	(3,229)	(32,022)	52,241
Inventory for investment	169,564	1,096	-	-	74,558	(16,717)	(94,284)	134,217	2,857	-	-	63,763	(4,777)	(44,587)	151,473
<b>Total ICE</b>	<b>908,198</b>	<b>377,434</b>	<b>(306,801)</b>	<b>36,674</b>	<b>48,872</b>	<b>(83,367)</b>	<b>(126,575)</b>	<b>854,435</b>	<b>209,857</b>	<b>(121,365)</b>	<b>28,923</b>	<b>33,198</b>	<b>(110,346)</b>	<b>(76,609)</b>	<b>818,093</b>
<b>CNFL:</b>															
Other construction work in progress	94,074	75,706	(12,984)	9,859	-	(6,069)	-	160,586	45,014	(12,881)	-	-	(7,514)	-	185,205
Inventory for investment	3,717	82	-	-	-	-	-	3,799	-	(506)	-	-	-	-	3,293
<b>Subtotal CNFL</b>	<b>97,791</b>	<b>75,788</b>	<b>(12,984)</b>	<b>9,859</b>	<b>-</b>	<b>(6,069)</b>	<b>-</b>	<b>164,385</b>	<b>45,014</b>	<b>(13,387)</b>	<b>-</b>	<b>-</b>	<b>(7,514)</b>	<b>-</b>	<b>188,498</b>
<b>RACSA:</b>															
Other construction work in progress	167	240	(177)	-	-	-	-	230	96	-	-	-	-	-	326
Materials in transit for investment	36	228	(49)	-	-	(6)	-	209	645	(488)	-	-	-	-	366
<b>Subtotal RACSA</b>	<b>203</b>	<b>468</b>	<b>(226)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>439</b>	<b>741</b>	<b>(488)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>692</b>
<b>CABLE VISION:</b>															
Other construction work in progress	-	-	-	-	-	-	-	-	101	(61)	-	-	29	-	69
Inventory for investment	-	29	-	-	-	-	-	29	-	-	-	(29)	-	-	-
<b>Subtotal Cable Visión</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>101</b>	<b>(61)</b>	<b>-</b>	<b>(29)</b>	<b>29</b>	<b>-</b>	<b>69</b>
<b>Total ICE Group</b>	<b>1,006,192</b>	<b>453,719</b>	<b>(320,011)</b>	<b>46,533</b>	<b>48,872</b>	<b>(89,442)</b>	<b>(126,575)</b>	<b>1,019,288</b>	<b>255,713</b>	<b>(135,301)</b>	<b>28,923</b>	<b>33,169</b>	<b>(117,831)</b>	<b>(76,609)</b>	<b>1,007,352</b>
<b>Resumen Grupo ICE :</b>															
Major construction work in progress	445,052	261,246	(64,467)	36,953	-	(63,349)	-	615,435	147,364	(28,917)	23,323	-	(108,768)	-	648,437
Other construction work in progress	234,347	168,911	(255,495)	9,580	-	(5,488)	-	151,855	104,286	(105,390)	5,600	-	(2,194)	-	154,157
* Elimination of Government services	-	-	-	-	-	(3,752)	-	(3,752)	-	-	-	-	1,137	-	(2,615)
<b>Subtotal construction work in progress</b>	<b>679,399</b>	<b>430,157</b>	<b>(319,962)</b>	<b>46,533</b>	<b>-</b>	<b>(72,589)</b>	<b>-</b>	<b>763,538</b>	<b>251,650</b>	<b>(134,307)</b>	<b>28,923</b>	<b>-</b>	<b>(109,825)</b>	<b>-</b>	<b>799,979</b>
Materials in transit for investment	153,512	22,355	(49)	-	(25,686)	(136)	(32,291)	117,705	1,206	(488)	-	(30,565)	(3,229)	(32,022)	52,607
Inventory for investment	173,281	1,207	-	-	74,558	(16,717)	(94,284)	138,045	2,857	(506)	-	63,734	(4,777)	(44,587)	154,766
<b>Total ICE Group</b>	<b>1,006,192</b>	<b>453,719</b>	<b>(320,011)</b>	<b>46,533</b>	<b>48,872</b>	<b>(89,442)</b>	<b>(126,575)</b>	<b>1,019,288</b>	<b>255,713</b>	<b>(135,301)</b>	<b>28,923</b>	<b>33,169</b>	<b>(117,831)</b>	<b>(76,609)</b>	<b>1,007,352</b>

\* 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

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(In millions of colones)

The detail of movement of works in progress and other works in progress as of September 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 September 30, 2014
<b>ICE</b>						
<b>Works in progress:</b>						
Reventazón Hydroelectric Project (1)	284,442	14,145	-	10,206	(96,630)	212,163
Cachí Hydroelectric Project (2)	68,309	28,313	-	7,064	-	103,686
Cariblanco-Trapiche transmission line (3)	23,942	8,888	-	1,409	-	34,239
Peñas Blancas-Garita transmission line	21,857	4,471	-	1,154	-	27,482
Río Macho Hydroelectric Project (4)	10,841	17,232	(4,314)	505	-	24,264
Las Pailas II Geothermal Project (5)	9,098	14,715	(1,299)	943	-	23,457
Cóbano transmission	6,686	3,278	-	467	-	10,431
Anillo Sur transmission (6)	7,271	7,051	(364)	898	(4,553)	10,303
Río Macho t.s. modernization	7,740	391	-	387	-	8,518
Auxiliary rods	1,706	396	-	124	-	2,226
Power transformers Renewal	-	2,085	-	5	-	2,090
Siepect Transmission - transmission lines	1,809	155	-	77	-	2,041
Transmission, Jacó	949	234	-	98	-	1,281
Sundry projects	9,969	900	(10,059)	(14)	(71)	725
<b>Subtotal Works in progress</b>	<b>454,619</b>	<b>102,254</b>	<b>(16,036)</b>	<b>23,323</b>	<b>(101,254)</b>	<b>462,906</b>
<b>Other works in progress:</b>						
P.E.S.S.O	19,096	4,766	-	912	-	24,774
Creation and restoration of civil and metal structures	16,250	1,651	(3,372)	1	(430)	14,100
Advanced Cell Evolution (7)	9,019	5,401	(3,250)	-	(5)	11,165
Continuous quality improvement (distribution) (8)	8,777	6,133	(5,642)	326	-	9,594
Advanced public terminals (9)	61	25,737	(16,411)	-	-	9,387
Expansion and modernization of the system (10)	8,167	7,217	(7,549)	158	-	7,993
Reinforcement of the distribution system	5,949	3,831	(2,650)	74	-	7,204
Improvements telecommunications in transportation networks (11)	4,541	8,521	(6,476)	-	(18)	6,568
New energy control center	3,378	2,701	-	253	-	6,332
Fiber optics of advanced connectivity (FOCA)	7,247	4,541	(5,514)	-	(23)	6,251
Management of network elements	6,486	3,089	(3,613)	-	-	5,962
Technical services for distribution projects	5,988	1,771	(3,280)	131	-	4,610
Network development	6,353	4,932	(7,036)	36	-	4,285
Permanent investment in transmission works	3,805	1,325	(1,121)	78	23	4,110
Miravalles II Geothermal Project	10,975	225	(8,872)	2,115	(733)	3,710
Sustainability and growth of the telecom sector income	13	3,275	(42)	-	-	3,246
Advanced mobile services	720	2,303	(179)	-	-	2,844
Technological infrastructure	2,092	250	(172)	267	-	2,437
Sustainability and soundproofing of the infrastructure	2,494	1,562	(1,874)	-	-	2,182
Full customer service to corporate client	1,904	3,769	(3,594)	-	(13)	2,066
Improvements in electricity transportation network	3,056	1,612	(2,760)	162	(58)	2,012
Arenal Hydroelectric Project	1,130	364	-	310	-	1,804
Modernization of lightning, tests	1,578	809	(747)	12	-	1,652
Public lighting	1,151	647	(551)	24	-	1,271
Expansion of mobile telephone service	929	209	-	-	-	1,138
<b>Subtotal Other works in progress</b>	<b>20,696</b>	<b>7,437</b>	<b>(10,061)</b>	<b>395</b>	<b>(966)</b>	<b>17,501</b>
<b>(*) Elimination of institutional services</b>	<b>151,855</b>	<b>104,078</b>	<b>(94,766)</b>	<b>5,254</b>	<b>(2,223)</b>	<b>164,198</b>
Total ICE	(3,752)	-	-	-	1,137	(2,615)
<b>Total ICE</b>	<b>602,722</b>	<b>206,332</b>	<b>(110,802)</b>	<b>28,577</b>	<b>(102,340)</b>	<b>624,489</b>
<b>CNFL:</b>						
Balsa Inferior Hydroelectric Plant (12)	154,167	31,720	-	-	(7,514)	178,373
Anonos Hydroelectric Plant	1,536	116	-	-	-	1,652
Olivier Isla del Coco Hydroelectric Plant	126	950	-	-	-	1,076
San Buenaventura Wind Power Plant	957	55	-	-	-	1,012
Sundry projects	3,800	12,173	(12,881)	-	-	3,092
<b>Subtotal CNFL</b>	<b>160,586</b>	<b>45,014</b>	<b>(12,881)</b>	<b>-</b>	<b>(7,514)</b>	<b>185,205</b>
<b>RACSA:</b>						
Network of 300 Km of fiber optic	230	30	-	-	-	260
Forestry projects	-	61	-	-	-	61
Sundry projects	-	5	-	-	-	5
<b>Subtotal RACSA</b>	<b>230</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326</b>
<b>CABLE VISIÓN</b>						
MJ006 Saint Clare Moravia	-	8	-	-	-	8
MJ007 San Ramon Tres Ríos	-	6	-	-	-	6
MJ008 Granadilla Este	-	5	-	-	-	5
Sundry projects	-	82	(61)	-	29	50
<b>Subtotal CABLE VISIÓN</b>	<b>-</b>	<b>101</b>	<b>(61)</b>	<b>-</b>	<b>29</b>	<b>69</b>
<b>Total ICE Group</b>	<b>602,722</b>	<b>251,650</b>	<b>(134,307)</b>	<b>28,923</b>	<b>(109,825)</b>	<b>799,979</b>

\* 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 September 30, 2014, the works in progress present an increase of ¢28,923 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.

As of September 30, 2014, this project shows a decrease of ¢96,630 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 ¢14,145 for the acquisition of materials and equipment.

### (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.

It presents an increase in additions for the sum of ¢28,313 due to the acquisition of materials and spare parts.

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## 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 works have 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 September 30, 2014, it shows an increase for the sum of ¢8.888 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 September 30, 2014 amount to the sum of ¢17,232, 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 September 30, 2014, there is an increase of ¢14,715 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

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

in Higuito de Desamparados, in addition to the expansion of the line existing in the northwest.

As of September 30, 2014, it shows an increase of ¢7,051 in additions, which correspond mainly to the acquisition of metal materials and minerals.

#### **(7) Advanced Public Terminals**

This project consists of the implementation of equipment that allows greater capacity for data management.

As of September 30, 2014, the additions of this project amount to the sum of ¢5,401, which mainly corresponds to the acquisition of equipment.

#### **(8) Continuous Quality Improvement (Distribution)**

The objective of this project is to improve the infrastructure, installation, and remote operation of equipment for the distribution of electricity through modern maintenance practices that permanently promote quality improvement and the continuity of the electric energy supply, and also to promote the competitiveness of the country's economic processes, such as industry, tourism, trade, and services.

The additions to this project as of September 30, 2014 amount to the sum of ¢6,133, which correspond mainly to the acquisition of machinery and equipment for the production, as well as materials and supplies.

#### **(9) 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.

As of September 30, 2014, there was an increase amounting to ¢25,737 in additions, which mainly corresponds to the acquisition of equipment.

#### **(10) Expansion and Modernization of the Transportation System**

The scope of the project consists of covering the requirements regarding the telecommunication transportation system. The approximate cost amounts to US\$105 million projected as of 2015.

The additions for ¢7,217 correspond mainly to the acquisition of electric products and materials and info-communication equipment.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

**(11) Improvements in the Telecommunications Transportation Network**

Design and construction of zones of interest for the Institution. The additions of this project as of September 30, 2014 amount to ¢8,521, mainly from progress in works.

**(12) 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.

As of September 30, 2014, it showed an increase for the sum of ¢31,720 in additions, mainly from progress made in the project's executing unit.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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ICE - Electricity Sector

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

Works in Progress	Financing sources																			As of September 30, 2014
	Domestic	IADB 796	JBIC	Bonds A Placement	Bonds B Placement	B.C.LE 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	CABEI	Third party services	CABEI 2109	
<b>Hydraulic Generation - Hydroelectric Project:</b>																				
Río Macho Hydroelectric Project	2,164	-	-	-	-	-	-	-	-	-	15,053	-	6,653	81	313	-	-	-	-	24,264
Cachi Hydroelectric Project	31,636	-	-	-	-	-	-	-	3	14	-	-	8,358	154	13,158	-	50,363	-	-	103,686
Reventazón Hydroelectric Project	116,709	-	-	-	-	-	53	10	15	7,242	-	12	81,360	1,123	1,025	10	-	-	4,604	212,163
<b>Subtotal</b>	<b>150,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>10</b>	<b>18</b>	<b>7,256</b>	<b>15,053</b>	<b>12</b>	<b>96,371</b>	<b>1,358</b>	<b>14,496</b>	<b>10</b>	<b>50,363</b>	<b>-</b>	<b>4,604</b>	<b>340,113</b>
<b>Substations:</b>																				
Cariblanco-Trapiche Transmission	3,053	7	-	-	-	-	-	-	-	-	119	-	3,548	1	1,647	-	-	-	-	8,375
Auxiliary bars	1,188	-	-	-	-	-	-	-	-	120	13	-	380	14	511	-	-	-	-	2,226
Jaco Transmission	247	-	-	-	-	-	-	-	-	-	55	-	160	72	43	-	-	-	-	577
Coyol Transmission	239	-	-	-	-	-	-	-	-	-	70	-	150	-	151	-	-	-	-	610
Power Transformer Refurbishment	387	-	-	-	-	-	-	-	69	1,414	-	-	183	6	31	-	-	-	-	2,090
Río Macho Transmission System Revamping	5,023	-	-	-	-	-	-	-	-	165	1,249	-	333	-	1,748	-	-	-	-	8,518
<b>Subtotal</b>	<b>10,137</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354</b>	<b>2,920</b>	<b>-</b>	<b>4,754</b>	<b>93</b>	<b>4,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,396</b>
<b>Transmission lines:</b>																				
Cariblanco-Trapiche Transmission	7,803	(57)	1	-	16	220	-	37	202	-	-	-	12,004	305	5,335	-	-	-	-	25,866
Poás Transmission	(54)	141	-	1	16	2	-	-	-	-	-	-	-	-	-	-	-	-	-	106
Peñas Blancas-Garita Transmission	11,245	(302)	-	49	10	504	-	2,824	1,810	-	-	-	5,427	24	5,890	-	-	1	-	27,482
Cócano Transmission	4,098	-	-	-	-	-	-	-	-	-	-	-	3,869	-	2,464	-	-	-	-	10,431
SIEPAC Transmission Lines	1,500	-	-	(27)	(99)	23	-	-	39	-	-	-	172	-	433	-	-	-	-	2,041
Amillo Sur Transmission	1,445	-	-	-	-	-	-	-	-	-	-	-	6,602	-	2,256	-	-	-	-	10,303
Jaco Transmission	197	-	-	-	-	-	-	-	-	-	-	-	102	80	324	-	-	-	-	703
Coyol Transmission	3	-	-	-	-	-	-	-	-	-	-	-	5	-	-	-	-	-	-	8
<b>Subtotal</b>	<b>26,237</b>	<b>(218)</b>	<b>1</b>	<b>23</b>	<b>(57)</b>	<b>749</b>	<b>-</b>	<b>2,861</b>	<b>2,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,181</b>	<b>409</b>	<b>16,702</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>76,940</b>
<b>Geothermal power generation:</b>																				
Las Pailas II Geothermal Project	12,274	-	-	-	-	-	-	-	-	-	179	-	5,021	66	5,917	-	-	-	-	23,457
<b>Subtotal</b>	<b>12,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>-</b>	<b>5,021</b>	<b>66</b>	<b>5,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,457</b>
<b>Total construction work in progress</b>	<b>199,157</b>	<b>(211)</b>	<b>1</b>	<b>23</b>	<b>(57)</b>	<b>749</b>	<b>53</b>	<b>2,871</b>	<b>2,069</b>	<b>7,610</b>	<b>18,152</b>	<b>12</b>	<b>134,327</b>	<b>1,926</b>	<b>41,246</b>	<b>10</b>	<b>50,363</b>	<b>1</b>	<b>4,604</b>	<b>462,906</b>

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**Note 8. Long-Term Investments**

Long-term investments are detailed as follows:

	As of September 30 2014	As of December 31 2013
<b>Investments in shares valued at cost:</b>		
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
<b>Subtotal investments in shares valued at cost</b>	<b>14,523</b>	<b>14,523</b>
<b>Long term financial investments:</b>		
Government (External Debt Bonds)	25,306	20,273
Central Bank of Costa Rica (Bond)	6,606	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)	812	754
La Nación S.A. (Bond)	1,250	750
Banco Hipotecario de la Vivienda (Bond)	500	500
Banco Popular y de Desarrollo Comunal	496	-
Instituto Nacional de Cemento	-	350
Banco Promérica	300	300
Banco Crédito Agrícola de Cartago	569	251
Banco BCT	250	250
Financiera Desyfin	302	-
<b>Subtotal long term investments</b>	<b>39,069</b>	<b>33,204</b>
<b>Total long term investments - Group ICE</b> ¢	<b>53,592</b>	<b>47,727</b>

(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

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

cash flows to repay the financing and make timely payments in relation thereto (see note 30). The trust agreement is for a term of 30 years.

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.

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

In 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.

