CONSOLIDATED FINANCIAL STATEMENTS

Instituto Costarricense de Electricidad and Subsidiaries

ICE GROUP
ICE
CNFL
RACSA
CRICSA
Cable Visión

June 2015
Financial Management

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

Consolidated Balance Sheets
(In millions of colones)

As of Jun 30, 2015 and December 31, 2014

Assets		2015 (Without audit)	2014 (Audit)
Property, machinery and equipment:			
Operating assets, net		3,591,011	3,630,190
Construction work in progress		614,288	578,506
Materials in transit for investment		39,668	34,184
Inventory for investment		124,627	159,871
Total property, machinery and equipment, net		**4,369,594**	**4,402,751**
Long-term assets:			
Long-term investments		67,439	53,778
Notes receivable		7,535	7,655
Total long-term assets		**74,974**	**61,433**
Current assets:			
Cash and cash equivalents		133,456	133,143
Temporary investments, net		79,407	64,333
Restricted funds		1,384	8,035
Accounts receivable, net		142,652	167,793
Notes receivable		2,361	3,019
Operating inventory, net		85,126	64,276
Prepaid expenses		91,685	106,523
Total current assets		**536,071**	**547,122**
Other assets:			
Non-operating assets, net		48,059	47,286
Service agreements		39,084	23,931
Project design and execution		112,743	110,620
Technical service centers		8,318	280
Amortizable items, net		4,004	4,154
Intangible assets, net		53,343	51,263
Securities received as guaranty deposits		6,779	6,266
Valuation of financial instruments		3,672	5,448
Guarantee and Savings Fund (restricted fund)		205,891	198,623
Transfer to Guarantee and Savings Fund		1,470	1,516
Operating inventory		30,186	41,879
Total other assets		**513,549**	**491,266**
Total assets	¢	**5,494,188**	**5,502,572**

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

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

Consolidated Balance Sheets

(In millions of colones)

As of Jun 30, 2015 and December 31, 2014

Liabilities and Equity		2015 (Without audit)	2014 (Audit)
Long-term liabilities:			
Securities payable	¢	1,092,654	1,128,172
Loans payable		727,078	740,528
Obligations derived from credit		152	154
Security deposits		58,454	57,276
Accounts payable		5,464	6,048
Prepaid income		4,375	4,517
Total long-term liabilities		**1,888,177**	**1,936,695**
Short-term liabilities:			
Securities payable		26,820	-
Loans payable		95,784	118,216
Accounts payable		113,896	84,757
Accrued finance expenses payable		22,998	22,488
Prepaid income		22,046	18,596
Deposits from private individuals or companies		3,680	3,620
Legal provisions		10,000	10,000
Accrued expenses for employer obligations		46,216	41,401
Total short-term liabilities		**341,440**	**299,078**
Other liabilities:			
Valuation of financial instruments		19,248	25,571
Accounts payable		3,153	3,182
Legal provisions		26,681	33,263
Guarantee and Savings Fund (restricted fund)		205,891	198,623
Total other liabilities		**254,973**	**260,639**
Total liabilities		**2,484,590**	**2,496,412**
Equity:			
Paid-in capital		156	156
Development reserve		1,666,089	1,662,774
Asset revaluation reserve		1,195,762	1,201,480
Result of valuation of financial instruments		(4,720)	(6,556)
Legal reserve		9,291	9,291
Project development reserve		71	71
Forest development reserve		1,031	989
Restricted earnings from capitalization of stake in subsidiary		62,380	62,380
Retained earnings		75,871	70,517
Minority interest		4,850	5,058
Profit (loss) net		(1,183)	-
Total equity and minority interest		**3,009,598**	**3,006,160**
Total liabilities and equity	¢	**5,494,188**	**5,502,572**
Memoranda accounts	¢	**327,471**	**336,025**

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

Jesús Orozco Delgado
Head of Corporate Finance

Lizbeth Hernández Castillo
Accounting Process Coordinator

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

Consolidated Statement of Changes in Equity
(In millions of colones)

For the periods ended as of Jun 30, 2015 and December, 2014

		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	Profit net	Equity, net
Balance at December 31, 2014, previously reported	¢	156	1,201,480	(6,556)	1,662,774	9,291	71	989	62,380	70,517	5,058	-	3,006,160
Assets revaluation for the period		-	1,473	-	-	-	-	-	-	(0)	-	-	1,473
Profit (loss) net		-	-	-	-	-	-	-	-	-	-	(1,183)	(1,183)
Effect of elimination for institutional services from previous periods		-	-	-	3,739	-	-	-	-	-	-	-	3,739
Prior period adjustments		-	17	-	(424)	-	-	-	-	-	-	-	(407)
Effect of appropriation to and realization of forest development		-	-	-	-	-	-	42	-	(42)	-	-	-
Audit adjustments to be recorded		-	-	-	-	-	-	-	-	523	-	-	523
Realization of asset revaluation reserve		-	(4,563)	-	-	-	-	-	-	4,563	-	-	-
Result of valuation of financial instruments:													
Derivative financial instruments		-	-	497	-	-	-	-	-	-	-	-	497
Investments		-	-	1,339	-	-	-	-	-	-	-	-	1,339
Retirement of assets for the year		-	(2,711)	-	-	-	-	-	-	168	-	-	(2,543)
Appropriation to minoritary interest		-	66	-	-	-	-	-	-	142	(208)	-	-
Balances at March 31, 2015	¢	156	1,195,762	(4,720)	1,666,089	9,291	71	1,031	62,380	75,871	4,850	(1,183)	3,009,598

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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 Jun 30, 2015 and 2014

		2015 (Without audit)	2014 (Without audit)
Operating income:			
Electricity services	¢	382,341	387,838
Telecom services		283,665	281,866
Supplemental services		1,199	-
Government services		23	156
Total operating income		**667,228**	**669,860**
Operating costs:			
Operation and maintenance		113,334	132,655
Operation and maintenance of leased equipment		48,812	71,946
Depreciation of operating assets		144,598	133,707
Supplemental services and purchases		113,004	91,642
Production management		38,256	37,039
Technical service center		8,384	7,776
Total operating costs		**466,388**	**474,765**
Gross profit		**200,840**	**195,095**
Operating expenses:			
Administrative		51,400	42,244
Marketing		122,650	118,177
Preliminary studies		11,617	10,531
Preinvestment studies		1,569	2,764
Other		2,476	1,146
Total operating expenses		**189,712**	**174,862**
Operating profit (deficit)		**11,128**	**20,233**
Other income:			
Finance income		18,848	14,075
Foreign exchange differences		21,991	16,174
Income from investments in other companies		326	628
Other income		23,359	222,947
Total other income		**64,524**	**253,824**
Other expenses:			
Interest		49,859	38,544
Commissions		5,223	3,038
Foreign exchange differences		3,815	154,730
Other expenses		18,148	211,401
Total other expenses		**77,045**	**407,713**
Profit (loss) before income tax and minority interest		**(1,393)**	**(133,656)**
Tax and minority interest:			
Minority interest 1.4%		210	108
Profit (loss), net	¢	**(1,183)**	**(133,548)**

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

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

Consolidated Statement of Cash Flows

For the periods as of ended June 30, 2015 and 2014
(In millions of colones)

		2015	2014
		(Without audit)	*(Without audit)*
Sources (uses) of cash:			
Operating activities:			
Profit (deficitt), net	¢	(1,183)	(133,548)
Items not requiring (providing) cash:			
Depreciation		163,033	156,182
Legal provisions		10,556	8,829
Bonus		10,388	10,095
School salary		9,121	9