(Continues)



INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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As of September 30, 2014, the main features of long-term financial investments are as follows:

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	As of September 30 2014			
									Value traded	Rate	Coupon	Net return
BPR0M bond	CRBBP0MB1169	SCR2+	Colones	Banco Prométrica	3-Oct-2012	3-Oct-2014	718 €	300	300	Fixed	12,50%	12,47%
BANHVI bond	CRBANVIB0037	SCR AA+	Colones	Banco Hipotecario de la Vivienda -BANHVI-	7-Apr-2010	7-Apr-2015	1792 €	500	504	Variable	8,95%	10,32%
BPDC bond	CRBPD006947	F1+ (cr)	Colones	Banco Popular y de Desarrollo Comunal	13-Nov-2013	13-Nov-2015	657 €	500	501	Fixed	7,00%	7,62%
MADAP bond	CRMADAPB2277	SCR AA+	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	9-Dec-2010	9-Dec-2015	1766 €	318	318	Variable	8,65%	9,63%
BCT bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	15-Feb-2013	15-Feb-2016	1076 €	250	251	Fixed	8,75%	8,63%
MADAP bond	CRMADAPB2368	SCR AA+	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	4-Jun-2013	4-Jun-2016	1078 €	350	351	Fixed	7,75%	7,70%
BCAC bond	CRBCCAC0B1256	AA+(cr)	Colones	Banco Crédito Agrícola de Cartago	21-May-2014	21-May-2017	955 €	300	301	Fixed	8,00%	8,23%
FDESJ bond	CRFDESJ00218	SCR AA	Colones	Financiera Desyfin	25-Sep-2014	25-Sep-2017	1075 €	302	303	Fixed	9,75%	9,73%
CNFL bond	CRCTFLUZB0207	AAA (cr)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	30-Sep-2010	30-Sep-2017	2516 €	400	400	Fixed	10,53%	10,51%
FIFCO bond	CRFFFCOB0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	6-Nov-2012	6-Nov-2017	1798 €	500	500	Variable	8,05%	11,25%
BSJ bond	CRBSJ00B1640	AAA (cr)	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800 €	400	400	Fixed	8,25%	8,25%
BSJ bond	CRBSJ00B1640	AAA (cr)	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.	9-Oct-2013	9-Oct-2018	1795 €	750	751	Fixed	8,75%	8,74%
La Nación S.A. bond	CRNACIOB0175	SCR AAA	Colones	La Nación S.A.	17-Sep-2014	17-Sep-2019	1798 €	500	500	Fixed	10,00%	9,99%
FIFCO bond	CRFFFCOB0998	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	CRG0000B64G3	Country risk	Colones	Government	28-Jan-2011	28-Jan-2015	707 €	160	164	Fixed	8,51%	7,22%
Central Bank bond	CRG0000B54G4	Country risk	Colones	Government	24-Jun-2010	24-Jun-2015	511 €	1,000	1,048	Fixed	9,66%	6,49%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	23-Mar-2012	23-Sep-2015	594 €	1,000	1,093	Fixed	10,58%	6,86%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	23-Mar-2012	23-Sep-2015	594 €	500	547	Fixed	10,58%	6,87%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	23-Mar-2012	23-Sep-2015	594 €	500	547	Fixed	10,58%	6,60%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	23-Mar-2012	23-Sep-2015	405 €	1,000	1,081	Fixed	10,58%	6,62%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	23-Mar-2012	23-Sep-2015	385 €	1,000	1,085	Fixed	10,58%	6,61%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	23-Mar-2011	23-Mar-2016	1129 €	500	528	Fixed	8,74%	7,83%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	23-Mar-2011	23-Mar-2016	1121 €	500	533	Fixed	8,74%	7,53%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	23-Mar-2011	23-Mar-2016	883 €	500	524	Fixed	8,74%	6,72%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	23-Mar-2011	23-Mar-2016	1,000 €	1,000	1,053	Fixed	8,74%	6,69%
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	22-Jun-2012	22-Jun-2016	1165 €	500	565	Fixed	10,58%	6,98%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	21-Jun-2013	21-Dec-2016	1125 €	500	507	Fixed	6,67%	7,08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	21-Jun-2013	21-Dec-2016	1125 €	500	507	Fixed	6,67%	6,95%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	21-Jun-2013	21-Dec-2016	1125 €	500	507	Fixed	6,67%	7,08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	21-Jun-2013	21-Dec-2016	1125 €	500	507	Fixed	6,67%	7,08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	21-Jun-2013	21-Dec-2016	1125 €	500	507	Fixed	6,67%	7,10%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	28-Jun-2007	28-Jun-2017	1569 €	170	185	Fixed	9,89%	7,84%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	28-Jun-2007	28-Jun-2017	1557 €	675	743	Fixed	9,89%	7,58%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	28-Jun-2007	28-Jun-2017	1325 €	2,394	2,647	Fixed	9,89%	7,52%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	28-Jun-2007	28-Jun-2017	1325 €	500	553	Fixed	9,89%	7,53%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	27-Mar-2012	27-Sep-2017	1669 €	500	583	Fixed	11,04%	7,74%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	27-Mar-2012	27-Sep-2017	1665 €	500	583	Fixed	11,04%	7,75%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	27-Mar-2012	27-Sep-2017	1658 €	500	584	Fixed	11,04%	7,76%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	27-Mar-2012	27-Sep-2017	1323 €	581	651	Fixed	11,04%	8,35%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	24-Jan-2011	24-Jan-2018	1760 €	1,000	1,048	Fixed	8,74%	7,76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	24-Jan-2011	24-Jan-2018	1759 €	1,500	1,573	Fixed	8,74%	7,57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	24-Jan-2011	24-Jan-2018	1758 €	500	524	Fixed	8,74%	7,57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	24-Jan-2011	24-Jan-2018	1758 €	1,000	1,048	Fixed	8,74%	7,77%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1975 €	500	494	Fixed	11,13%	11,46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1847 €	165	194	Fixed	11,13%	7,88%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1847 €	300	353	Fixed	11,13%	7,87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1847 €	500	588	Fixed	11,13%	7,87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1846 €	125	147	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1846 €	286	336	Fixed	11,13%	7,90%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1839 €	350	411	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	28-Mar-2012	28-Mar-2018	1839 €	500	588	Fixed	11,13%	7,92%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	26-Sep-2012	26-Sep-2018	1979 €	500	505	Fixed	7,82%	7,57%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	26-Sep-2012	26-Sep-2018	1979 €	500	505	Fixed	7,82%	7,58%
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	27-Sep-2011	27-Mar-2019	2206 €	120	131	Fixed	9,20%	7,94%
Central Bank bond	CRG0000B59G3	Country risk	Colones	Government	23-Dec-2010	23-Dec-2020	2786 €	500	542	Fixed	8,97%	7,88%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	Banco Central de Costa Rica	19-Nov-2007	19-Nov-2014	1335 €	286	281	Fixed	7,47%	8,70%
Monetary stabilization bond - fixed rate	CRBCCR0B4353	Country risk	Colones	Banco Central de Costa Rica	15-Jul-2010	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	15-Jul-2010	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	9-Dec-2015	10-25	1025 €	500	513	Fixed	9,20%	7,71%
Monetary stabilization bond - fixed rate	CRBCCR0B4361	Country risk	Colones	Banco Central de Costa Rica	13-Jul-2011	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	14-Sep-2008	14-Sep-2016	1034 €	1,500	1,608	Fixed	9,16%	6,80%
Monetary stabilization bond - fixed rate	CRBCCR0B3553	Country risk	Colones	Banco Central de Costa Rica	14-Sep-2008	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	4-Sep-2012	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	4-Sep-2012	4-Sep-2019	2362 €	250	275	Fixed	9,20%	7,95%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	4-Sep-2012	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	4-Sep-2012	4-Sep-2019	2362 €	20	22	Fixed	9,20%	8,00%
Mortgage participation certificate	00MADAPCI140	SCR2	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	30-Oct-2013	30-Oct-2014	360 €	111	111	Fixed	6,15%	6,09%
<b>Total investments</b>								<b>€</b>	<b>38.413</b>		<b>40.844</b>	
<b>Instrument</b>	<b>ISIN</b>	<b>Risk rating</b>	<b>Currency</b>	<b>Issuer</b>	<b>Purchase date</b>	<b>Maturity</b>	<b>Term</b>	<b>Face value</b>	<b>Value traded</b>	<b>Rate</b>	<b>Coupon</b>	<b>Net return</b>
Bond	CRBCCAC0B181	AA+(cr)	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-2013	29-Jan-2018	1780	1	1	Fixed	4,70%	4,69%
Recope standardized bond	CRRCICOPB001	AAA	U.S. dollars	Refinadora Costarricense de Petróleo	7-Dec-2012	5-Dec-2022	3598	1	1	Fixed	5,20%	5,23%
Recope standardized bond	CRRCICOPB0020	AAA (cr)	U.S. dollars	Refinadora Costarricense de Petróleo	5-Apr-2013	3-Apr-2028	5398	0	0	Fixed	5,85%	5,84%
Costa Rican external debt bond	USP3699PAAS9	AAA	U.S. dollars	Government	12-Jan-2011	1-Aug-2020	3439	0	0	Fixed	10,00%	5,12%
<b>Total investments</b>								<b>US\$</b>	<b>2</b>		<b>2</b>	

(Continues)

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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	CRINCO0B0126	AAA (cri)	Colones	Industria Nacional de Cemento	7-May-2012	2-May-2014	715	350	351	Variable	7.82%	10.29%
Bond	CRBPPROMB1169	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	CRMADAP2277	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	CRFLUZZB0207	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	CRG0000B64G3	Country risk	Colones	Government	11-Feb-2013	28-Jan-2015	707	160	164	Fixed	8.51%	7.22%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	4-Feb-2013	23-Mar-2016	1129	500	528	Fixed	8.74%	7.83%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	12-Feb-2013	23-Mar-2016	1121	500	533	Fixed	8.74%	7.53%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	10-Oct-2013	23-Mar-2016	883	500	524	Fixed	8.74%	6.72%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	30-Oct-2013	23-Mar-2016	863	1,000	1,053	Fixed	8.74%	6.69%
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	27-Mar-2013	22-Jun-2016	1455	500	565	Fixed	10.38%	6.98%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	6.95%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.10%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	19-Feb-2013	28-Jun-2017	1569	170	185	Fixed	9.89%	7.84%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	1-Mar-2013	28-Jun-2017	1557	675	743	Fixed	9.89%	7.58%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	2,394	2,647	Fixed	9.89%	7.52%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	500	553	Fixed	9.89%	7.53%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	8-Feb-2013	27-Sep-2017	1669	500	583	Fixed	11.04%	7.74%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	12-Feb-2013	27-Sep-2017	1665	500	583	Fixed	11.04%	7.75%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	19-Feb-2013	27-Sep-2017	1658	500	584	Fixed	11.04%	7.76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	4-Mar-2013	24-Jan-2018	1760	1,000	1,048	Fixed	8.74%	7.76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	5-Mar-2013	24-Jan-2018	1759	1,460	1,573	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	500	524	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	1,000	1,048	Fixed	8.74%	7.77%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-2012	28-Mar-2018	1975	500	494	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	165	194	Fixed	11.13%	7.88%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	300	353	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	500	588	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	125	147	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	286	336	Fixed	11.13%	7.90%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	350	411	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	500	588	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.57%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.58%
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	11-Feb-2013	27-Mar-2019	2206	120	131	Fixed	9.20%	7.94%
Central Bank bond	CRG0000B59G3	Country risk	Colones	Government	27-Mar-2013	23-Dec-2020	2786	500	542	Fixed	8.97%	7.88%
Monetary stabilization bond - fixed rate	CRBCCROB3371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	278	284	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCROB3371	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	CRBCCROB4353	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	CRBCCROB4353	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	CRBCCROB3827	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	CRBCCROB4361	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	CRBCCROB3553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	1,500	1,608	Fixed	9.16%	6.80%
Monetary stabilization bond - fixed rate	CRBCCROB3553	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	CRBCCROB4080	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	CRBCCROB4080	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	CRBCCROB4080	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	CRBCCROB4080	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%
<b>Total investments</b>								<b>¢</b>	<b>32,030</b>	<b>34,039</b>		
<b>Instrument</b>	<b>ISIN</b>	<b>Risk rating</b>	<b>Currency</b>	<b>Issuer</b>	<b>Purchase date</b>	<b>Maturity</b>	<b>Term</b>	<b>Face value</b>	<b>Value traded</b>	<b>Rate</b>	<b>Coupon</b>	<b>Net return</b>
Bond	CRBACOB1181	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	CRRECOBP0012	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	CRRECOBP0020	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%
<b>Total investments</b>								<b>US\$</b>	<b>3</b>	<b>3</b>		

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 9. Due from Banks**

Cash due from banks is detailed as follows:

Banks	As of September 30 2014	As of December 31 2013
<b>ICE Group</b>		
Public and private entities	¢ 8,375	10,126
<b>Total ICE Group</b>	<b>¢ 8,375</b>	<b>10,126</b>

**Note 10. Notes and Accounts Receivable**

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

		As of September 30 <u>2014</u>		As of December 31 <u>2013</u>	
		Long-term	Short-term	Long-term	Short-term
Loan to autonomous entities (1)	¢	7,233	-	7,046	-
Private people		-	2,360	-	1,669
Other		8	120	64	300
In legal collections		-	108	-	108
Payment arrangements		-	226	-	54
<b>Total ICE Group</b>		<b>7,241</b>	<b>2,814</b>	<b>7,110</b>	<b>2,131</b>

**(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 September 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

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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 ¢2,449. (¢2,262 for 2013)

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

Accounts receivable services rendered	As of September 30		As of December 31	
		2014		2013
Private people	¢	54,446		49,990
Judicial and administrative collection		43,051		36,590
Electric cooperatives and municipal companies of electric distribution		13,228		8,375
Operators and suppliers of services		5,959		5,790
Telephone administrations		2,238		1,562
Public offices		4,264		2,798
Selling of devices (terminals)		289		269
Electric services consumers		24,712		20,791
Foreign lines		592		546
Other		1,923		1,328
<b>Total ICE Group</b>	¢	<b>150,702</b>		<b>128,039</b>

Accounts receivable not commercial	As of September 30		As of December 31	
		2014		2013
Private people (1)		16,994		45,702
Government tax		4,263		4,594
Other		1,788		955
Toro 3		-		179
Employees		7		219
Fiscal credit sales tax		1,624		1,513
Covenants, services cleared and others		1,776		1,053
Damages to electric installations		838		730
Retention 2% income tax		616		822
Commercial transactions receivable		51		580
Other services rendered		512		74
Funds of savings and loans		200		200
Advance payment sales tax		112		110
Various services government		15		109
Accounts receivable various		602		416
Advance payment income tax		180		108
Advance payments to suppliers		4		72
<b>Total ICE Group</b>	¢	<b>29,582</b>		<b>57,436</b>

(Continues)

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Notes to the Interim Consolidated Financial Statements  
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(1) **Private Individuals**

As of September 30, 2014, this item includes advance payments made by ICE to purchase fuel to generate power in thermal power plants for ¢1,400, advance payments to private individuals with guarantees for ¢1,308, interest and commissions for ¢1,407, receivables for unpriced services for ¢2,288 corresponding to the services provided by the Strategic Business Units, and ¢6,478 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 September 30, 2014
Receivables for services rendered and non-trade receivables	¢ 35,616	1,829	(12,526)	1,259	6,739	32,917	(6,640)	683	3,430	30,390
<b>Total ICE Group</b>	<b>¢ 35,616</b>	<b>1,829</b>	<b>(12,526)</b>	<b>1,259</b>	<b>6,739</b>	<b>32,917</b>	<b>(6,640)</b>	<b>683</b>	<b>3,430</b>	<b>30,390</b>

**Note 11. Operating inventory**

Operating inventory by location is as follows:

Operating inventory	As of September 30 2014	As of December 31 2013
San José	¢ 24,539	27,473
Limón	25,984	19,990
Puntarenas	31,533	18,162
Guanacaste	11,098	12,143
Alajuela	2,857	3,295
Cartago	3,133	3,157
<b>Subtotal ICE Group</b>	<b>99,144</b>	<b>84,220</b>
Reclassification to inventory for investment and other assets	(48,471)	(44,725)
<b>Total ICE Group</b>	<b>¢ 50,673</b>	<b>39,495</b>

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.

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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 September 30 2014	
	2012	Used	Expenses	2013	Used	Expenses		
Allowance for valuation of inventory	¢	5,976	(2,414)	7,394	10,956	(992)	46	10,010
<b>Total ICE Group</b>	<b>¢</b>	<b>5,976</b>	<b>(2,414)</b>	<b>7,394</b>	<b>10,956</b>	<b>(992)</b>	<b>46</b>	<b>10,010</b>

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 September 30		As of December 31	
	2014		2013	
Terminals and other devices	¢	8,665		2,278
Spare parts not in warehouse custody		637		615
<b>Total ICE Group</b>	<b>¢</b>	<b>9,302</b>		<b>2,893</b>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 12. Temporary investments**

Temporary investments are as follows:

				As of September 30, 2014			
	Issuer	Type of financial instrument	Balance	Face Value	Yield Rate	Validity in Months	
<b>Not committed:</b>							
<i>Available for sale</i>	<b>Colones</b>	Repo	€ 1.214	1.217	5,68% - 5,71%	Sept 2014 to Oct 2014	
		Banco Nacional de Costa Rica	3.500	3.500	6,27% - 6,32%	May 2014 to Nov 2014	
		Banco de Costa Rica	1.490	1.500	5,84% - 5,89%	Feb 2014 to Nov 2014	
		Government	1.349	1.349	6,19%	Mar 2014 to Jan 2015	
		Government	6.929	7.000	5,34% - 5,95%	Febr 2014 to Febr 2015	
		Banco Popular	16.250	16.250	5,99% - 7,80%	Febr 2014 to May 2015	
		Banco Central de Costa Rica	2.486	2.500	5,34% - 6,00%	Jan 2014 to Jan 2015	
		Banco Central de Costa Rica	2.699	2.699	5,53% - 6,18%	Apr 2014 to Mar 2015	
		Banco CITIBANK (CMB Costa Rica)	3.000	3.000	6,22% - 6,50%	May 2014 to Nov 2014	
		Banco Crédito Agrícola de Cartago	6.800	6.800	5,94% - 7,07%	Feb 2014 to Aug 2015	
		Banco Crédito Agrícola de Cartago	2.997	3.000	6,44% - 6,49%	May 2014 to May 2015	
		Banco BAC San José, S.A.	3.250	3.250	5,94% - 7,25%	Oct 2013 to Aug 2015	
		Repo Operations	12.647	12.709	5,5% - 6,64%	Aug 2014 to Nov 2014	
		CABEI	1.500	1.500	6,19% - 6,91%	May 2014 to Feb 2015	
		Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	8.750	8.750	6,17% - 7,95%	Mar 2014 to Aug 2015	
		Banco Lafise	2.637	2.637	6,93% - 7,69%	Jan 2014 to May 2015	
		Mutual de Ahorro y Préstamo	2.508	2.508	5,94% - 7,49%	Feb 2014 to Mar 2015	
		Banco BCT	2.000	2.000	6,90% - 7,19%	May 2014 to Aug 2015	
		Banco Improsa	2.000	2.000	5,89% - 7,45%	Aug 2014 to Aug 2015	
		Banco Cathay	2.000	2.000	6,79% - 7,59%	Jan 2014 to Jul 2015	
		Financiera Desyfin	4.500	4.500	6,96% - 8,66%	Feb 2014 to Nov 2015	
		Banco Davivienda (Costa Rica) S.A.	1.000	1.000	5,96%	Feb 2014 to Feb 2015	
		Banco BANSOL Banco de Soluciones	1.000	1.000	6,79% - 7,85%	Jan 2014 to July 2015	
		Banco Promérica	105	105	6,64%	Oct 2013 to Nov 2014	
		BN Sociedad de Investment funds, S.A.	15	-	0	0	
<i>Available for sale</i>	<b>US Dollars</b>	Banco Internacional de Costa Rica	22.757	-	0,20%	At sight	
		Banco Internacional de Costa Rica	1.834	-	0,20%	At sight	
		Banco Crédito Agrícola de Cartago	541	502	2,94%	Jan 2014 to Jan 2015	
		Banco Cathay de Costa Rica S.A.	406	377	4,08%	Jul 2014 to Oct 2014	
<i>Held to maturity</i>	<b>Colones</b>	Banco de Costa Rica	3.745	3.745	3,42% - 3,45%	Sept 2014 to Oct 2014	
		Banco Nacional de Costa Rica	11.884	11.884	3,75%	Sept 2014 to Oct 2014	
		Banco Nacional de Costa Rica	2.750	2.750	3,75%	Sept 2014 to Oct 2014	
		Banco Popular	1.000	1.000	6,55%	Feb 2014 to Feb 2015	
<i>Fair value</i>	<b>Colones</b>	SAFI Banco Nacional de Costa Rica	2.524	-	3,31% - 4,17%	At sight	
		SAFI Banco de Costa Rica	3.914	-	3,72% - 4,82%	At sight	
		SAFI Instituto Nacional de Seguros	2.189	-	4,17% - 4,99%	At sight	
		Banco Popular	2.654	-	4,02%	At sight	
		SAFI BAC San José	50	-	3,66%	At sight	
		Scotiabank de Costa Rica	2	-	2,50%	At sight	
		Banco Nacional de Costa Rica	2.000	-	4,17%	At sight	
		Banco de Costa Rica	111	-	4,82%	At sight	
		SAFI Instituto Nacional de Seguros	2.000	-	4,14% - 4,99%	At sight	
		SAFI Banco Nacional de Costa Rica	1.623	-	0,99%	At sight	
		Banco de Costa Rica	6.208	-	0,88% - 1,32%	At sight	
		SAFI Instituto Nacional de Seguros	2.438	-	1,08% - 1,53%	At sight	
		Scotiabank de Costa Rica	1.083	-	0,59%	At sight	
<i>Fair value</i>	<b>US Dollars</b>	Banco de Costa Rica	3.293	-	0,92%	At sight	
<b>Total ICE Group</b>			€ 167.632	-			

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		As of December 31, 2013					
	Issuer	Short-Term Investment	Balance	Face Value	Yield rate	Validity in Months	
US Dollars	Banco Nacional de Costa Rica	Investment Funds	€ 615	-	1,24%	At sight	
Colones	Banco Nacional de Costa Rica	Certificate of time deposit	6.100	6.100	5,77%-6,41%	May 2013 to July 2014	
	Banco de Costa Rica	Certificate of time deposit	5.682	5.682	5,91%-7,49%	Jun 2013 to Aug 2014	
	Banco de Costa Rica	Commercial Paper (Macro título)	341	348	5,28%	Nov 2013 to May 2014	
	Government	Ownership security fixed rate	1.500	1.500	5,82%-6,10%	May 2013 to Mar 2014	
	Government	Ownership security macro zero coupon	8.225	8.500	5,01% - 5,46%	Aug 2013 to Aug 2014	
	Banco Popular	Certificate of time 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)	Certificate of time deposit	1.750	1.750	6,14%	July 2013 to July 2014	
	Banco Crédito Agrícola de Cartago	Certificate of time deposit	4.960	4.960	5,74%-6,35%	Apr 2013 to Aug 2014	
	Banco BAC San José, S.A.	Certificate of Time Deposit (macro título)	4.456	4.456	5,94% - 6,25%	May 2013 to Oct 2014	
	Repo Operations	Repo	1.458	1.458	3,30%-5,30%	Aug 2013 to Jan 2014	
	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	Bond	300	300	6,10%	Jul 2013 to Mar 2014	
	Mutual de Ahorro y Préstamo	Mortgage Certificate	1.275	1.275	6,14% - 6,24%	Aug 2012 to Sep 2014	
	Banco Improsa	Certificate of Time Deposit (macro título)	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	Certificate of Time Deposit (macro título)	350	350	6,54%	Oct 2013 to Jun 14	
	Banco Promérica	Bond	105	105	6,64%	Oct 2013 to Oct 2014	
	BN Sociedad de Investment Funds, S.A.	Investment Funds	15	-	-	At sight	
	Banco Nacional de Costa Rica	Investment Funds	116	-	3,54%	At sight	
US Dollars	Banco Internacional de Costa Rica	Overnight	39.626	-	0,20%	At sight	
	Banco Internacional Costa Rica	Overnight Tele. # 104600328 BICSA S	6.427	-	0,20%	At sight	
	Banco Crédito Agrícola de Cartago	Bond	251	251	3,68%	Feb 2013 to Jan 2014	
	Repo Operations	Repo	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	
Colones	Banco de Costa Rica	Certificate of time deposit	9.517	9.517	3,00%	Dec 2013 to Jan 2014	
	Banco de Costa Rica	Certificate of time deposit	11.184	11.184	3,00%	Dec 2013 to Jan 2014	
	BANHVI	Certificate of time deposit	2.350	2.350	8,74%	Jan 2013 to Jan 2014	
US Dollars	Banco de Costa Rica	Certificate of time deposit	5.025	5.025	0,15%	Dec 2013 to Jan 2014	
	Banco Internacional de Costa Rica	Time Deposit BICSA MIAMI	1.005	1.005	3,00%	Sep 2013 to Mar 2014	
	Banco Nacional de Costa Rica	Certificate of Time Deposit	501	502	0,75%	90 Days	
	Banco de Costa Rica	Certificate of Time Deposit	101	100	1,15%	Sep 2012 to Mar 2015	
Colones	Banco de Costa Rica	Investment Funds	3	-	3,44% - 4,08%	At sight	
	SAFI BAC San José	BAC SAN JOSÉ Liquidity C ND	50	-	3,07%	At sight	
	Banco Popular	SAFI Banco Popular	4	-	2,64%	At sight	
	Banco de Costa Rica	Investment Funds	11	-	3,44%-4,08%	At sight	
	Banco Popular	Investment Funds	1	-	2,39%	At sight	
	SAFI BAC San José	BAC SAN JOSÉ Liquidity C ND	50	-	2,95%	At sight	
US Dollars	Banco de Costa Rica	Investment Funds	1.368	-	1,31%	At sight	
	Banco de Costa Rica	Investment Funds	132	-	1,31%	At sight	
			€ 133.782	-			

## 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 September 30, 2014 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of (€143) (€20 in December 2013), which is

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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 September 30 2014	As of December 31 2013
<b><u>ICE:</u></b>		
<b>Guarantees received from third parties:</b>		
In U.S. dollars	¢ 888	914
In colones	594	357
<b>Specific purpose funds:</b>		
BCR Platinum (¢) - Cash for payments of ICE services	25	2,468
BNCR Gold - Cash for amortization of short-term debt	103	1,667
<b>Total ICE Group</b>	<b>¢ 1,610</b>	<b>5,406</b>

**Note 14. Prepaid Expenses**

Prepaid expenses are detailed as follows:

Prepaid expenses	As of September 30 2014	As of December 31 2013
<b><u>ICE:</u></b>		
Mobile terminals and devices (1)	¢ 38,603	37,882
Use agreements (2)	15,883	18,688
Fuel (3)	24,892	7,877
Imports (4)	20,319	-
U-500 insurance policy, net (5)	7,867	4,448
All-risk insurance policy - construction	2,814	4,131
Sundry policies	520	387
Stationery	-	338
Phone book	2,635	2,183
Other	118	36
Vacation	46	21
Patents	3	3
Judicial attachments	19	-
Interest on leases	23	21
Services	3	-
Vehicle tax	1	2
<b>Total ICE Group</b>	<b>¢ 113,746</b>	<b>76,017</b>

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U-500 insurance policy	As of September 30 2014	As of December 31 2013
Opening balance	¢ 4,448	4,396
Amount of premium	10,419	12,415
Amortization of premium	(7,000)	(12,363)
<b>Total ICE Group</b>	<b>¢ 7,867</b>	<b>4,448</b>

**(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 30). 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. According to resolution 795-SJD-2013/125269 of November 29, 2013, ARESEP accepts the request of ICE of carrying forward the delay for fuels of 2012 approved for the first and

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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. The balance pending of recognition as of September 30, 2014 amounts to ¢4,085.

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 ¢37,167. 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 ¢16,360 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. The outstanding balance as of September 30, 2014 for this recognition is ¢20,807.

**(4) Imports**

As of September 2014, rate recognition for energy import expense takes place, according to resolution RIE 061-2014 of ARESEP, which was registered as an expense until August 2014. This item will be deferred within the next fifteen months commencing on October of this year, so that it is associated with the income that will be obtained in this term. The balance as of September 30, 2014 is ¢20,319.

**(5) 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 coverage	Insured assets	Amount insured	
		As of September 30 2014	As of December 31 2013
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.	4,030,048	3,498,676
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
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
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
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
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
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
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 September 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
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
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
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
Umbrella liability	Covers umbrella liability for injury of persons and damages to third party property.	Damages to third parties.	10	10
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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**Note 15. Service Agreements**

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

Services agreements	As of September 30, 2014	As of December 31 2013
Reventazón Hidroeléctric Project (1)	¢ 25,487	91,620
Other	532	11
<b>Subtotal ICE Group</b>	<b>26,019</b>	<b>91,631</b>
* Elimination of institutional services	(1)	47
<b>Total ICE Group</b>	<b>¢ 26,018</b>	<b>91,584</b>

\* 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 m<sup>3</sup>/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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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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- 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 September 30, there is a decrease for ¢66.132, mainly from the payment of invoices for construction services associated to the project. (See note 37; (1)).

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**Note 16. Design and Planning of Project Implementation**

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

<b>Design and Planning of the Execution</b>	<b>As of September 30 2014</b>	<b>As of December 31 2012</b>
El Diquís Hydroelectric Project (1)	77,673	71,023
Borinquen Geothermic Project (2)	21,454	19,847
Transmission Verbena	1,923	-
The Deviation Carpio	1,366	-
Trasmission efforts of South Centra	4,639	4,222
Transmission Lines	589	2,348
Others	1,302	1,264
<b>Subtotal ICE Group</b>	<b>108,946</b>	<b>98,704</b>
* Elimination of institutional services	(97)	(154)
<b>Total ICE Group</b>	<b>108,849</b>	<b>98,550</b>

\* 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 September 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 ¢77.673 (¢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.

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.

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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.

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.

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**(2) Borinquén Geothermal Project:**

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 September 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:

<u>Non - operating assets</u>	As of December 31						<u>As of September 30 2014</u>
	<u>2012 (Restated)</u>	<u>Additions at cost</u>	<u>Retirements and transfers</u>	<u>2013</u>	<u>Additions at cost</u>	<u>Retirements and transfers</u>	
<b><u>Historical cost:</u></b>							
Land	¢ 23,095	930	16	24,041	2,685	(200)	26,526
Buildings	4,740	-	155	4,895	-	(132)	4,763
Land and rights of way (1)	-	968	(968)	-	28	(28)	-
Artwork and collector's items	23	-	-	23	-	(0)	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
<b>Total cost ICE Group</b>	<b>32,381</b>	<b>1,983</b>	<b>(798)</b>	<b>33,567</b>	<b>2,713</b>	<b>(360)</b>	<b>35,920</b>
<b><u>Accumulated depreciation - cost:</u></b>							
Land	39	9	-	48	7	-	55
Buildings	475	232	89	796	175	(32)	939
Artwork and collector's items	-	-	-	-	-	-	-
Substations	183	63	-	246	47	-	293
Hydroelectric plants	117	17	-	134	27	-	161
General equipment	1	-	-	1	-	-	1
Other assets	13	-	-	13	-	-	13
<b>Total accumulated depreciation - cost ICE Group</b>	<b>828</b>	<b>321</b>	<b>89</b>	<b>1,238</b>	<b>256</b>	<b>(32)</b>	<b>1,462</b>
<b><u>Revaluation:</u></b>							
Land	6,364	818	313	7,495	-	(1)	7,494
Buildings	1,271	215	1,420	2,906	-	(160)	2,746
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
<b>Total revaluation ICE Group</b>	<b>15,301</b>	<b>1,452</b>	<b>1,527</b>	<b>18,280</b>	<b>-</b>	<b>(161)</b>	<b>18,119</b>
<b><u>Accumulated depreciation - revaluation:</u></b>							
Land	213	17	-	230	4	-	234
Buildings	798	57	1,353	2,208	51	(107)	2,152
Substations	9	5	4	18	5	-	23
Hydroelectric plants	5,185	159	-	5,344	22	-	5,366
General equipment	1	-	-	1	-	-	1
Other assets	47	5	-	52	2	-	54
<b>Total accumulated depreciation- revaluation ICE Group</b>	<b>6,253</b>	<b>243</b>	<b>1,357</b>	<b>7,853</b>	<b>84</b>	<b>(107)</b>	<b>7,830</b>
<b>Total non - operating assets ICE Group</b>	<b>¢ 40,601</b>	<b>2,872</b>	<b>(717)</b>	<b>42,756</b>	<b>2,373</b>	<b>(382)</b>	<b>44,747</b>

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

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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 September 30, 2014	As of December, 31, 2013
<b>Intangible Assets:</b>			
Licences, systems, and applications	¢	87,775	84,089
Rights of way and easements		24,757	23,777
Legally guaranteed rights		2	-
Goodwill (Note A)		5,944	5,372
<b>Total cost ICE Group</b>		<b>118,478</b>	<b>113,238</b>
<b>Accumulated amortization:</b>			
Licences, systems, and applications		60,940	53,203
Goodwill		229	-
<b>Total amortization ICE Group</b>		<b>61,169</b>	<b>53,203</b>
<b>Total net ICE Group</b>	<b>¢</b>	<b>57,309</b>	<b>60,035</b>

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

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;

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accordingly, they are not amortized. The effect of applying this change of policy was an increase of ¢23,777.

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, systems, and applications</u>		<u>Rights of way and easements</u>		<u>Rights guaranteed by law</u>	<u>Goodwill</u>		<u>Totals</u>	
	As of September 30, 2014	As of December 31, 2013	As of September 30, 2014	As of December 31, 2013	As of September 30, 2014	As of September 30, 2014	As of December 31, 2013	As of September 30, 2014	As of December 31, 2013
<b>Cost:</b>									
Opening balance	¢ 84,089	72,103	23,777	23,951	-	5,944	-	113,810	96,054
Additions	15,093	19,529	983	-	2	-	5,372	16,078	24,901
Transfers	(1,504)	(3,491)	6	-	-	-	-	(1,498)	(3,491)
Retirements	(10,339)	(3,981)	-	-	-	-	-	(10,339)	(3,981)
Adjustments	436	(71)	(9)	(174)	-	-	-	427	(245)
<b>Total cost ICE Group</b>	<b>¢ 87,775</b>	<b>84,089</b>	<b>24,757</b>	<b>23,777</b>	<b>2</b>	<b>5,944</b>	<b>5,372</b>	<b>118,478</b>	<b>113,238</b>
<b>Accumulated amortization:</b>									
Opening balance	¢ 53,203	40,052	-	-	-	-	-	53,203	40,052
Amortization - expense	9,192	11,454	-	-	-	229	-	9,421	11,454
Amortization - investment	1,132	1,926	-	-	-	-	-	1,132	1,926
Reclassifications	-	9	-	-	-	-	-	-	9
Transfers	-	(5)	-	-	-	-	-	-	(5)
Retirements	(2,587)	(233)	-	-	-	-	-	(2,587)	(233)
<b>Total amortization ICE Group</b>	<b>60,940</b>	<b>53,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>61,169</b>	<b>53,203</b>
<b>Net total ICE Group</b>	<b>¢ 26,835</b>	<b>30,886</b>	<b>24,757</b>	<b>23,777</b>	<b>2</b>	<b>5,715</b>	<b>5,372</b>	<b>57,309</b>	<b>60,035</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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 September 30, 2014		As of December 31 2012	
	Amount	%	Amount	%
<b><u>ICE:</u></b>				
Electricity	¢ 73,747	39%	71,746	39%
Telecom	102,111	54%	99,341	54%
Corporate	13,237	7%	12,877	7%
<b>Subtotal ICE</b>	<b>¢ 189,095</b>	<b>100%</b>	<b>183,964</b>	<b>100%</b>
<b><u>RACSA:</u></b>				
RACSA Guarantee and Savings Fund	2,507	100%	2,400	100%
<b>Subtotal RACSA</b>	<b>2,507</b>	<b>100%</b>	<b>2,400</b>	<b>100%</b>
<b>Total ICE Group</b>	<b>¢ 191,602</b>	<b>100%</b>	<b>186,364</b>	<b>100%</b>

Of that amount, ¢110.907 corresponds to the Supplemental Pension System and ¢78.188 to the Savings Fund 4.5% and 6%, respectively, of the monthly salaries of ICE's permanent employees.

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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 September 30, 2014
<b>Projects</b>									
Miravalles III Geothermal Project	180 months	Straight line	176	-	-	176	-	-	176
Electrona Belén Hydroelectric Project	480 months	Straight line	573	-	-	573	-	-	573
<b>Investment transaction costs:</b>									
Investment transaction costs	30 days	Effective interest	-	(13)	13	-	(4)	9	5
Investment transaction costs	60 days	Effective interest	17	(36)	19	-	(6)	10	4
Investment transaction costs	90 days	Effective interest	23	(31)	16	8	(9)	1	-
Investment transaction costs	120 days	Effective interest	10	(44)	37	3	(8)	5	-
Investment transaction costs	More than 180 days	Effective interest	218	(218)	1,727	1,727	(332)	469	1,864
<b>Sub total, investment and project transaction costs</b>			<b>1,017</b>	<b>(342)</b>	<b>1,812</b>	<b>2,487</b>	<b>(359)</b>	<b>494</b>	<b>2,622</b>
<b>Financing agreement fees:</b>									
A bonds	120 months	Effective interest	296	-	-	296	(296)	-	-
B bonds	120 months	Effective interest	358	-	-	358	(358)	-	-
Citibank	120 months	Effective interest	378	-	-	378	-	-	378
CABEI No. 1856	180 months	Effective interest	143	(143)	-	-	-	-	-
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
<b>Sub total, financing agreement fees</b>			<b>7,081</b>	<b>(403)</b>	<b>181</b>	<b>6,859</b>	<b>(1,701)</b>	<b>-</b>	<b>5,158</b>
<b>Total amortizable items - Cost - ICE Group</b>			<b>8,098</b>	<b>(745)</b>	<b>1,993</b>	<b>9,346</b>	<b>(2,060)</b>	<b>494</b>	<b>7,780</b>



## INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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Absorption Amortizable Items	Term	Method	As of December 31, 2012	Amortizations	Liquidation	As of December 31, 2013	Amortizations	Liquidation	As of September 30, 2014
<b>Projects</b>									
Miravalles III Geothermal Project	180 months	Straight line	149	12	-	161	9	-	170
Electriona Belén Hydroelectric Project	480 months	Straight line	301	14	-	315	11	-	326
<b>Investment transaction costs:</b>									
Investment transaction costs	30 days	Effective interest	1	8	(8)	1	4	(2)	3
Investment transaction costs	60 days	Effective interest	11	10	(21)	-	4	(3)	1
Investment transaction costs	90 days	Effective interest	13	12	(21)	4	1	(6)	(1)
Investment transaction costs	120 days	Effective interest	3	20	(21)	2	2	(4)	-
Investment transaction costs	More than 180 day	Effective interest	139	403	(154)	388	459	(243)	604
<b>Sub total, investment and project transaction costs</b>			<b>617</b>	<b>479</b>	<b>(225)</b>	<b>871</b>	<b>490</b>	<b>(258)</b>	<b>1,103</b>
<b>Financing agreement fees:</b>									
A bonds	120 months	Effective interest	301	46	-	347	12	(359)	-
B bonds	120 months	Effective interest	257	40	-	297	12	(308)	1
Citibank	120 months	Effective interest	228	46	-	274	36	-	310
CABEI No. 1856	180 months	Effective interest	40	103	(143)	-	-	-	-
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	178	40	-	218	34	-	252
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	232	71	(5)	298	46	(13)	331
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	497	130	(4)	623	109	(7)	725
INS Title 1	60 months	Effective interest	71	18	(89)	-	-	-	-
INS Title 2	60 months	Effective interest	8	1	(9)	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	573	173	-	746	88	(834)	-
M & T Bank	84 months	Effective interest	23	8	-	31	6	-	37
Scotiabank tranche A	36 months	Effective interest	157	43	(200)	-	-	-	-
Scotiabank tranche B	60 months	Effective interest	88	101	-	189	104	(145)	148
BNP Paribas A	60 months	Effective interest	14	7	-	21	5	-	26
BNP Paribas B	60 months	Effective interest	50	23	-	73	18	-	91
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	22	12	-	34	9	-	43
Nordea Export & Project Finance No.2	12 months	Effective interest	86	43	-	129	85	(213)	1
M & T Bank N°2	12 months	Effective interest	34	18	-	52	13	-	65
International issue of bonds 2043	120 months	Effective interest	-	-	-	-	1	-	1
International issue of bonds	120 months	Effective interest	62	74	-	136	59	-	195
Banitsmo #2	120 months	Effective interest	-	-	-	-	1	-	1
Banitsmo #3	120 months	Effective interest	-	-	-	-	1	-	1
<b>Sub total, financing agreement fees</b>			<b>2,921</b>	<b>997</b>	<b>(450)</b>	<b>3,468</b>	<b>639</b>	<b>(1,879)</b>	<b>2,228</b>
<b>Total amortizable items - Cost - ICE Group</b>			<b>3,538</b>	<b>1,476</b>	<b>(675)</b>	<b>4,339</b>	<b>1,129</b>	<b>(2,137)</b>	<b>3,331</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

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

Securities payable	As of December 31,				2013	Amortization	Foreign exchange differences	As of September 30, 2014	Long-term	Short-term
	2012	Amortization	Foreign exchange differences	Disbursements						
<b>Internal debt:</b>										
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	50,000	-
Series A2 bonds	6,328	-	-	-	6,328	-	-	6,328	6,328	-
Series B1 bonds U.S. dollars	38,192	-	(508)	-	37,684	-	2,911	40,595	40,595	-
Series B1 bonds	15,000	-	-	-	15,000	-	-	15,000	15,000	-
Series B2 bonds U.S. dollars	25,462	-	(338)	-	25,124	-	1,940	27,064	27,064	-
Series B2 bonds	14,600	-	-	-	14,600	-	-	14,600	14,600	-
Series A2 bonds - 2010	28,426	-	-	-	28,426	-	-	28,426	28,426	-
Series B3 bonds - U.S. dollars (Electricity)	38,192	-	(507)	-	37,685	-	2,910	40,595	40,595	-
Series B3 bonds	12,000	-	-	-	12,000	-	-	12,000	12,000	-
Series B4 bonds	-	-	-	10,300	10,300	-	-	10,300	10,300	-
Series A3 bonds - colones	20,000	-	-	-	20,000	-	-	20,000	20,000	-
Series E1 bonds - U.S. dollars (Electricity)	29,824	-	(396)	-	29,428	-	2,272	31,700	31,700	-
Series A4 bonds - Telecom	10,000	-	-	-	10,000	-	-	10,000	10,000	-
Series A5 bonds - Electricity	20,000	-	-	-	20,000	-	-	20,000	20,000	-
Series A2 bonds -Electricity	15,246	-	-	-	15,246	-	-	15,246	15,246	-
Series E1 bonds - Electricity	8,369	-	(111)	-	8,258	-	637	8,895	8,895	-
Series A6 bonds - Electricity	18,756	-	-	-	18,756	-	-	18,756	18,756	-
Serie E2 bonds - Electricity	63,654	-	(845)	-	62,809	-	7,764	70,573	70,573	-
Series F1 bonds	16,853	-	(223)	-	16,630	-	1,284	17,914	17,914	-
Series F3 bonds - U.S. dollars (Electricity)	5,627	-	-	-	5,627	-	-	5,627	5,627	-
Series F4 bonds - U.S. dollars (Telecom)	15,277	-	(203)	-	15,074	-	1,164	16,238	16,238	-
Series F4 bonds - U.S. dollars (Electricity)	73,838	-	(980)	-	72,858	-	5,626	78,484	78,484	-
<b>Subtotal internal debt</b>	<b>€ 539,022</b>	<b>13,379</b>	<b>(4,111)</b>	<b>-</b>	<b>€ 531,833</b>	<b>-</b>	<b>26,508</b>	<b>€ 558,341</b>	<b>558,341</b>	<b>-</b>

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Securities payable	As of December 31,					2013	Amortization	Foreign exchange differences	As of September 30, 2014	Long-term	Short-term
	2012	Amortization	Foreign exchange differences	Disbursements							
<b>External debt:</b>											
A bonds - Credit Suisse First Boston	¢ 20,369	20,099	(270)	-	¢ -	-	-	¢ -	-	-	-
B bonds - Credit Suisse First Boston (1)	30,554	-	-	-	30,554	30,148	(406)	-	-	-	-
International bond issue 2012	254,615	-	(3,380)	-	251,235	-	19,400	270,635	270,635	-	-
International bond issue 2013	-	-	(3,380)	254,615	251,235	-	20,827	272,062	272,062	-	-
<b>Other:</b>											
Premium Series A1 bonds	144	16	-	-	128	8	-	120	120	-	-
Premium Series A2 bonds	87	7	-	-	80	2	-	78	78	-	-
Premium Series B1 bonds	149	12	-	-	137	9	-	128	128	-	-
Premium Series B2 bonds	299	82	-	-	217	64	-	153	153	-	-
Series A2 bonds - 2010	8	1	-	-	7	-	-	7	7	-	-
Series B3 bonds - U.S. dollars (Electricity)	1,135	86	-	-	1,049	69	-	980	980	-	-
Premium Series A3 bonds (Electricity)	4	-	-	-	4	-	-	4	4	-	-
Premium Series E1 bonds (Electricity)	178	18	-	-	160	15	-	145	145	-	-
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	414	-	5,259	5,259	-	-
Premium Series F4 bonds - U.S. dollars (Telecom)	174	7	-	-	167	5	-	162	162	-	-
Premium Series F4 bonds - U.S. dollars (Electricity)	116	4	-	-	112	4	-	108	108	-	-
<b>Discounts:</b>											
Series A2 bonds - 2010	(595)	(43)	-	-	(552)	(20)	-	(532)	(532)	-	-
Series A3 bonds (Electricity)	(88)	(7)	-	-	(81)	(7)	-	(74)	(74)	-	-
Series A4 bonds (Telecom)	(20)	(3)	-	-	(17)	(3)	-	(14)	(14)	-	-
Series A2 bonds (Electricity)	(427)	(32)	-	-	(395)	(11)	-	(384)	(384)	-	-
Series E2 bonds - U.S. dollars (Electricity)	(198)	(11)	-	-	(187)	(7)	-	(180)	(180)	-	-
Series F1 bonds	(221)	(30)	-	-	(191)	(24)	-	(167)	(167)	-	-
Series F4 bonds - U.S. dollars	(186)	(6)	-	-	(180)	(6)	-	(174)	(174)	-	-
Series International bonds 2013	-	(22)	-	(4,178)	(4,156)	(42)	-	(4,114)	(4,114)	-	-
<b>Subtotal external debt</b>	<b>¢ 312,298</b>	<b>20,698</b>	<b>(7,030)</b>	<b>250,437</b>	<b>¢ 535,007</b>	<b>30,618</b>	<b>39,821</b>	<b>¢ 544,210</b>	<b>544,210</b>	<b>-</b>	<b>-</b>
<b>Standardized commercial paper</b>											
Standardized commercial paper Series C1, C2 and D1	78	78	-	-	-	-	-	-	-	-	-
<b>Subtotal short-term securities payable</b>	<b>78</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total ICE Group</b>	<b>809,798</b>	<b>34,155</b>	<b>(11,141)</b>	<b>250,437</b>	<b>¢ 1,066,840</b>	<b>30,618</b>	<b>66,329</b>	<b>¢ 1,102,551</b>	<b>1,102,551</b>	<b>-</b>	<b>-</b>

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The characteristics of these debt bonds are detailed as follows:

Creditor	Instrument	Currency	Securities payable				Maturity date	As of	As of
			Interest rate	Type of rate	Contract date	September		December	
						30, 2014		31, 2013	
<b>Bonds in colones:</b>									
Series A1 bonds	Standardized bonds	Colones	8.70%	Variable	30-Sep-09	30-Sep-21	¢	50,000	50,000
Series A2 bonds	Standardized bonds	Colones	8.45%	Variable	6-Nov-09	6-Nov-24		6,328	6,328
Series A2 bonds - 2010	Standardized bonds	Colones	8.45%	Variable	6-Nov-09	6-Nov-24		28,426	28,426
Series A2 bonds - 2011	Standardized bonds	Colones	8.45%	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	9.15%	Variable	16-Dec-10	16-Dec-25		20,000	20,000
Series A6 bonds	Standardized bonds	Colones	8.95%	Variable	11-Aug-11	11-Aug-23		18,756	18,756
Series B1 bonds	Standardized bonds	Colones	11.45%	Fixed	30-Sep-10	30-Sep-17		15,000	15,000
Series B2 bonds	Standardized bonds	Colones	BDR + 3.27%	Variable	28-Jun-11	28-Jun-23		14,600	14,600
Series B3 bonds	Standardized bonds	Colones	BDR + 3.21%	Variable	25-Jan-12	25-Jan-27		12,000	12,000
Series B4 bonds	Standardized bonds	Colones	BDR + 3.43%	Variable	16-May-13	16-May-33		10,300	10,300
Series F3 bonds	Standardized bonds	Colones	9.60%	Variable	3-Apr-12	3-Apr-23		5,627	5,627
Premium Series A1 bonds	Standardized bonds	Colones	8.70%	Variable	30-Sep-09	30-Sep-21		120	128
Premium Series A2 bonds	Standardized bonds	Colones	8.45%	Variable	6-Nov-09	6-Nov-24		78	80
Premium Series A3 bonds	Standardized bonds	Colones	8.45%	Variable	6-Nov-09	6-Nov-24		7	7
Premium Series A6 bonds	Standardized bonds	Colones	11.41%	Fixed	3-Nov-10	3-Nov-20		3	3
Premium Series A3 bonds	Standardized bonds	Colones	8.95%	Variable	11-Aug-11	11-Aug-23		1	1
Premium Series F3 bonds	Standardized bonds	Colones	9.60%	Variable	3-Apr-12	3-Apr-23		3	3
Discount Series A2 bonds	Standardized bonds	Colones	8.45%	Variable	6-Nov-09	6-Nov-24		(531)	(552)
Discount Series A2 bonds - 2011	Standardized bonds	Colones	8.45%	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		(14)	(17)
Discount Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	3-Nov-10	3-Nov-20		(74)	(81)
<b>Bonds in U.S. dollars:</b>									
International bonds 2012	Standardized bonds	U.S. dollars	6.95%	Fixed	10-Nov-11	9-Nov-21		270,635	251,235
International bonds 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	15-May-13	14-May-43		272,062	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		40,595	37,685
Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	20-May-10	20-May-16		27,064	25,124
Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	24-Jun-10	24-Jun-22		40,595	37,685
Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	14-Feb-11	12-Nov-20		31,700	29,428
Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	14-Feb-11	12-Nov-20		8,895	8,258
Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	12-Dec-11	12-Dec-24		70,573	62,809
Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	13-Feb-12	13-Feb-19		17,914	16,630
Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	7-Sep-12	7-Sep-27		94,722	87,932
Premium Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	17-Nov-09	17-Nov-21		128	137
Premium Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	20-May-10	20-May-16		153	217
Premium Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	24-Jun-10	24-Jun-22		980	1,049
Premium Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	14-Feb-11	12-Nov-20		146	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		5,258	5,673
Premium series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	7-Sep-12	7-Sep-27		270	279
Discount Series International bonds - 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	15-May-13	14-May-43		(4,114)	(4,155)
Discount Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	12-Dec-11	12-Dec-24		(179)	(187)
Discount Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	13-Feb-12	13-Feb-19		(167)	(191)
Discount Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	7-Sep-12	7-Sep-27		(173)	(180)
<b>Total ICE Group</b>							¢	<b>1,102,551</b>	<b>1,066,840</b>

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

**ICE's Bond Issues**

A detail of the main characteristics of the issue of bonds made by ICE as of September 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	8.70%	Variable	¢	50,000	50,000	-	¢	119	-
A2	6-Nov-09	6-Nov-24	8.45%	Variable		50,000	50,000	-		85	915
A3	3-Nov-10	3-Nov-20	11.41%	fixed		20,000	20,000	-		3	74
A4	14-Dec-10	14-Dec-17	10.30%	fixed		10,000	10,000	-		-	14
A5	16-Dec-10	16-Dec-25	9.15%	Variable		20,000	20,000	-		-	-
A6	11-Aug-11	11-Aug-23	8.95%	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	-
					¢	<b>250,000</b>	<b>174,383</b>	<b>75,617</b>	¢	<b>211</b>	<b>1,003</b>

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	17/11/2009	17-Nov-21	7.65%	fixed	US\$	75	75	-	US\$	128	-
B2	20-May-10	20-May-16	5.71%	fixed		50	50	-		153	-
B3	24-Jun-10	24-Jun-22	7.18%	fixed		75	75	-		980	-
E1	14-Feb-11	12-Nov-20	5.98%	fixed		75	75	-		148	-
E2	12-Dec-11	12-Dec-24	7.61%	fixed		125	125	-		-	179
F1	13-Feb-12	13-Feb-19	5.97%	fixed		100	33	67		-	167
F4	7-Sep-12	7-Sep-27	7.61%	fixed		175	175	-		270	173
					US\$	<b>675</b>	<b>608</b>	<b>67</b>	US\$	<b>1,679</b>	<b>519</b>

**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.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

**Note 22. Notes Payable**

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

	As of December 31,											
	<u>2012 (Restated)</u>	Amortization	Foreign exchange differences	Disbursements	<u>2013 (Restated)</u>	Amortization	Foreign exchange differences	Disbursements	<u>As of September 30, 2014</u>	Long-term	Short-term	2014 (in U.S. dollars)
<b>Internal debt:</b>												
Purchase of non-restructured debt - Tranche V	€ 563	225	(5)	-	333	111	1	-	223	-	223	0.4
<b>Subtotal Tranche V</b>	<b>563</b>	<b>225</b>	<b>(5)</b>	<b>-</b>	<b>333</b>	<b>111</b>	<b>1</b>	<b>-</b>	<b>223</b>	<b>-</b>	<b>223</b>	<b>US\$ 0.4</b>
Banco Nacional de Costa Rica (B.N.C.R)	33,226	1,284	-	-	31,942	1,082	-	-	30,860	28,473	2,387	57.0
<b>Subtotal Banco Nacional de Costa Rica (B.N.C.R)</b>	<b>33,226</b>	<b>1,284</b>	<b>-</b>	<b>-</b>	<b>31,942</b>	<b>1,082</b>	<b>-</b>	<b>-</b>	<b>30,860</b>	<b>28,473</b>	<b>2,387</b>	<b>57.0</b>
<b>Scotiabank</b>												
Scotiabank - Tranche A	12,731	637	(160)	-	11,934	1,884	776	-	10,826	10,149	677	20.0
Scotiabank - Tranche B	7,275	3,613	(73)	-	3,589	1,795	139	-	1,933	-	1,933	3.6
<b>Subtotal Scotiabank</b>	<b>20,005</b>	<b>4,250</b>	<b>(233)</b>	<b>-</b>	<b>15,523</b>	<b>3,679</b>	<b>915</b>	<b>-</b>	<b>12,759</b>	<b>10,149</b>	<b>2,610</b>	<b>US\$ 23.6</b>
<b>Scotia Leasing</b>												
Operacion 10074 Scotia Leasing	-	-	-	2	2	2	-	-	-	-	-	-
Operacion 10541 Scotia Leasing	-	-	-	3	3	2	-	-	1	-	1	0.0
<b>Subtotal Scotia Leasing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>US\$ 0.0</b>
<b>BAC Leasing</b>												
Operacion 450016955 BAC Leasing	-	-	-	12	12	1	1	-	12	-	12	0.0
Operacion 450016956 BAC Leasing	-	-	-	12	12	1	1	-	12	-	12	0.0
Operacion 450016957 BAC Leasing	-	-	-	12	12	1	1	-	12	-	12	0.0
Operacion 450016958 BAC Leasing	-	-	-	12	12	1	1	-	12	-	12	0.0
Operacion 450019011 BAC Leasing	-	-	-	-	-	-	-	9	9	-	9	0.0
<b>Subtotal BAC Leasing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48</b>	<b>48</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>US\$ 0.1</b>
<b>Other Creditors</b>												
BCR Trust - Telecom building	24,588	1,572	-	-	23,016	1,309	-	-	21,707	21,121	586	40.1
Supplier credit	28,128	7,245	(415)	10,034	30,502	6,840	1,818	1,825	27,305	25,363	1,942	50.4
<b>Subtotal Other Creditors</b>	<b>52,716</b>	<b>8,817</b>	<b>(415)</b>	<b>10,034</b>	<b>53,518</b>	<b>8,149</b>	<b>1,818</b>	<b>1,825</b>	<b>49,012</b>	<b>46,484</b>	<b>2,528</b>	<b>US\$ 90.6</b>
<b>Subtotal internal debt</b>	<b>106,510</b>	<b>14,576</b>	<b>(653)</b>	<b>10,087</b>	<b>101,369</b>	<b>13,029</b>	<b>2,738</b>	<b>1,834</b>	<b>92,912</b>	<b>85,106</b>	<b>7,806</b>	<b>US\$ 171.7</b>
<b>External debt</b>												
<b>CABEI:</b>												
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	3,297	453	-	6,326	4,838	1,488	11.7
CABEI No. 1516 - Mofin III Thermal Plant	4,451	4,451	-	-	-	-	-	-	-	-	-	-
CABEI No. 2109 - Tranche A	-	-	(27)	2,037	2,010	-	155	-	2,165	2,165	-	4.0
CABEI No. 2109 - Tranche B (1)	-	-	-	7,954	7,954	-	1,827	15,710	25,491	25,491	-	47.1
CABEI No. 2076 (2)	26,145	-	(610)	19,779	45,314	-	4,585	14,067	63,966	63,966	-	118.2
<b>Subtotal CABEI</b>	<b>€ 173,399</b>	<b>137,961</b>	<b>(760)</b>	<b>29,770</b>	<b>64,448</b>	<b>3,297</b>	<b>7,020</b>	<b>29,777</b>	<b>97,948</b>	<b>96,460</b>	<b>1,488</b>	<b>US\$ 181.0</b>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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(In millions of colones)

	As of December 31,										2014 (in U.S. dollars)	
	2012 (Restated)	Amortization	Foreign exchange differences	Disbursements	2013 (Restated)	Amortization	Foreign exchange differences	Disbursements	As of September 30, 2014	Long-term		Short- term
European Investment Bank (BEI)	€ 2,485	2,485	-	-	-	-	-	-	-	-	-	-
<b>IDB:</b>												
IDB No. 598	1,665	555	(30)	-	1,080	540	603	-	1,143	572	571	2.1
IDB No. 1931 A/OC-CR Conversion - Tranche B	84,023	15,277	(913)	-	67,833	15,074	4,074	-	56,833	56,833	-	105.0
IDB No. 1931 A/OC-CR Conversion - Tranche A	76,194	7,257	(915)	-	68,022	7,160	4,700	-	65,562	65,562	-	121.1
IDB No. 1908/OC-CR (3)	66,993	-	(1,072)	24,000	89,921	-	7,370	5,530	102,821	97,680	5,141	190.0
BID N° 2747 - CCLIP (4)	-	-	(30)	7,570	7,540	-	883	3,902	12,325	12,325	-	22.8
<b>Subtotal IDB</b>	<b>228,874</b>	<b>23,089</b>	<b>(2,960)</b>	<b>31,570</b>	<b>234,396</b>	<b>22,774</b>	<b>17,630</b>	<b>9,432</b>	<b>238,684</b>	<b>232,972</b>	<b>5,712</b>	<b>US\$ 441.0</b>
BNP Paribas loan B	3,632	1,443	(39)	-	2,150	717	111	-	1,544	-	1,544	2.9
<b>Subtotal BNP Paribas</b>	<b>3,632</b>	<b>1,443</b>	<b>(39)</b>	<b>-</b>	<b>2,150</b>	<b>717</b>	<b>111</b>	<b>-</b>	<b>1,544</b>	<b>-</b>	<b>1,544</b>	<b>US\$ 2.9</b>
<b>Nordea:</b>												
Nordea Export & Project Finance	5,868	3,912	(26)	-	1,930	1,930	-	-	-	-	-	-
Nordea Export & Project Finance	2,867	950	(32)	-	1,885	1,885	-	-	-	-	-	-
<b>Subtotal Nordea</b>	<b>8,735</b>	<b>4,862</b>	<b>(58)</b>	<b>-</b>	<b>3,815</b>	<b>3,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>US\$ 0.0</b>
<b>M &amp; T Bank</b>												
M&T Bank	2,526	631	(26)	-	1,869	623	96	-	1,342	1,342	-	2.5
M&T No. 2	1,654	548	(18)	-	1,088	272	64	-	880	587	293	1.6
<b>Subtotal M&amp;T Bank</b>	<b>4,179</b>	<b>1,179</b>	<b>(44)</b>	<b>-</b>	<b>2,957</b>	<b>895</b>	<b>160</b>	<b>-</b>	<b>2,222</b>	<b>1,929</b>	<b>293</b>	<b>US\$ 4.1</b>
<b>Banistmo</b>												
Banistmo S.A (anteriormente HSBC Bank Panamá S.A.)	6,111	2,037	(54)	-	4,020	1,507	349	-	2,862	2,165	697	5.3
Banistmo N°2	-	-	-	26,631	26,631	3,995	1,748	-	24,384	22,950	1,434	45.0
Banistmo N°3	-	-	-	30,902	30,902	3,311	2,131	-	29,722	28,533	1,189	54.9
<b>Subtotal Banistmo</b>	<b>6,111</b>	<b>2,037</b>	<b>(54)</b>	<b>57,533</b>	<b>61,553</b>	<b>8,813</b>	<b>4,228</b>	<b>-</b>	<b>56,968</b>	<b>53,648</b>	<b>3,320</b>	<b>US\$ 105.2</b>
<b>Kreditanstal Fur Wiederaufbau</b>												
Préstamo Kreditanstal Fur Wiederaufbau # 1	8,096	1,329	(110)	-	6,657	1,446	526	-	5,737	4,303	1,434	10.6
Préstamo Kreditanstal Fur Wiederaufbau # 2	3,628	477	(49)	-	3,102	518	244	-	2,828	2,314	514	5.2
<b>Subtotal Kreditanstal Fur Wiederaufbau</b>	<b>11,724</b>	<b>1,806</b>	<b>(159)</b>	<b>-</b>	<b>9,759</b>	<b>1,964</b>	<b>770</b>	<b>-</b>	<b>8,565</b>	<b>6,617</b>	<b>1,948</b>	<b>US\$ 15.8</b>
<b>Banco Interamericano de Desarrollo (BICSA)</b>												
BICSA Línea de Crédito Desembolso	1,528	-	(20)	-	1,508	110	120	-	1,518	1,300	218	2.8
BICSA Línea de Crédito Desembolso N°2	-	-	2	1,503	1,505	88	119	-	1,536	1,364	172	2.8
BICSA Balsa Inferior	6,111	1,503	(83)	-	4,525	263	357	-	4,619	4,100	519	8.5
Banco Interamericano de Desarrollo (BICSA)	1,029	-	(13)	-	1,016	1,091	75	-	-	-	-	-
BICSA Full Móvil	-	-	-	-	-	546	(3)	549	-	-	-	-
BICSA Operac N° 41260	-	-	-	-	-	1,091	(6)	1,097	-	-	-	-
<b>Subtotal Banco Interamericano de Desarrollo (BICSA)</b>	<b>8,668</b>	<b>1,503</b>	<b>(114)</b>	<b>1,503</b>	<b>8,554</b>	<b>3,189</b>	<b>662</b>	<b>1,646</b>	<b>7,673</b>	<b>6,764</b>	<b>909</b>	<b>US\$ 14.2</b>

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	As of December 31,								As of September 30, 2014	Long-term	Short-term	2014 (in U.S. dollars)
	2012 (Restated)	Amortization	Foreign exchange differences	Disbursements	2013 (Restated)	Amortization	Foreign exchange differences	Disbursements				
<b>Other creditors:</b>												
Corporación Andina de Fomento (C.A.F.)	44,558	4,244	(535)	-	39,779	2,094	2,910	-	40,595	38,340	2,255	75.0
Citibank	12,061	3,994	(133)	-	7,934	1,983	459	-	6,410	4,273	2,137	11.8
Japan Bank For International Cooperation	78,665	5,827	(14,004)	-	58,834	2,353	2,009	-	58,490	54,802	3,688	108.1
Natexis Banque	24	24	-	-	-	-	-	-	-	-	-	-
Multibank INC.	1,617	805	(14)	-	798	266	41	-	573	-	573	1.1
Instituto Crédito Oficial Reino de España	13,034	640	(176)	-	12,218	704	955	-	12,469	11,775	694	23.0
Deutsche Bank, Sociedad Anónima Española	3,259	1,281	(48)	-	1,930	703	158	-	1,385	-	1,385	2.6
BCR Balsa Inferior	31,550	-	-	8,878	40,428	199	-	-	40,229	39,729	500	74.3
Banco Nac. De Desarrollo Econ. Y Soc. (5)	-	-	22	11,501	11,523	-	946	5,612	18,081	17,180	901	33.4
Bco Nacional-Bco Costa Rica Balsa Inferior (6)	-	-	13	4,818	4,831	111	267	7,905	12,892	12,539	353	23.8
Bco Nacional-Bco Costa Rica Eólico Valle Central	-	-	41	22,222	22,263	191	1,722	-	23,794	23,249	545	44.0
Bco Nacional-Reconstruc. Líneas Coronado (7)	-	-	2	695	697	-	43	1,622	2,362	2,344	18	4.4
Bco Nacional-Reconstruc. Planta Ventanas (8)	-	-	-	-	-	-	21	447	468	467	1	0.9
Global Bank Corporation (9)	-	-	-	-	-	2,650	(87)	7,013	4,276	-	4,276	7.9
Control Electrónico S.A. (CESA)	5	5	-	-	-	-	-	-	-	-	-	-
Convenio de Financiamiento Garantizado (CONAVI-BN)	-	-	18	-	18	-	(18)	-	-	-	-	-
<b>Subtotal other creditors</b>	<b>206,199</b>	<b>20,271</b>	<b>(15,098)</b>	<b>51,202</b>	<b>222,032</b>	<b>13,744</b>	<b>10,884</b>	<b>23,191</b>	<b>242,363</b>	<b>222,219</b>	<b>20,144</b>	<b>US\$ 447.8</b>
<b>Subtotal external debt</b>	<b>654,004</b>	<b>196,635</b>	<b>(19,286)</b>	<b>171,578</b>	<b>609,664</b>	<b>59,208</b>	<b>41,465</b>	<b>64,046</b>	<b>655,967</b>	<b>620,609</b>	<b>35,358</b>	<b>US\$ 1,211.9</b>
<b>Total ICE Group - Long-term loans payable</b>	<b>€ 760,514</b>	<b>211,211</b>	<b>(19,939)</b>	<b>181,665</b>	<b>711,033</b>	<b>72,237</b>	<b>44,203</b>	<b>65,880</b>	<b>748,879</b>	<b>705,715</b>	<b>43,164</b>	<b>US\$ 1,383.6</b>
<b>Short-term loans payable:</b>												
<b>Internal debt:</b>												
Scotiabank (10)	17,685	51,162	(210)	51,776	18,089	46,730	1,901	53,262	26,522	-	26,522	49.0
<b>Subtotal internal debt</b>	<b>€ 17,685</b>	<b>51,162</b>	<b>(210)</b>	<b>51,776</b>	<b>18,089</b>	<b>46,730</b>	<b>1,901</b>	<b>53,262</b>	<b>26,522</b>	<b>-</b>	<b>26,522</b>	<b>US\$ 49.0</b>
<b>External debt:</b>												
Citibank No. 1	-	7,638	-	14,673	7,035	16,079	-	9,044	-	-	-	-
Bladex (11)	-	79,440	(413)	130,099	50,246	50,247	778	10,049	10,826	-	10,826	20.0
Global Bank Corporation	-	-	-	5,025	5,025	15,074	-	10,049	-	-	-	-
Mercantil Commercebank (12)	6,620	39,686	(68)	45,696	12,562	27,636	931	27,133	12,990	-	12,990	24.0
<b>Subtotal external debt</b>	<b>6,620</b>	<b>126,764</b>	<b>(481)</b>	<b>195,493</b>	<b>74,868</b>	<b>109,036</b>	<b>1,709</b>	<b>56,275</b>	<b>23,816</b>	<b>-</b>	<b>23,816</b>	<b>US\$ 44.0</b>
<b>Total short-term loans payable ICE Group</b>	<b>24,306</b>	<b>177,926</b>	<b>(691)</b>	<b>247,269</b>	<b>92,958</b>	<b>155,766</b>	<b>3,610</b>	<b>109,537</b>	<b>50,338</b>	<b>-</b>	<b>50,338</b>	<b>US\$ 93.0</b>
<b>Total internal debt - ICE Group</b>	<b>124,195</b>	<b>65,738</b>	<b>(863)</b>	<b>61,863</b>	<b>119,458</b>	<b>59,759</b>	<b>4,639</b>	<b>55,096</b>	<b>119,434</b>	<b>85,106</b>	<b>34,328</b>	<b>220.7</b>
<b>Total external debt - ICE Group</b>	<b>660,624</b>	<b>323,399</b>	<b>(19,767)</b>	<b>367,071</b>	<b>684,532</b>	<b>168,244</b>	<b>43,174</b>	<b>120,321</b>	<b>679,783</b>	<b>620,609</b>	<b>59,174</b>	<b>1,255.9</b>
<b>Total debt - ICE Group</b>	<b>€ 784,819</b>	<b>389,137</b>	<b>(20,630)</b>	<b>428,934</b>	<b>803,990</b>	<b>228,003</b>	<b>47,813</b>	<b>175,417</b>	<b>799,217</b>	<b>705,715</b>	<b>93,502</b>	<b>US\$ 1,476.6</b>



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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 (september 2014)	Accumulated disbursed amount (december 2013)	Currency	Guarantee	Financing	
<b>Loans payable - ICE Group:</b>																
<b>Internal debt:</b>																
Restructured debt - Tranche V (Electricity)	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
Restructured debt - Tranche V (Telecom)	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
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
BCR Trust - Telecom building	22-Apr-10	22-Jul-22	12	-	12	Monthly	10.30%	Var.	-	-	28	28	28	€	ICE	Securitization of property - ICE
Operation 450016955	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	0	0	US\$	Object Cart	Vehicle Leasing
Operation 450016956	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	0	0	US\$	Object Cart	Vehicle Leasing
Operation 450016957	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	0	0	US\$	Object Cart	Vehicle Leasing
Operation 450016958	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	0	0	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
<b>Commercial banks:</b>																
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
<b>Multilateral organizations:</b>																
<b>CABEI:</b>																
CABEI No. 1599	17-Mar-03	25-Apr-18	15	5.5	9.5	Half-yearly	6.40% - Bank policy	Var.	3%	0.75%	172	-	-	US\$	ICE	Construction of and equipment for Pirris Hydroelectric Power Plant
CABEI Restructuring	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)
CABEI 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
CABEI No. 1516 - Moín III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	7.68% - Bank policy	Var.	-	-	12	-	-	US\$	ICE	Acquisition of Moín III Thermal Power Plant
CABEI No. 1516 - Moín III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	6.35% - Bank policy	Var.	-	-	21	-	-	US\$	ICE	Acquisition of Moín III Thermal Power Plant
CABEI No. 1962	19-Jun-09	19-Jun-24	15	3	12	Half-yearly	6.40% - Bank policy	Var.	-	0.75%	65	-	-	US\$	ICE	Programa de Obras Eléctricas 2008 - 2009
CABEI No. 2076	13-Feb-12	27-Nov-28	16	4	12	Half-yearly	6.40%	Fixed	30%	0.25%	140	105,249	51	US\$	ICE	Expansion of Cachi Hydroelectric Power Plant to increase capacity from 100 MW to 160 MW
CABEI No. 2109	22-May-13	22-May-33	20	4	16	Half-yearly	6.40%	Var.	-	0.25%	225	20	4	US\$	ICE	Planta Moín
<b>IDB:</b>																
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	4.71%	Var.	2%	0.50%	159	159	159	US\$	ICE	Loan prepayment OEFC, 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	4.08%	Var.	2%	0.50%	196	196	196	US\$	ICE	Loan prepayment OEFC, 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
<b>Bilateral organizations:</b>																
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, Diquís, 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
<b>Commercial banks:</b>																
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	2.23%	Var.	-	-	10	5	5	US\$	ICE	Projects executed by UEN PySA
Multibank INC	17-Aug-12	20-Jun-15	3	-	3	Half-yearly	4.85%	Var.	1%	-	3	3	3	US\$	ICE	Sundry projects
BNP Paribas - loan B	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	1.50%	Var.	1%	-	16	14	14	US\$	ICE	Sundry projects

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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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 (september 2014)	Accumulated disbursed amount (december 2013)	Currency	Guarantee	Financing
<b>External debt:</b>																
<b>Multilateral organizations:</b>																
Conversion IDB No. 1931 A/OC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	4.71%	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	4.08%	Var.	2%	-	14	14	14	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse
<b>Organismos bilaterales</b>																
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
<b>Commercial banks</b>																
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	13-Sep-12	8-Aug-19	7	1	7	Quarterly	3.04%	Fixed	13%	-	56	11	11	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 9	18-Apr-13	12-Mar-20	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	Expansión 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
Cisco System No.14	28-Aug-14	28-Aug-19	5	1	4	Quarterly	3.00%	Fixed	-	-	0	0	-	US\$	ICE	Purchase an IP communication system
ECl 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
ECl 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
ECl 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
ECl Telecom 4 (provider credit)	5-Sep-14	12-Aug-19	5	0	5	Quarterly	4.95%	Fixed	-	-	4	4	-	US\$	ICE	Installation service network equipment and capacity, DWDM
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)	10-Apr-12	30-Jan-18	5	-	5	Half-yearly	5.45%	Fixed	-	-	-	-	-	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	0	2	Quarterly	5.17%	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	0	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	0	7	Quarterly	4.95%	Fixed	-	-	62	62	62	US\$	ICE	Financing of investment projects in the Telecommunications Sector 2014.
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	EI 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	EI 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 Nacional de Desarrollo Económico y Social de Brasil - BNDES	19-Mar-13	19-Mar-23	10	2	8	Half-yearly	3.84%	Fixed	-	1% Administration	44	33	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% Formalization	27	24	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	44	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	4	1	US\$	Promissory note	Coronado Distribution Network
Bco Nacional-Reconstruc. Planta Ventanas	11-Sep-13	5-Feb-33	20	2	18	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

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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 September 30, 2014	As of December 31, 2013	Financing
<b>External debt</b>									
Citibank	U.S. dollars	1M LIBOR + 2.10% margin = 2.2674%	Variable	30-Dec-13	13-Feb-14	45 days	-	7,035	Working capital
Citibank	U.S. dollars	2M LIBOR + 1.30% margin = 2.2%	Variable	9-Jun-14	8-Aug-14	60 days	-	-	Working capital
Bladex	U.S. dollars	1,1185% fixed	Variable	10-Feb-14	10-Jun-14	120 days	-	11,556	Working capital
Bladex	U.S. dollars	2M LIBOR + 1.30% margin = 1.67980%	Variable	8-Aug-14	7-Oct-14	60 days	10,826	-	Construction Financing for Hydroelectric Project Reventazón
Bladex	U.S. dollars	1.1675%	Variable	13-Jun-14	11-Sep-14	90 days	-	38,690	
Global Bank	U.S. dollars	1.75%	Fixed	30-Dec-13	13-Feb-14	45 days	-	5,025	Working capital
Global Bank	U.S. dollars	2.25%	Fixed	12-Jun-14	11-Aug-14	60 days	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1.14%	Fixed	27-Dec-13	10-Feb-14	45 days	-	2,512	Working capital
Mercantil Commercebank	U.S. dollars	1.14%	Fixed	30-Dec-13	13-Feb-14	46 days	-	10,049	Working capital
Mercantil Commercebank	U.S. dollars	1.30%	Fixed	11-Feb-14	10-Jun-14	119 days	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1.14%	Fixed	13-Feb-14	13-Jun-14	119 days	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1.30%	Fixed	31-Jan-14	30-May-14	119 days	-	-	Working capital
Mercantil Commercebank	U.S. dollars	1.35%	Fixed	9-Jun-14	8-Aug-14	60 days	2,512	-	Working capital
Mercantil Commercebank	U.S. dollars	1.35%	Fixed	12-Jun-14	11-Aug-14	60 days	2,010	-	Working capital
Mercantil Commercebank	U.S. dollars	1.375%	Fixed	16-Jul-14	13-Nov-14	120 days	8,468	-	Working capital
<b>Internal debt</b>									
Scotiabank	U.S. dollars	1M LIBOR+ 1.13% margin = 1.40%	Variable	30-Dec-13	13-Jun-14	90 days	-	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	Working capital
Scotiabank	U.S. dollars	1M LIBOR+ 1.13% margin = 1.40%	Variable	28-Feb-14	30-May-14	119 days	-	-	Working capital
Scotiabank	U.S. dollars	1M LIBOR+ 1.13% margin = 1.40%	Variable	13-Mar-14	14-Jun-14	117 days	-	-	Working capital
Scotiabank	U.S. dollars	1M LIBOR+ 1.13% margin = 1.40%	Variable	9-Jun-14	8-Aug-14	60 days	15,576	-	Working capital
Scotiabank	U.S. dollars	2M LIBOR+ 1.1840% margin = 1.38%	Variable	7-Aug-14	6-Oct-14	62 days	10,946	-	Working capital
<b>Total ICE Group</b>							<b>50,338</b>	<b>92,957</b>	

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

- (1) CABEI 2109 – Tranche B:** In August 2014, a disbursement for US\$31 million, equivalent to ¢15,710, have been made, at a variable interest rate of 5.33%, at a 20-year term, for partial financing of Reventazón Hydroelectric Project.
- (2) CABEI 2076:** As of September 2014, disbursements for US\$27.8 million, equivalent to ¢14,067 have been made. Financing is at annual interest rate of 6.4%, for a 16-year term, corresponding to the expansion of the Cachí Hydroelectric Power Project.
- (3) 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.
- (4) IDB 2747 – CCLIP:** In April 2014, a disbursement is made of capitalizable interest for US\$68 million, equivalent to ¢34 million. In August 2014, a disbursement for US\$7.7 million, equivalent to ¢3,868, at a variable rate of 1.17% and a 25-year term, was made to attend the electric energy demand growth.

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- (5) **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 10 years with a 24-month grace period, paying only interest due semestrally, and starting on the thirtieth month, the amortization payment will be start. Interest rate will be a fixed rate of 3.84%.

Disbursements made in 2014 amount to approximately ¢5,612.

- (6) **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 CABEL's ownership interest in the Valle Central Wind Power Plant, and the early repayment of the debt with CABEL. 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 ¢7.905.

- (7) **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 ¢1,622.

- (8) **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.

- (9) **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.

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The disbursements made during 2014 have been for an approximate sum of ¢7.013.

### *Lines of Credit*

The principal movements in lines of credit as of September 30, 2014 that were used as working capital are detailed as follows:

- (10) **Scotiabank Costa Rica:** In June and August 2014, disbursements were made for US\$31 and US\$18 million, equivalent to ¢16,779 and ¢9,743, respectively, at an annual rate of 1.40% and 1.38%, at a term of 90 and 60 days.
- (11) **Bladex:** In August 2014, a disbursement is made for an amount of US\$20 million, equivalent to ¢10.826, at a Libor rate of 2 months + 1.30% and a 60-day term.
- (12) **Mercantil Commercebank:** In June and July 2014, disbursements were made for US\$4, US\$5 and US\$15 million, equivalent to ¢2,165, ¢2,706 and ¢8,119, respectively, at a term of 60 and 120 days, and at a rate of 1.35% and 1.375%.

### *Las Pailas II Geothermal Project Loan Agreement*

In August 2014, the first loan agreement between ICE and the Government of Japan was signed. The purpose of the loan is to acquire electromechanic 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 2018, based on the Expansion Plan of the National Electric Management. As of September 2014, no disbursements have been made.

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**Note 23. Accounts Payable**

Accounts payable are as follows:

Accounts payable	As of September 30, 2014	As of December 31, 2013
Materials suppliers	¢ 66,310	106,877
Other creditors	29,127	29,080
Taxes	14,208	15,671
Service providers	8,366	6,835
Payroll and employee withholdings	8,904	6,318
Subsidiaries	142	129
Purchase of energy	-	-
Employee withholdings	1,136	1,293
Accrued non-financial expenses	971	1,023
Foreign lines	-	176
Suppliers and local institutions	3,117	1,902
<b>Total ICE Group</b>	<b>132,281</b>	<b>169,304</b>
<b>Less reclassification long-term portion</b>	<b>(14,645)</b>	<b>(27,168)</b>
<b>Total ICE Group - Short term</b>	<b>¢ 117,636</b>	<b>142,136</b>

(Continues)

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

Purchase order No.	Supplier	As of September 30, 2014
362644	Andritz Hydro S.R.L. Unipersonale	2,878
362646	Andritz Hydro GMBH	3,172
363890	Sumec Complete Equipment and Engineering Co. LTD	447
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	1,868
<b>Total ICE Group</b>		<b>¢ 14,645</b>
Purchase order No.	Supplier	As of December 31, 2013
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
<b>Total ICE Group</b>		<b>¢ 27,168</b>

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**Note 24. Accrued Expenses for Employer Obligations**

Accrued expenses for employer obligations are as follows:

Accrued expenses - employer obligations	As of September 30, 2014	As of December 31, 2013
<b><u>ICE:</u></b>		
Back-to-school bonus	¢ 16,207	21,034
Vacation	11,126	14,661
Statutory Christmas bonus	23,029	1,780
Third biweekly salary payment	899	-
<b>Total ICE Group</b>	<b>¢ 51,261</b>	<b>37,475</b>

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
<b><u>September, 2014</u></b>					
Opening balance	¢ 1,780	21,034	14,661	-	37,475
Expensed - investments	7,560	2,846	7,647	6,885	24,938
Expensed - operations	14,744	13,645	13,206	-	41,595
Used	(1,055)	(21,318)	(24,388)	(5,986)	(52,747)
<b>Total ICE Group</b>	<b>¢ 23,029</b>	<b>16,207</b>	<b>11,126</b>	<b>899</b>	<b>51,261</b>
<b><u>December, 2013</u></b>					
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)
<b>Total ICE Group</b>	<b>¢ 1,780</b>	<b>21,034</b>	<b>14,661</b>	<b>-</b>	<b>37,475</b>

(Continues)



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

**Note 25. Legal Provisions**

Legal provisions are as follows:

Legal provisions		As of September 30, 2014	As of December 31, 2013
<b>ICE:</b>			
Severance benefits	¢	32,670	31,537
Occupational hazards		7,019	5,756
Provision for contingent liabilities		1,903	5,434
Employee Protection Law		-	197
Cash shortages and cash accounts		3	6
Other provisions		101	101
<b>Total ICE Group</b>	<b>¢</b>	<b>41,696</b>	<b>43,031</b>

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
<b>September, 2014</b>								
Opening balance	¢	31,537	5,756	5,434	197	6	101	43,031
Expensed - investments		7,517	3,610	1,201	568	10	-	12,906
Expensed - operations		11,422	-	-	-	-	-	11,422
Used		(17,806)	(2,347)	(4,732)	(765)	(13)	-	(25,663)
<b>Total ICE Group</b>	<b>¢</b>	<b>32,670</b>	<b>7,019</b>	<b>1,903</b>	<b>-</b>	<b>3</b>	<b>101</b>	<b>41,696</b>
<b>December, 2013</b>								
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)
<b>Total ICE Group</b>	<b>¢</b>	<b>31,537</b>	<b>5,756</b>	<b>5,434</b>	<b>197</b>	<b>6</b>	<b>101</b>	<b>43,031</b>

(Continues)

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Notes to the Interim Consolidated Financial Statements  
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**Note 26. Retrospective Adjustments**

During the year ended September 30, 2014, the figures corresponding as of September 30, 2013 were restructured due to the adjustments with retroactive effect and changes in the accounting policies. The adjustments applied retrospectively to the corresponding figures of ICE Group, as a result of the previously mentioned matters, are detailed as follows:

	Operation and Maintenance (note 29)	Operating asset depreciation expenses	Administrative (note 32)	Operating income - Electricity services (note 28)	Surplus, net
<i>Balances as of September 30, 2013, previously informed (unaudited)</i>	¢ 189,860	183,211	63,003	609,743	48,567
<b><u>Accumulated effect from changes in accounting policies and adjustments due to corrections in 2013:</u></b>					
Adjustment due to double recording of electricity invoices of the ESPH (1)	-	-	-	(2,325)	(2,325)
<i>Total effect of the effect of changes in accounting policies and adjustments due to corrections in 2013</i>	-	-	-	(2,325)	(2,325)
<i>Sub total abovementioned adjustments</i>	-	-	-	(2,325)	(2,325)
<i>Balances as of September 30, 2013, adjusted</i>	189,860	183,211	63,003	607,418	46,242
<b><u>Accumulated effect of reclassifications in 2013:</u></b>					
Due to reclassification expenses of RACSA (2)	1,269	1,060	(2,329)	-	-
<i>Subtotal reclassifications</i>	1,269	1,060	(2,329)	-	-
<i>Balances as of September 30, 2013, adjusted</i>	¢ 191,129	184,271	60,674	607,418	46,242

**(1) Double Registration of Electric Billing**

Reversal corresponding to double registration of electric billing of Empresa de Servicios Públicos de Heredia S.A. (ESPH).

**(2) Reclassification of Expense Items**

Reclassification of RACSA's expense items that were presented as administrative expenses in 2013, when Operation and Maintenance Expenses and Depreciation of Operating Assets was the correct classification.

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

**Note 27. Memoranda Accounts**

	As of September 30, 2014	As of December 31, 2013
<b>ICE:</b>		
<b>Guarantees received:</b>		
Performance bonds (1)	¢ 278,756	259,104
Collection agents (2)	2,997	3,181
Bid bonds (3)	1,586	4,882
Tenders	8	8
Guaranty deposits	469	393
<b>Other guarantees received:</b>		
Sundry services	481	773
<b>Guarantees issued to third parties:</b>		
Surety	719	815
<b>Memoranda accounts creditors - others</b>		
Performance bonds	1,342	-
<b>Contingent assets:</b>		
Savings and loan fund	¢ 28,006	32,422
CNFL Employees Association (ASEFYL)	13,532	12,502
Performance bonds - procurement	8,253	10,592
Materials in transit	379	694
Bid bonds	0	350
Collection of electricity services	958	868
Materials loan	626	592
Employee guarantees	193	227
Rental of posts	135	117
Performance bonds - labor	82	83
Guaranty deposits (electricity consumption)	121	123
ICE easement - Cote Plant	7	7
Parque Eólico Valle Central	78	-
<b>Contingent liabilities:</b>		
Payment arrangements - financing of appliances	29	22
<b>Total ICE Group</b>	<b>¢ 338,757</b>	<b>327,755</b>

(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:

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

- *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.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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**Note 28. Income from Services**

Income from services is detailed as follows:

	<b>For the period ended on September 30</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Group ICE:</u></b>		
Electricity Services	¢ 591,711	607,418
Telecommunication Services	425,275	394,817
Supplementary services	1,457	-
Institutional Services	221	1,597
<b>Total Group ICE</b>	<b>¢ 1,018,664</b>	<b>1,003,832</b>

**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, Official Communication 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 (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.

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**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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Notes to the Interim Consolidated Financial Statements  
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**Note 29. 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 September 30	
	2014	2013
<b><u>Thermic plant:</u></b>		
Garabito	¢ 54,127	74,815
Moín II	16,742	15,799
Moin III	14,496	10,700
Moín I	3,126	3,591
Pujol - Pococi Plant	2,694	2,322
Pujol - Orotina Plant	2,264	2,814
San Antonio	454	434
Barranca	180	198
Colima	-	1,604
<b>Total Group ICE</b>	<b>¢ 94,083</b>	<b>112,277</b>

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 ¢37.167.

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 ¢16,360 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. The outstanding balance as of September 30, 2014 for this recognition is ¢20,807(see note 14).

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Notes to the Interim Consolidated Financial Statements  
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**Note 30. Operation and Maintenance Costs of Leased Equipment**

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

Cost of operation and maintenance for rented equipment	For the period ended on september 30	
	2014	2013
<b>Group ICE:</b>		
Thermic generation	¢ 79,162	99,975
Hydraulic generation	18,911	15,744
Aeolian generation	7,146	8,994
Substations	4,736	4,871
Transmission lines	2,151	2,207
Access	1,371	6,691
Civil and electromechanics	1,323	7,036
Transportation	52	4,903
Platforms	46	3,985
<b>Sub total Group ICE</b>	<b>114,898</b>	<b>154,406</b>
*Elimination of institutional services	1,398	1,777
<b>Total Group ICE</b>	<b>¢ 113,500</b>	<b>152,629</b>

\* 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 ¢49,521 for 2014 (¢70,367 for 2013).

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As indicated in note 3 (1), 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 September 30, 2014	Paid in 2014	Number of payments	Payment amount	Value of the Purchase Option	Expense recorded in 2014	Payment Frequency	Purpose of the agreement		
<b>ICE</b>																
343012	Consortio 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	111	8	6	155	Between US\$875 and US\$725 (in thousands)	19	2,785	Monthly	Electricity infrastructure .		
Sin orden	Cariblanco Securitization Trust (2)	03-jul-03	29-feb-08	31-dic-19	304	172	132	17	147	2	8	8,321	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	262	481	42	142	5	213	23,828	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	-	6,436	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)	-	675	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	13	119	6	137	\$1	-	3,551	Monthly	Lease of Toro 3		
<b>Subtotal- Operating Leases -US dollars</b>					<b>US\$</b>	<b>1,796</b>	<b>836</b>	<b>960</b>	<b>80</b>			<b>e</b>	<b>45,704</b>			
Generalities of the Agreement					Amount in millions of colones											
<b>ICE</b>																
350702	Cooperativa de Electrificación Rural Guanacaste (6)	16-feb-10	06-abr-10	06-sep-21	e	87,848	26,811	61,037	3,817	138	Variable between e617 and e473	e3,541 approximately	e	3,817	Monthly	Infrastructure for electricity transmission Liberia, Papagayo - Nuevo Colón.
<b>Subtotal- Operating leases -colones</b>					<b>e</b>	<b>87,848</b>	<b>26,811</b>	<b>61,037</b>	<b>3,817</b>			<b>e</b>	<b>3,817</b>			
<b>Total- Operating leases -ICE Group</b>												<b>e</b>	<b>49,521</b>			

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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).

#### (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.
- Trust assets will be comprised of the following:

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

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

- 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:

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- 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.

(Continues)

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**Note 31. Supplemental Services and Purchases**

Supplemental services and purchases are as follows:

	For the period ended on September 30	
	2014	2013
<b>Telecommunications:</b>		
Telephone participation	¢ 8,664	10,789
National traffic operators	12,835	9,589
Channels rental	776	755
Television	811	748
Integral solutions	312	240
<b>Total Telecommunications</b>	<b>23,399</b>	<b>22,121</b>
<b>Electricity:</b>		
<b>Import:</b>		
Regional Operating Entity (EOR)	9,063	1,237
Cenergica S.A de c.v.	832	1,179
Poliwatt	141	589
Mercado Eléctrico de El Salvador	290	915
Excelergy S.A de c.v.	82	1,028
Enel Fortuna S.A(Panamá)	-	615
Others	140	146
<b>Subtotal import</b>	<b>10,548</b>	<b>5,709</b>
<b>Cogenerators:</b>		
Planta Eólica Guanacaste, S.A.	7,387	6,511
Unión Fenosa Generadora La Joya	7,163	7,771
Hidroenergía Del General (HDG), S.R.L.	6,065	6,333
Geoenergía de Guanacaste Ltda.	6,121	5,697
Azucares el Viejo S.A	1,873	1,167
Plantas Eólicas, S.A.	2,799	2,193
Molinos de Viento Del Arenal, S.A.	2,606	2,246
Hidroeléctrica Doña Julia	3,277	2,927
Ingenio Taboga, S.A.	1,593	1,405
Hidroeléctrica Platanar, S.A.	2,241	2,361
Hidroeléctrica Zarcas, S.A.	1,753	1,810
Consorcio Eólico Chiripa	1,418	-
Hidroeléctrica Río Lajas, S.A.	1,538	1,676
Proyecto Hidroeléctrico Pedro, S.A.	1,458	1,429
Proyecto Hidroeléctrico Río Volcán, S.A.	1,830	1,606
Aeroenergía S.A	867	716
Inversiones la Manguera S.A	712	718
Hidroelectrica Venecia S.A	592	496
Empresas Electricas Matamoros S.A	573	617
Hidroelectrica Caño Grande S.A.	482	442
Others	1,571	1,576
<b>Subtotal cogeneradores</b>	<b>53,920</b>	<b>49,697</b>
<b>Purchases for export:</b>		
Regional Operating Entity (EOR)	7,374	7,691
<b>Total Electricity</b>	<b>71,843</b>	<b>63,097</b>
<b>Total Group ICE</b>	<b>¢ 95,241</b>	<b>85,218</b>

(Continues)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

#### Cogenerators:

Under the terms of Law 7200 “Law for the Authorization of Autonomous or Parallel Energy Generation,” which declares a matter of public interest the purchase of energy by ICE to those private companies that comply with the conditions contained in this Law, ICE has entered into agreements with various cogenerators for purchasing energy. 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 September 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; 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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### Notes to the Interim Consolidated Financial Statements (In millions of colones)

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.
- 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 hydroelectric projects, and the generation public service granted by ARESEP. Currently,

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

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 negotiation stage, and the agreement is expected to be signed by December 2014.

In February of this year, Bid No. 02-214 was published, which results appeared in La Gaceta of June 25, and it was final on August 29, once the General Management rejected the motion of appeal filed by one of the participants. In this second bid, 2 wind projects and 4 hydroelectric projects were selected, one of which renounced to the selection. In October, engagement letters were signed for the three remaining hydroelectric projects. In the case of wind projects, the Electricity Management authorized the negotiation process with Aeroenergía S.A. since it already complied with the necessary requirements to sign the purchase agreement. For the other wind project, approval at regional level of the connection point is needed; therefore, an engagement letter will be signed.

As of September 2014, a rate recognition for energy import expense is granted, according to resolution RIE 061-2014 of ARESEP, which was being registered as expense until August 2014. This item will be deferred within the next fifteen months as of October of this year, so that it can be associated with the income to be obtained in this term. (see note 14)

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Notes to the Interim Consolidated Financial Statements  
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**Note 32. Administrative Expenses**

Administrative expenses are detailed below:

	<b>For the period ended on September 30</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Grup ICE:</u></b>		
Remunerations	¢ 42,070	40,161
Services	8,387	6,679
Use of service centers	4,794	4,158
Depreciation of other assets in operation	1,681	2,503
Current transfers	1,433	952
Materials and supplies	646	635
Rental and services	584	625
Transportation	26	33
Others	5,652	5,217
<b>Subtotal Grup ICE</b>	<b>65,273</b>	<b>60,963</b>
* Elimination of institutional services	255	289
<b>Total Grup ICE</b>	<b>¢ 65,018</b>	<b>60,674</b>

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

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

Marketing expenses are detailed as follows:

	<b>For the period ended</b>	
	<b>on September 30</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Group ICE:</u></b>		
Materials and supplies	¢ 46,186	34,384
Services	39,620	41,671
Remunerations	38,271	36,356
Use of service centers	25,482	26,393
Expenses consumers	18,179	16,169
Depreciation of other assets in operation	3,290	2,980
Current transfers	2,137	8,023
Others	7,641	6,054
<b>Subtotal ICE</b>	<b>180,806</b>	<b>172,030</b>
* Elimination of institutional services	1,222	1,286
<b>Total Group ICE</b>	<b>179,584</b>	<b>170,744</b>

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

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Notes to the Interim Consolidated Financial Statements  
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**Note 34. Pre-Investment Studies**

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

	<b>For the period ended on September 30</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Grup ICE:</u></b>		
Ayil Hydroelectric Project (2) ¢	3,155	387
Savegre Study (1)	619	2,714
P.H Tejona II	124	-
RC 500 Study	-	116
Pocosol - Arenal Study	-	15
Others	514	475
<b>Total Grup ICE</b> ¢	<b>4,412</b>	<b>3,707</b>

- (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 ¢3,155 in 2014 and ¢387 in 2013.
- (2) In 2014, the Savegre Project incurred expenses for ¢619 (¢2,714 in 2013) for engineering and site feasibility studies and ancillary works related to the headrace tunnel and water intakes.

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Notes to the Interim Consolidated Financial Statements  
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**Note 35. Preliminary Studies**

Preliminary studies are as follows:

	<b>For the period ended on September 30</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Grup ICE:</u></b>		
Remunerations	¢ 9,185	10,002
Use of service centers	4,535	6,137
Services	524	630
Depreciation of other assets in operation	324	339
Current transfers	323	299
Materials and supplies	185	259
Others	952	957
<b>Subtotal Grup ICE</b>	<b>16,028</b>	<b>18,623</b>
* Elimination of institutional services	112	154
<b>Total Grup ICE</b>	<b>¢ 15,916</b>	<b>18,469</b>

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

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Notes to the Interim Consolidated Financial Statements  
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**Note 36. 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:

	<b>For the period ended on September 30</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Grup ICE:</u></b>		
Advance mobile services	¢ 420	578
Torito Hydroelectric Project	346	309
Chucas Hydroelectric Project	270	302
Chiripa Aeolian Project	216	162
Chapulin Hydroelectric Project	162	-
Pirris Hydroelectric Project	112	134
Interconexión Ingenio El Viejo	59	-
Balsa Inferior Hidroeléctrica Project	55	-
Reventazon Hydroelectric Project	-	172
Other	122	73
<b>Total Grup ICE</b>	<b>¢ 1,762</b>	<b>1,730</b>

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Notes to the Interim Consolidated Financial Statements  
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**Note 37. Other Interests and Other Expenses**

Other interests and other expenses are detailed below:

	For the period ended on September 30	
	2014	2013
<b><u>Group ICE:</u></b>		
Construction services (1)	¢ 249,021	21,981
Interests and other financial products(2)	19,258	16,337
Exchange fluctuations (3)	15,178	32,652
Investments income in other enterprises(4)	628	-
Other products (5)	19,475	10,821
<b>Total Group ICE</b>	<b>¢ 303,560</b>	<b>81,791</b>
<b><u>Group ICE:</u></b>		
For the period ended on September 30		
	2014	2013
<b><u>Group ICE:</u></b>		
Contracts of civil and electromechanical works (1) ¢	251,763	22,089
Exchange fluctuations (3)	147,600	4,803
Interests and other financial expenses(6)	65,979	76,402
Other expenses	1,575	1,955
<b>Total Group ICE</b>	<b>¢ 466,917</b>	<b>105,249</b>

- (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”.

As of September 30, 2014, ICE received from Fideicomiso UNO P.H Reventazón the amount of US\$275 million (equivalent to ¢149,633 approximately) and ¢94,474, as payment for the construction services of Reventazón Hydroelectric Power Project.

- (2) Interest includes income on external sector securities.

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- (3) As of September 30, 2014, an exchange rate of ¢541.27 (¢503.11 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) In 2014, this item shows income, mainly the collection of compensation for noncompliance with agreements, administrative penalties, etc.
- (6) It mainly shows expenses corresponding to fees for administration of financial derivatives and the respective interest, plus debt interest.

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## **Note 38. 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 4242).

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## 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).

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

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

This 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.

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### **Customs Duties**

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

### **Other Obligations**

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

- 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.

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**Note 39. 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.

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.

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# INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

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

In the case of RACSA, 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, in order to mitigate such risk. 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.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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- 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 its administrative and legal collection management.

#### *Investments*

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

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

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

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

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Notes to the Interim Consolidated Financial Statements  
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Impairment Losses

Ageing of trade account receivables is as follows:

		At September 30, 2014	At December 31, 2013
		Balance	Balance
Effective	¢	107,651	91,449
Judicial and administrative collection		43,051	36,590
<b>Total ICE Group</b>	¢	<b>150,702</b>	<b>128,039</b>

Movement in the allowance for accounts receivable is as follows:

		At September 30, 2014	At December 31, 2013
Opening balance	¢	32,917	35,616
Recognized estimation during the period		(6,640)	(12,526)
Using the estimation during the period		4,113	7,998
Settings		-	1,829
<b>Final Balance</b>	¢	<b>30,390</b>	<b>32,917</b>

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

Finance Management performs short, mid and long term cash flow projections that are used to estimate purchase of foreign currency, short-term financing, as well as anticipate liquidity needs.

Treasury management involves preparing the projected cash flows with the Company's budget information. It also prepares on a weekly basis a schedule with the daily cash inflows and

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

outflows, which allows visualizing the behavior of cash flows and determining the daily liquidity needs. As part of this process, in order to obtain the most accurate payment information, especially for those cases where based on their amount have a large impact in petty cash, and in compliance with the Treasury policies, the businesses, and different areas of the company should send the payment schedule corresponding to 12 months. In addition, an important input is the information obtained from the Institutional Payment System, which not only provides the exact amount to be paid but also the maximum payment date, as established in the agreements.

Similarly, inputs and coordination with businesses regarding the behavior of income and the areas responsible for managing financing that allow a better matching are important, in order to optimize Treasury Management and obtain a better and timely attention of the payment obligations.

Liquidity is guaranteed by optimizing the payment cycle, first using no-cost sources and short-term lines of credit (if necessary). Likewise, the Treasury policies establish the terms of payment for providers, which is for a maximum of 30 days, once a week, except for the engagements where payoff date is fixed or ineludible, as of the event that originates the payment and presentation of invoice. Also, the policies establish the bank transfer as payment method, and payment orders are processed through the institutional payment system.

Lines of credit are part of the instruments that Management uses to finance working capital needs, issue of performance or bid bonds, opening and refinancing of letters of credit, which use throughout the years has allowed it to become one of the most popular short term financing options.

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
<b>Hedged debt:</b>	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	\$105	\$105	\$128	\$5	¥5,852	\$50	\$40	\$40	\$20
Hedged amount	\$105	\$105	\$128	\$5	\$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
<b>Hedged risk</b>	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
<b>Hedge Type</b>	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
<b>Hired instrument</b>	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	2,897	1,659	1,237
Plain vanilla swap	3,140	1,843	1,297
Swap	9	7	2

Millions of colones	Expected cash flows from liabilities	less than 12 months	over 12 months
BID-1931A/OC-CR	60,862	7,160	53,701
BID-1931B/OC-CR	52,759	15,074	37,685
Banistmo S.A.	2,512	2,010	502

### 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.

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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Index Debt - Capital	Up to September 30, 2014	Up to December 31, 2013
<b>Group ICE</b>		
Total liabilities	¢ 2,461,847	2,424,224
(-) Cash and equivalent to cash	(96,216)	(86,278)
Debt, net	2,365,631	2,337,946
Total patrimony	2,854,916	2,936,281
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(4,909)	(10,944)
Capital adjusted	2,859,825	2,947,225
<b>Index debt Group ICE</b>	<b>0.828</b>	<b>0.794</b>

**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 September 30, 2014	Up to December 31, 2013
<b>Group ICE</b>		
Banks	¢ 8,375	10,126
Transitory investments	167,632	133,782
Valuation of investments	(143)	20
Long term investments	53,592	47,727
Funds of restricted use	1,610	5,406
Documents and account payable	190,603	195,330
<b>Total Group ICE</b>	<b>¢ 421,669</b>	<b>392,391</b>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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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:

<b>By geographical region</b>		<b>Up to September 30, 2014</b>	<b>Up to December 31, 2013</b>
National	¢	184,052	188,993
External		6,551	6,337
<b>Total by geographical region</b>	<b>¢</b>	<b>190,603</b>	<b>195,330</b>

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:

<b>By type of client</b>		<b>Up to September 30, 2014</b>	<b>Up to December 31, 2013</b>
Private people	¢	73,800	98,896
Toro III		-	179
Clients high, medium and low tension		24,763	19,902
Telephonic administrators		2,830	2,108
Distributing companies		13,228	8,448
Government		12,670	10,999
Selling of devices (terminals)		289	269
Operators and suppliers of services		5,960	5,790
Public lighting system		838	904
Others		56,225	47,835
<b>Total by type of client</b>	<b>¢</b>	<b>190,603</b>	<b>195,330</b>

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

Issuing	ISIN	Instrument	Risk Rating
<b>ICE</b>			
Bank BAC San José, s.a.	00BSJ00C36W0	Term Certificate of Deposit (global note)	F1+ (cri)
Bank BAC San José, s.a.	00BSJ00C76V8	Term Certificate of Deposit (global note)	F1+ (cri)
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 BANSOL Bank de Solutions	00BASOLC40W7	Certificate of Time Deposit (electronic shop)	SCR2
Bank BANSOL Bank de Solutions	00BASOLC67V2	Term Certificate of Deposit (global note)	SCR2
Bank BCT	00BCT00C54J3	Term Certificate of Deposit (global note)	SCR2+
Bank BCT	00BCT00C56J8	Term Certificate of Deposit (global note)	SCR2+
Bank BCT	00BCT00C57J6	Term Certificate of Deposit (global note)	SCR2+
Bank BCT	CRBCT00B0143	Bonds BCT	SCR AAA
Bank Cathay	00CATAYC5434	Term Certificate of Deposit (global note)	SCR2
Bank Cathay	00CATAYC5442	Term Certificate of Deposit (global note)	SCR2
Bank Cathay	00CATAYC5848	Term Certificate of Deposit (global note)	SCR2-
Bank Cathay	CRCATAYC0026	(Private) commercial paper	SCR2-
Central Bank of Costa Rica	CRBCCR0B3330	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B3371	Bono fixed rate monetary stabilization	BB
Central Bank of Costa Rica	CRBCCR0B3538	Repurchase	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	CRBCCR0B4379	Repurchase	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 American Bank for Economic Integration	CRBCIE0C0215	(Private) commercial paper	F1+ (cri)
Central American Bank for Economic Integration	CRBCIE0C0223	(Private) commercial paper	F1+ (cri)
Bank Citibank (CMB Costa Rica)	00CITIBC86C4	Term Certificate of Deposit (global note)	F1+ (cri)
Bank Citibank (CMB Costa Rica)	00CITIBC97C1	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	00BCAC0C26J7	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C34K9	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C48K9	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C72J1	Repurchase	F1+ (cri)
Farm Credit Bank of Cartago	00BCAC0C73J9	Term Certificate of Deposit (global note)	F1+ (cri)
Farm Credit Bank of Cartago	0NR0ICE00416	Certificate of Time Deposit (electronic shop)	F1+ (cri)
Farm Credit Bank of Cartago	CRBCAC0B1181	Bonds BCAC	AA+(cri)
Farm Credit Bank of Cartago	CRBCAC0B1256	Bonds BCAC	AA+(cri)
Farm Credit Bank of Cartago	CRBCAC0C1248	Commercial paper	F1+ (cri)
Bank Davivienda (Costa Rica) S.A.	00BDAVIC0314	Term Certificate of Deposit (global note)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00468	Certificate of Time Deposit (electronic shop NB)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00469	Certificate of Time Deposit (electronic shop NB)	F1+ (cri)
Bank of Costa Rica	CRBCR00C3270	Commercial paper	F1+ (cri)
Mortgage Housing Bank -BANHVI-	CRBANVIB0037	Bonds Banhvi	SCR AA+
Bank Improsa	00BIMPRC7309	Term Certificate of Deposit (global note)	SCR2

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Issuing	ISIN	Instrument	Risk Rating
Bank Improsa	00BIMPRC7713	Term Certificate of Deposit (global note)	SCR2
Bank Improsa	00BIMPRC7929	Term Certificate of Deposit (global note)	SCR2
International Bank C.R. -Miami-	0NR0ICE00046	Overnight	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)
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	00BNCROC13P0	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	00BNCROC33O1	Repurchase	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00470	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00471	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00472	Term Certificate of Deposit (global note)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00473	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCR429	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCS146	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCS161	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCS229	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCS559	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCS708	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCT318	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCT383	Repurchase	F1+ (cri)
Popular Bank and Community Development	00BPDCOCU142	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCU191	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCU514	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCV702	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCV934	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCV959	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	00BPDCOCW114	Term Certificate of Deposit (global note)	F1+ (cri)
Popular Bank and Community Development	0NR0ICE00393	Certificate of Time Deposit (electronic shop NB)	F1+ (cri)
Popular Bank and Community Development	CRBPDC0B6947	Repurchase	F1+ (cri)
Popular Bank and Community Development	CRBPDC0B6947	Bonds BPDC	F1+ (cri)
Popular Bank and Community Development	CRBPDC0B7077	Repurchase	F1+ (cri)
Bank Promérica	CRBPROMB1144	Bonds BPROM	SCR2+
Bank Promérica	CRBPROMB1169	Bonds BPROM	SCR2+
Compañía Nacional de Fuerza y Luz -CNFL-	CRCLFLUZB0207	Bonds CNFL	AAA (cri)
Compañía Nacional de Fuerza y Luz -CNFL-	CRCLFLUZB0231	Repurchase	F1+ (cri)
Financiamiento Desyfin	00FDESYC14Q3	Term Certificate of Deposit (global note)	SCR2
Financiamiento Desyfin	00FDESYC36R4	Term Certificate of Deposit (global note)	SCR2
Financiamiento Desyfin	00FDESYC62Q2	Term Certificate of Deposit (global note)	SCR2
Financiamiento Desyfin	00FDESYC64P0	Term Certificate of Deposit (global note)	SCR2
Financiamiento Desyfin	00FDESYC72R9	Term Certificate of Deposit (global note)	SCR2
Financiamiento Desyfin	00FDESYC76Q2	Term Certificate of Deposit (global note)	SCR2
Financiamiento Desyfin	CRFDESYB0218	Bonds FDESY	SCR AAA
Florida ICE & Farm Company S.A.	CRFIFCOB0972	Bonds FIFCO	SCR AAA
Florida ICE & Farm Company S.A.	CRFIFCOB0998	Bonds FIFCO	SCR AAA
Government	CRG0000B13G0	Repurchase	BB
Government	CRG0000B14H6	Property title	BB
Government	CRG0000B16H1	Repurchase	BB
Government	CRG0000B35G3	Repurchase	BB
Government	CRG0000B41G1	Repurchase	BB
Government	CRG0000B51G0	Repurchase	BB
Government	CRG0000B54G4	Property title	BB
Government	CRG0000B54G4	Property title	BB
Government	CRG0000B55G1	Property title	BB
Government	CRG0000B55G1	Property title	BB
Government	CRG0000B55G1	Property title	BB
Government	CRG0000B59G3	Property title	BB
Government	CRG0000B60G1	Property title	BB
Government	CRG0000B63G5	Property title	BB
Government	CRG0000B63G5	Property title	BB
Government	CRG0000B64G3	Property title	BB
Government	CRG0000B64G3	Property title	BB
Government	CRG0000B72G6	Property title	BB
Government	CRG0000B80G9	Repurchase	BB
Government	CRG0000B80G9	Property title	BB
Government	CRG0000B81G7	Property title	BB
Government	CRG0000B81G7	Property title	BB
Government	CRG0000B89G0	Repurchase	BB
Government	CRG0000B89G0	Property title	BB
Government	CRG0000B92G4	Property title	BB
Government	CRG0000B97G3	Property title	BB
Government	CRG0000C06H0	Property title macro zero coupon	BB

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

Issuing	ISIN	Instrument	Risk Rating
Government	CRG0000C07H8	Property title macro zero coupon	BB
Government	CRG0000C21H9	Property title macro zero coupon	BB
Government	USP3699PAA59	Repurchase	BB
Government	USP3699PAA59	bond debt	BB
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	00MADAPCK039	Mortgage participation certificate	SCR2
Group Housing Alajuela- Mutual Savings and Loan	00MADAPCK138	Mortgage participation certificate	SCR2
Group Housing Alajuela- Mutual Savings and Loan	00MADAPCK385	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 +
La Nación S.A.	CRNACIOB0142	Bond la nación S.A.	SCR AAA
La Nación S.A.	CRNACIOB0167	Repurchase	AA (cri)
La Nación S.A.	CRNACIOB0175	Bond la nación S.A.	SCR AAA
Ministry of hacienda	CRG0000B56G9	Repurchase	BB
Ministry of hacienda	CRG0000B63G5	Repurchase	BB
Ministry of hacienda	CRG0000B96G5	Repurchase	BB
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	00MUCAPC5347	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5792	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5875	Mortgage participation certificate	SCR2
Mutual Savings and Loan Cartago	00MUCAPC5883	Repurchase	FI+ (cri)
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 of Costa Rica	BCRLcFI	BCR-not short term colones diversificado-	SCR AA+F2
SAFI Bank of Costa Rica	BCRMXcFI	BCR mixed short term colones -not diversificado-	SCR AAF2
SAFI Bank of Costa Rica	FI-000000022	BCR F.I dollar liquidity	SCR AA+F2
SAFI Bank of Costa Rica	FI-000000022	BCR F.I dollar liquidity	SCR AA+F2
SAFI Bank of Costa Rica	FI-000000066	F.I. Mixed BCR dollars	SCR AAF2
SAFI National Bank of Costa Rica	BNASUPERcFI	BN Superfund ¢	SCR AAF2
SAFI National Bank of Costa Rica	BNASUPERcFI	BN Superfund ¢	SCR AAF2
SAFI National Bank of Costa Rica	FI-000000001	F.I. BN dinerfondo ¢	SCR AA+F2
SAFI National Bank of Costa Rica	FI-000000002	F.I. BN dinerfondo dollars	FI+ (cri)
SAFI Popular Bank	FI-000000006	People money market ¢ -not diversificado-	SCR AAF2
SAFI National Insurance Institute	BACLACcFI	F.I. not diversificado INS - liquidity C	SCR AAF 2
SAFI National Insurance Institute	BACLAD\$FI	F.I. not diversificado INS - liquidity D	SCR AAF 2
SAFI National Insurance Institute	BANCREDIILASCcFI	INS liquidity ¢ -not diversificado-	SCR AAF 2
SAFI National Insurance Institute	BANCREDIILASD\$FI	INS liquidity dollars -not diversificado-	SCR AAF 2
SAFI Scotiabank	ITFCPPUSFI	F.I public ND \$ Scotiabank	SCR AAF3
SAFI Scotiabank	ITFCPPUcFI	F.I public ND Scotiabank	SCR AAF2
<b>CNFL</b>			
National Bank of Costa Rica		Term Certificate of Deposit (global note)	FI+ (cri)
<b>CRICSA</b>			
SAFI National Bank of Costa Rica		F.I. BN dinerfondo ¢	scrAA+f2

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD 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:

International rating				
Term	Moody's	Standard & Poor's	Fitch	Weighting
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%

Local rating		
Term	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 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
<b>Long Term Liabilities</b>						
Title deeds payable	¢ 1,102,551	1,102,551	653.66	37,741.73	482,082	582,074
Documents payable	705,715	705,715	28,486.88	164,501.68	259,215	253,511
Accounts payable	14,645	14,645	-	6,727.35	2,646	5,271
<b>Total Long Term Liabilities</b>	<b>1,822,911</b>	<b>1,822,912</b>	<b>29,141</b>	<b>208,972</b>	<b>743,944</b>	<b>840,857</b>
<b>Circulating</b>						
Title deeds payable						
Documents payable	93,502	93,502	93,502	-	-	-
Accounts payable	117,636	117,636	117,636	-	-	-
<b>Total Short Term Liabilities</b>	<b>211,138</b>	<b>211,138</b>	<b>211,138</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Group ICE</b>	<b>¢ 2,034,049</b>	<b>2,034,050</b>	<b>240,279</b>	<b>208,972</b>	<b>743,944</b>	<b>840,857</b>

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			2-5 years	More than 5 years
				6-12 months	1-2 year	2-5 years		
Cross Currency Swap								
	Liabilities	¢ (6,512)	10,465	830	800	1,504	3,671	3,659
Swap								
	Liabilities	(12)	9	4	3	2	(0)	-
Forward Staring Swap								
	Liabilities	(3,633)	2,897	927	733	879	501	(143)
Plain Vanilla Swap								
	Liabilities	(3,524)	3,140	1,062	782	898	399	-
Plain Vanilla Swap								
	Liabilities	(812)	3,140	1,062	782	898	399	-
Non Delivery Currency Swap 3 year								
	Liabilities	836	4,011	794	805	1,608	803	-
Non Delivery Currency Swap 7 years								
	Liabilities	226	6,450	948	1,042	1,917	2,543	-
Non Delivery Currency Swap 1 years								
	Assets	1,239	4,865	983	954	1,946	983	-
Non Delivery Currency Swap 3 years								
	Liabilities	494	1,444	392	376	676	-	-

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

The lines of credit with financial institutions used for working capital, acquired during the period ended as of September 30, 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	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\$	Fixed rate 1.295%		30/12/2013**	13/02/2014	-	13/02/2014	31
		US\$	Fixed rate 1.2973%		27/12/2013**	10/02/2014	-	10/02/2014	5
		US\$	Fixed rate 1.40%		10/02/2014**	10-06-2014	10/06/2014	-	31
		US\$	Fixed rate 1.40%		13/02/2014**	13/06/2014	13/06/2014	-	5
		US\$	Fixed rate 1.40%		14/02/2014**	13-06-2014	13/06/2014	-	24
		US\$	Fixed rate 1.40%		31/01/2014	30/05/2014	30/05/2014	-	33
		US\$	Fixed rate 1.40%		09/06/2014	08/08/2014	-	08/08/2014	31
		US\$	Fixed rate 1.38%		08/08/2014	07/10/2014	-	-	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\$	Fixed rate 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\$	Fixed rate 1.1675%		30/12/2013**	13/02/2014	-	13/02/2014	77
		US\$	Fixed rate 1.41823%		10/02/2014**	10/06/2014	10/06/2014	-	23
		US\$	Fixed rate 1.41823%		13/02/2014**	13/06/2014	-	13/06/2014	77
		US\$	Fixed rate 1.67980%		13/06/2014**	11/09/2014	-	18/09/2014	77
Global bank	Capital de trabajo	US\$	Fixed rate 1.25%	20	13/12/2013	30/12/2013	-	30/12/2013	10
		US\$	Fixed rate 1.75%		30/12/2013**	13/02/2014	13/02/2014	-	10
		US\$	Fixed rate 2.25%		12/06/2014	11/08/2014	11/08/2014	-	20
Mercantil Commerce Bank	Working capital, openness and credit card financing	US\$	Fixed rate 1.10%	30	08/11/2013	27/12/2013	-	27/12/2013	5
		US\$	Fixed rate 1.14%		27/12/2013**	10/02/2014	10/02/2014	-	5
		US\$	Fixed rate 1.125%		09/12/2013	30/12/2013	-	30/12/2013	20
		US\$	Fixed rate 1.14%		30/12/2013**	13/02/2014	13/02/2014	-	20
		US\$	Fixed rate 1.30%		11/02/2014**	10/06/2014	10/06/2014	-	5
		US\$	Fixed rate 1.14%		14/02/2014**	13/06/2014	13/06/2014	-	20
		US\$	Fixed rate 1.30%		31/01/2014	30/05/2014	30/05/2014	-	5
		US\$	Fixed rate 1.35%		09/06/2014	08/08/2014	-	41859	5
		US\$	Fixed rate 1.35%		12/06/2014	11/08/2014	-	41862	4
		US\$	Fixed rate 1.375%		17/07/2014	13/11/2014	-	-	15
US\$	Fixed rate 1.35%	08/08/2014	07/10/2014	-	-	5			
US\$	Fixed rate 1.35%	11/08/2014	10/10/2014	-	-	4			

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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Lines of credit as of December 31, 2013

Global features credit line				Terms of disbursements made					Disbursement amount (in millions of U.S. dollars, as indicated)
Financial institution	Purpose	Currency	Interest rate	Amount approved line	Disbursement date	Expiration date	Date cancellation	Renewal date	
Citibank	Working capital, Opening letters of credit and refinancing	US\$	Libor (1m) + 1.35% = 1.5497%	50	17/04/2013	17/05/2013	17/05/2013	-	12
		US\$	Libor (1m) + 1.33% = 1.5292%		24/04/2013	24/05/2013	24/05/2013	-	3
		US\$	Libor (1m) + 2.10% = 2.26735%		13/12/2013	30/12/2013	-	30/12/2013	14
		US\$	Libor (2m) + 2.10% = 2.3128%		30/12/2013	13/02/2014	-	-	14
Scotiabank	Opening letters of credit and refinancing, working capital, issuing guarantees compliance.	Colones	Fixed rate 9.35%	60	14/12/2012	14/03/2013	-	14/03/2013	7,500
		Colones	fixed rate 7.65%		14/03/2013	12/06/2013	12/06/2013	-	7,500
		US\$	Libor (3m) + 1.48% = 1.789%		19/12/2012	19/03/2013	-	19/03/2013	20
		US\$	Libor (3m) + 1.48% = 1.76%		19/03/2013	17/06/2013	17/06/2013	-	20
		US\$	Libor (1m) + 1.29% = 1.48820%		08/05/2013	07/06/2013	07/06/2013	-	3
		US\$	Libor (3m) + 1.25% = 1.5231%		03/07/2013	24/09/2013	24/09/2013	-	11
		US\$	Libor (2m) + 1.13% = 1.35889%		29/07/2013	30/09/2013	30/09/2013	-	8
		US\$	Libor (2m) + 1.05% = 1.2682%		27/09/2013	26/11/2013	26/11/2013	-	3
		US\$	Libor (1m) + 0.93% = 1.0985%		07/11/2013	16/12/2013	-	-	11
		US\$	Libor (1m) + 0.93% = 1.0985%		08/11/2013	23/12/2013	-	-	20
		US\$	Libor (1m) + 1.13% = 1.2985%		13/12/2013	30/12/2013	-	30/12/2013	5
		US\$	Fixed rate 1.295%		30/12/2013	13/12/2014	-	-	5
		US\$	Fixed rate 1.2973%		27/12/2013	13/02/2014	-	-	31
		Bladex	Opening letters of credit and refinancing and working capital		US\$	Libor (6m) + 1.55% = 2.0156%	100	14/02/2013	13/08/2013
US\$	Libor (3m) + 1.48% = 1.76660%			28/02/2013	29/05/2013	29/05/2013		-	25
US\$	Libor (3m) + 1.48% = 1.7601%			18/03/2013	17/06/2013	17/06/2013		-	13
US\$	Libor (1m) + 1.30% = 1.4992%			24/04/2013	24/05/2013	24/05/2013		-	9
US\$	Libor (1m) + 1.30% = 1.4982%			30/04/2013	30/05/2013	30/05/2013		-	16
US\$	Libor (1m) + 1.30% = 1.4982%			08/05/2013	07/06/2013	07/06/2013		-	7
US\$	Libor (1m) + 1.30% = 1.4992%			10/05/2013	10/06/2013	10/06/2013		-	12
US\$	Libor (3m) + 1.20% = 1.46760%			18/07/2013	30/09/2013	30/09/2013		-	8
US\$	Libor (3m) + 0.95% = 1.2164%			12/08/2013	12/11/2013	12/11/2013		-	48
US\$	Libor (1 m) + 0.95% = 1.1185%			08/11/2013	27/12/2013	-		27/12/2013	13
US\$	Libor (1 m) + 0.95% = 1.1185%			13/11/2013	27/12/2013	-		27/12/2013	10
US\$	Fixed rate 1.185%			27/12/2013	10/02/2014	-		-	23
US\$	Libor (1 m) + 1.00% = 1.1670%			25/11/2013	30/12/2013	-		30/12/2013	38
US\$	Libor (1 m) + 1.00% = 1.1675%			06/12/2013	30/12/2013	-		30/12/2013	32
US\$	Libor (1 m) + 1.00% = 1.1675%	13/12/2013	30/12/2013	-	30/12/2013	7			
US\$	Fixed rate 1.1675%	30/12/2013	13/02/2014	-	-	77			
Global bank	Working capital	US\$	Fixed rate 1.25%	20	13/12/2013	30/12/2013	-	30/12/2013	10
		US\$	Fixed rate 1.75%		30/12/2013	13/02/2014	-	-	10
Mercantil commerce bank	Working capital, openness and credit card financing	US\$	Libor (3m) + 1.50% = 1.8090%	30	19/12/2012	19/03/2013	19/03/2013	-	13
		US\$	Libor (6m) + 1.53 = 1.9959%		14/02/2013	13/08/2013	13/08/2013	-	17
		US\$	Libor (1m) + 1.34% = 1.5397%		17/04/2013	17/05/2013	17/05/2013	-	13
		US\$	Libor (2m) + 1.05% = 1.27789%		06/08/2013	30/09/2013	30/09/2013	-	10
		US\$	Libor (2m) + 1.00% = 1.2180%		27/09/2013	26/11/2013	26/11/2013	-	20
		US\$	Libor (2m) + 1.00% = 1.2145%		18/10/2013	16/12/2013	-	-	5
		US\$	Fixed rate 1.10%		08/11/2013	27/12/2013	-	27/12/2013	5
		US\$	Fixed rate 1.14%		27/12/2013	10/02/2014	-	-	5
US\$	Fixed rate 1.125%	09/12/2013	30/12/2013	-	30/12/2013	20			
US\$	Fixed rate 1.14%	30/12/2013	13/02/2014	-	-	20			

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

**Market Risk**

**Exposure to Currency Risk**

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

Assets	US\$		Yenes		EUROS	
	September 2014	December 2013	September 2014	December 2013	September 2014	December 2013
<b>ICE</b>						
Material in transit for investment	39	96	1	7	29	83
Long Term Investments	2	3	-	-	-	-
Receivables	5	40	38	3	1	1
Banks and temporary investments	80	144	-	-	-	-
Restricted funds	2	2	-	-	-	-
Accounts receivable for services	14	14	-	-	-	-
Accounts receivable no trade	7	2	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	29	32	0	-	0	-
Valuation of derivative financial instruments	2	0	-	-	-	-
<b>Total foreign currency ICE's assets</b>	<b>181</b>	<b>334</b>	<b>39</b>	<b>10</b>	<b>30</b>	<b>84</b>
<b>Total foreign currency ICE Group's assets</b>	<b>181</b>	<b>334</b>	<b>39</b>	<b>10</b>	<b>30</b>	<b>84</b>
<b>Liabilities</b>						
<b>ICE</b>						
Securities payable	1,616	1,734	-	-	-	-
Notes payable long term and short term	1,275	1,067	11	12,824	0	-
Obligations against loans	-	2	-	-	-	-
Deposits received as collateral	2	2	-	-	-	-
Accounts payable	96	132	38	5	35	60
Financial accrued expenses	53	49	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits by individuals	1	2	-	-	-	-
provisions	1	1	-	-	-	-
Valuation of derivative financial instruments	31	47	-	-	-	-
<b>Total foreign currency ICE' liabilities</b>	<b>3,075</b>	<b>3,036</b>	<b>49</b>	<b>12,829</b>	<b>35</b>	<b>60</b>
<b>Excess of liabilities over assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>
<b>Excess of liabilities over ICE Group's assets</b>	<b>2,894</b>	<b>2,702</b>	<b>10</b>	<b>12,819</b>	<b>5</b>	

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

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 September 30, 2014 was ¢541,27 (¢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 September 2014	At 31 December 2013
Corona Sueca	7.23	6.44
Libra Esterlina	1.62	1.66
Franco Suizo	0.96	0.89
Euro	1.26	1.37
Colones	541.27	502.47
Yen Japonés	109.61	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 (...)”.

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**Sensitivity Analysis**

The table below shows the sensitivity as of September 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	¢	1,566,435,380,000	
Net dollar position	US\$	2,894,000,000	
10% increase in the exchange rate	US\$	2,630,909,091	
Loss	¢	<u>(142,403,216,364)</u>	
Sensitivity to a disminución in the exchange rate:			
Net dollar position (expressed in colones) at the exchange rates prevailing	¢	1,566,435,380,000	
Net dollar position	US\$	2,894,000,000	
10% decrease in the exchange rate	US\$	2,630,909,091	
Gain	¢	<u>142,403,216,364</u>	
Yen			
Sensitivity to an increase in the exchange rate:			
Net position in yen (expressed in colones) at the exchange rates prevailing	¢	49,381,443	
Net position in yen (expressed in dollars) at the exchange rates prevailing	US\$	91,233	
10% increase in the exchange rate	US\$	82,939	
Loss	¢	<u>(4,489,222)</u>	
Sensitivity to a disminución in the exchange rate:			
Net position in yen (expressed in colones) at the exchange rates prevailing	¢	49,381,443	
Net position in yen (expressed in dollars) at the exchange rates prevailing	US\$	91,233	
10% decrease in the exchange rate	US\$	82,939	
Gain	¢	<u>4,489,222</u>	
Euros			
Sensitivity to an increase in the exchange rate:			
Net position in Euros (expressed in colones) at the exchange rates prevailing	¢	(3,412,436,715)	
Net position in Euros (expressed in dollars) at the exchange rates prevailing	US\$	(6,304,500)	
10% increase in the exchange rate	US\$	(6,934,950)	
Loss	¢	<u>(341,243,672)</u>	
Sensitivity to a disminución in the exchange rate:			
Net euro position (expressed in colones) at the exchange rates prevailing	¢	(3,412,436,715)	
Net euro position (expressed in dollars) at the exchange rates prevailing	US\$	(6,304,500)	
10% decrease in the exchange rate	US\$	(6,934,950)	
Gain	¢	<u>341,243,672</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:

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

**Sensitivity Analysis**

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

During the year ended September 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:

	<b>Effect on income income-expenditure</b>	
	<b>At September 30, 2014</b>	
	<b>Strengthening of 1%</b>	<b>Weakening of 1%</b>
<b>ICE</b>		
Temporary investments	¢ 1,676.19	(1,676)
Long-term financial investments	393	(393)
Short-term financial investments	0	-
Long-term receivables	72	(72)
Short-term receivables	21	(21)
Titles payable long-term value	(11,138)	11,138
Securities payable short term	-	-
Notes payable Long-term	(6,912)	6,912
Notes payable short term	(934)	934
<b>Net effect group ICE</b>	<b>¢ (16,822)</b>	<b>16,822</b>

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**Note 40. 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 segments identified by ICE Group are:: ICE Telecommunications Segment, which includes Telecommunications Sector-ICE, RACSA, CRICSA y Cable Visión and ICE Electricity, which includes the electricity segment ICE and CNFL.

The information for these segments is detailed below:

Assets and liabilities per segment	As of September 30,	
	2014	2013
<b>Assets per segment</b>		
Electricity	¢ 4,018,880	4,049,793
Telecommunications	1,503,890	1,545,913
Write-offs between segments	(206,007)	(235,201)
<b>Consolidated assets</b>	<b>5,316,763</b>	<b>5,360,505</b>
<b>Liabilities per segment</b>		
Electricity	2,195,570	2,154,603
Telecommunications	445,357	486,392
Write-offs between segments	(179,080)	(216,771)
<b>Consolidated liabilities</b>	<b>2,461,847</b>	<b>2,424,224</b>
	<b>For the periods ended September 30,</b>	
<b>Results per segment</b>		
<b>Income per segment</b>		
Electricity	¢ 780,667	807,113
Telecomunicaciones	430,413	398,250
Write-offs	(192,415)	(201,531)
<b>Consolidated operating income</b>	<b>1,018,664</b>	<b>1,003,832</b>
<b>Depreciation of operating assets</b>		
Electricity	96,400	93,126
Telecomunicaciones	103,354	90,187
Write-offs	(140)	(102)
<b>Consolidated asset depreciation</b>	<b>199,614</b>	<b>183,211</b>
Other interest	288,382	49,139
Other interest from exchange rate fluctuations	15,178	32,652
Financial expenses	65,979	76,402
Other expenses	253,338	24,044
Other expenses from exchange rate fluctuations	147,600	4,803
<b>Consolidated net surplus (deficit)</b>	<b>¢ (88,374)</b>	<b>46,218</b>

(Continues)

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As of September 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 ¢2,564
  - Notes receivable, long term ¢28,591
  - Prepaid expenses ¢7,432
  - Income received in advance, long term ¢45,569
  - Income received in advance, short term ¢2,533
  - Development reserve ¢104

At consolidation level, the following related transactions take place:

Balance sheet:

- ICE's long term investment and the capital contributed in the subsidiaries for ¢22,469.
- Reclassification of dividends in shares, declared by CNFL, from capital stock to restricted earnings for the capitalization of shares in subsidiaries, for ¢62,380 and ¢2 of RACSA.
- Rendering of services CNFL-ICE, it includes Balsa Inferior bills, for ¢12,004.
- Sale of energy of ICE to CNFL for ¢26,627.

Results:

- Sale of energy by ICE to CNFL, for ¢179,856.
- Provision of electric meter services - CNFL-ICE, for ¢5,002.

(Continues)

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**Note 41. Contingent Assets and Liabilities**

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

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of September 30, 2014	As of December 30, 2013
				Provision for Lawsuits	
<b>Contingent Assets - Lawsuits filed by ICE:</b>					
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	-	-
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	-	-
<b>Total contingent assets - ICE</b>			<b>€ 4,665</b>	<b>-</b>	<b>-</b>

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of	As of December
				September 30, 2014	30, 2013
				Provision for Lawsuits	
<b>Contingent liabilities - lawsuits filed against ICE:</b>					
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	-	-
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. ICE's liabilities for the recognition of damages.	707	70	-
Ordinary	Electricity	A request was made for the payment of a number of items for machinery rental, which according to the plaintiff were not recognized in the execution of the agreement, and to pay a price readjustment. Awaiting for the plaintiff to comply with a warning of 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	428	-
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. Final ruling accepted in first instance.	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 CLAIM ICE: €974.	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 the costs incurred by the company to repair machinery leased from ICE in the Reventazón Project and which was damaged by floods in the Project.	498	62	-
<b>Total contingent liabilities - ICE</b>			<b>€ 31,258</b>	<b>1,060</b>	<b>3,768</b>

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Proceso	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of	As of	
				September 30, 2014	December 30, 2013	
				Provision for Lawsuits		
			Vienen	83,881	1,625	5,039
Arbitraje	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	Client 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	-	
<b>Total contingent liabilities -ICE</b>			€ <b>232,841</b>	<b>1,805</b>	<b>5,039</b>	

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Proceeding	Sector	Nature and Current Status		Estimated Amount of Lawsuit	As of	As of	
					September 30, 2014	December 30, 2013	
					Provision for Lawsuits (see note 26)		
<b>Contingent assets - Lawsuits filed by CNFL:</b>							
	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). In March 2012, INS deposited a partial amount of €2,054 million (US\$4 million).	€	1,134	-	-	
<b>Total contingent assets - CNFL</b>				€	<b>1,134</b>	<b>-</b>	
<b>Contingent liabilities - Lawsuits filed against CNFL:</b>							
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. In June 2012, a payment of € 230 million was made. A provision for € 199 million is made for costs and interests.		200	72	200	
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. (Consorcio Hydrocote S.A.).		1,528	15	144	
Ordinary	Electricity	Counterclaim filed against CNFL for the requested collection from a third party of fines rested to the underground electrification project in San Jose and for the delays in the review and approval of engineering plans. No judgment has been issued and no costs assessed.		4,801		-	
Ordinary	Electricity	Counterclaim filed against CNFL for the requested collection from a third party of 15 claims filed during the underground electrification project in San Jose. No judgment has been issued and no costs assessed.		5,090		-	
Ordinary	Electricity	The plaintiff (Ghella Spa Costa Rica) is requesting an extension to the execution term, nullity of certain actions taken by CNFL, reversal of withholdings for fines, and reimbursement of those amounts plus statutory interest. No judgment has been issued and no costs assessed.		359		-	
Ordinary	Electricity	The purpose of this lawsuit is to nullify the limits established in Addendum No. 01 to the contract for the design, construction, fitting, and start-up of a hydroelectric power project and the annexes thereto for recognition of price adjustments. Accordingly, CNFL must pay the plaintiff (Ghella Spa Costa Rica) based on those price adjustments.		18,332		-	
Ordinary	Electricity	The plaintiff (Grupo Corporativo Saret) filed for precautionary measures against CNFL as a result of execution of the performance bond and collection of fines. A formal complaint was also filed to collect indemnity for consequential damages, lost profits, and lost opportunity.		13,878		-	
Ordinary	Electricity	Lawsuit filed on the grounds of civil tort liability for damages (Ortiz Mongragen Cesar).		275	199	133	
		Lawsuit filed by Banco de San José for a change in voltage that damaged computer equipment and lighting. Provisiion for ruling 2608-2012. (Banco de San José)			10		
<b>Total</b>				€	<b>46,294</b>	<b>296</b>	<b>477</b>



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Proceeding	Nature and Current Status	Estimated Amount of Lawsuit	As of September	As of December
			30, 2014 Provision for Lawsuits	30, 2013
<b>Contingent liabilities - Lawsuits filed against RACSA:</b>				
PA-53-2013	Ordinary proceeding, criminal clause collection. Appeal for revocation partially accepted parcialemnte and under study against the final act issued by the decision-making body.	¢ 42	-	-
Labor and ordinary contentious	Several minor ordinary, administrative, and labor proceedings, which are in different stages.	75	-	-
Labor and ordinary contentious	Labor and ordinary. Initial stage.		-	-
13-0002186-1027-CA	Labor and ordinary contentious. Initial stage. In October, the complaint was transferred to PGR		-	-
FONATEL	Administrative claim. Provisional precautionary measures issued. Complaint was extended. Precautionary measure drafting pending.	1,463	-	-
		¢ 1,580	-	-
<b>Total contingent liabilities - ICE Group</b>			<b>280,716</b>	<b>2,101</b>
				<b>5,516</b>

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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### Note 42. Laws

#### Law for the Creation of *Instituto Costarricense de Electricidad*

The purpose of this Law was the creation of *Instituto Costarricense de Electricidad*, hereinafter *Instituto*, entrusted with the rational development of the physical energy producing sources of the Nation, particularly, hydraulic resources.

The law stipulates that the *Instituto* shall have legal capacity and full autonomy to be in a better position to fulfill its objectives.

This Law states that as an autonomous institution, the *Instituto* shall exercise its administrative and technical management entirely independent from the Executive Branch, and exclusively guided by the decisions made by its Board of Directors, which shall act based on its criteria and in compliance with any relevant laws and regulations and technical principles, and shall be responsible for managing it in a comprehensive and inescapable manner.

This Law states that a key duty of ICE, before Costa Ricans, is to channel the use of the hydroelectric energy to strengthen the national economy and foster the greatest wellbeing of the Costa Rican people.

Said Law states that the duties of the *Instituto* are as follows:

- a) Give a timely and effective solution to the lack of electricity in the Nation, if any, and try to have energy available at all times to meet the normal demand and foster the development of new industries, the use of electricity in rural areas, and a greater domestic consumption.

The main tasks of the *Instituto* shall be aimed at this objective, through the use of all the necessary technical, legal, and financial resources, and its basic work program shall be the construction of new hydroelectric energy plants and distribution networks. This task shall be carried out within the limits of economically justified investments.

- b) Join efforts to meet the needs of electric energy, through technical procedures that ensure the highest performance of the energy and its distribution systems.
- c) Foster the industrial development and the highest production of the country by making a preferential use of electric energy as the driving force and heating source and contribute through advice and technological research to achieving world-class know-how and use of the wealth sources of the country.
- d) Ensure a rational use of the natural resources and end the destructive and wasteful use of such resources. It shall particularly try to promote the domestic use of electricity for heating purposes instead of fuels taken from the national forests and imported fuels, and foster the use of wood as an industrial raw material.

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- e) Preserve and defend the hydraulic resources of the country by protecting the watersheds, the river beds and sources, a task that shall have the cooperation of the National Electricity Service and the Ministries of Agriculture and Public Works, through a mutual cooperation program.
- f) Contribute to the use of lands for agricultural purposes through irrigation and regulation of rivers, if economically feasible, by comprehensively developing sites to produce electric energy.
- g) Make its technical, administrative, and financial procedures become efficiency models that not only ensure the proper functioning of the *Instituto*, but also be a benchmark for other activities performed by Costa Ricans.
- h) Ensure the establishment, improvement, extension, and operation of telecommunications networks in a sustainable manner, and provide and market telecommunications, infocommunications, and information goods and services, and other convergent goods and services. The concessions required by ICE and its companies to achieve these objectives shall be subject to the terms, duties, obligations, and other requirements set forth in any applicable laws.

Nevertheless, pursuant to the conditions set forth in the previous paragraph, ICE shall be able to keep the ownership of the concessions granted in its favor and under use during the corresponding legal term.

### **Law of the Regulatory Authority for Public Services**

The Law of the Regulatory Authority for Public Services No. 7593, was published in the Official Newspaper *La Gaceta* number 169 of September 5, 1996, which stipulates the transformation of the former National Electricity Service (SNE) into the Regulatory Authority for Public Services (ARESEP).

The Regulatory Authority for Public Services was created as an autonomous institution with its own legal capacity and assets, as well as technical and administrative autonomy.

The key objectives of ARESEP are to:

- i) Harmonize the interests of consumers, users, and providers of public services set forth in this law and those to be defined in the future.
- j) Ensure a balance between the needs of users and the interests of providers of public services.
- k) Make sure public services are provided in conformity with subparagraph b) of article 3 of this law. Such subparagraph deals with the principle of service at cost, which determines the method to set the rates and prices of public services as to exclusively consider the costs necessary to provide the service, allow a competitive compensation, and ensure the proper development of the activity.

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- l) Develop and ensure the compliance of the requirements for quality, quantity, opportunity, continuity, and reliability necessary to provide public services within its purview.
- m) Cooperate with any relevant governmental entities in the protection of the environment, in the event of the provision of regulated services or the granting of concessions.
- n) Regulate, in accordance with the provisions set forth in this law, the public services defined herein.

This Law stipulates that one of the duties of ARESEP is to ensure the compliance with standards of quality, quantity, reliability, opportunity, continuity, and optimal provision of the public services defined by article 5- such as the provision of electric energy services during the generation, transmission, distribution, and commercialization stages.

This Law stipulates the obligations of ARESEP as follows:

- a) Regulate and monitor the accounting, financial, and technical procedures of public services providers in order to verify the proper management of the factors that affect the cost of the service, either the investments made, debts incurred, the levels of income earned, the costs and expenses incurred, and the profitability obtained.
- b) Conduct technical inspections of properties, plants, and equipment aimed at providing public services, if suitable, to verify the quality, reliability, continuity, costs, prices, and rates of the public service.
- c) Ensure the compliance, by regulated companies, with tax obligations, the payment of social contributions, and labor laws.
- d) Set the rates and prices in accordance with technical studies.
- e) Investigate complaints and solve any problems within its purview.

As a provider of electric energy public services during the generation, transmission, distribution, and commercial stages, ICE shall be subject, among others, to the following relevant obligations:

- a) Comply with the provisions stipulated by ARESEP regarding the provision of the service.
- b) Maintain facilities and equipment in good working order as to avoid damages to people or properties or any interruption of the service.
- c) Provide ARESEP with timely information related to the provision of the service and the accounting statements of its operations.
- d) Protect, preserve, recover, and use natural resources related to the use of the service in a rational manner.
- e) Carry out unprofitable activities or investments within its territorial and material purview.
- f) Provide the service to whoever requests it without discrimination.
- g) Provide the service in the short term in the event of an increased demand.
- h) Provide the service under proper conditions with the frequency and safety indicated by its nature, concession, or permit.

(Continues)

# INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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

- i) Provide the service on equal footing and charge a fair price.

Regarding penalizations, ARESEP is authorized to penalize public services providers that perform any of the following activities:

- a) Charge rates or prices different from those set by ARESEP, or rates not previously set by ARESEP.
- b) Poor maintenance of the infrastructure or equipment used to provide the public service, which might put people or property at risk.
- c) Fraudulent use of goods and services to avoid a regulated payment.
- d) Unauthorized provision of a service.
- e) Removal, without an express authorization of the entity that granted the concession or permit, of the equipment or facilities necessary to provide the public service.
- f) Failure to comply with the obligation to insure employees with the CCSS and with an occupational hazard regime.
- g) Failure to comply with the binding conditions imposed in rate resolutions upon the public services provider.
- h) Failure to comply with the quality standards and principles in the provision of the public service, other than an Act of God or force majeure.

On another note, as a service provider ICE is required to pay to the Regulatory Authority for Public Services an annual fee per each regulated activity; such fee is calculated by ARESEP in accordance with the principle of service at cost, including a proper costing system for each regulated activity, in conformity with the provisions set forth in article 82 of Law No. 7593.

### **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.

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

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

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

Other important matters contained in this Law are the following:

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

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- 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).

#### *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 or fraud for non-authorized portability by an Ice client. Both procedures are pending resolution.

Regarding fixed portability, SUTEL issued resolution RCS-253-2014 "Regulatory Provisions for the implementation of a fixed number portability in Costa Rica," published on October 31, 2014. Such resolution stipulates the requirement to implement portability in IP fixed and trunk telephony in June 2015. ICE filed the corresponding alternative appeals for revocation against such resolution, which is still pending.

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

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

The main objectives of this Law are the following:

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

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

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Indebtedness will be calculated based on the consolidated total of the value of ICE's total assets and its companies as of December 31 of the previous year. In the event that ICE requires increasing its debt in a higher percentage than the one stated above, it shall present its additional financing requirements for approval from the Executive Branch of the Government of Costa Rica.

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

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

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### **Law for the Transfer of Telecommunications to ICE and the Partnering of ICE with RACSA**

This Law stipulates that *Instituto Costarricense de Electricidad* shall provide, upon the enactment of this law, the telecommunications services set forth in Law N° 47 of July 25, 1921, for an indefinite period of time in accordance with the terms and conditions set forth therein.

Through this law, *Instituto Costarricense de Electricidad* is authorized to organize a corporation that shall be referred to as *Compañía Radiográfica Costarricense Sociedad Anónima (RACSA)*, in combination with *Compañía Radiográfica Internacional de Costa Rica (CRICSA)*, in order to provide telecommunications services during a thirteen-year term.

In accordance with the regulations of this law, the capital stock shall be held 50% by ICE and the remaining 50% by *Compañía Radiográfica Internacional de Costa Rica*. By mutual consent, on November 29, 1975, RACSA acquired the entirety of the shares of CRICSA, which were later sold to ICE; therefore, ICE became the sole stockholder of RACSA. Since ICE held 50 % of the shares of RACSA, ICE became the sole holder of 100% of the shares of *Radiográfica Costarricense, S.A. (RACSA)*.

In 1977, the Legislative Assembly extended the concession to RACSA for the provision of telecommunications for another ten years. Once again in 1985, the concession was extended for another ten years as of 1988. In 1992, the Legislative Assembly, through Law No.7298, extended the corporate term of RACSA for another 25 years. Finally, through Law No. 8660 published in the Official Newspaper *La Gaceta* No. 156 of August 13, 2008, the Legislative Assembly stipulated that the corporate term of *Radiográfica Costarricense Sociedad Anónima* is ninety-nine (99) years as of the entry into force of this Law.

### **Electricity Agreement**

*Compañía Nacional de Fuerza y Luz CNFL* was created through Agreement-Law number 2 of April 8, 1941, referred to as the Electricity Agreement of 1941, which authorized the merger of the *Costa Rica Electric Light and Traction Company, Limited*, *Compañía Nacional de Electricidad*, and *Compañía Nacional Hidroeléctrica (or Compañía Electriona)* into *Compañía Nacional de Fuerza y Luz*, and which was legally organized on May 15, 1941.

Through Law No. 4197 of September 20, 1968, the Government authorizes the acquisition of the shares of CNFL by ICE and amends the Electricity Agreement and the Law for the Creation of ICE. It is currently organized as a corporation.

Through Law No. 8660 published in the Official Newspaper *La Gaceta* No. 156 of August 13, 2008, the Legislative Assembly stipulated that the corporate term of *Compañía Nacional de Fuerza y Luz*, is ninety-nine (99) years as of the entry into force of this Law.

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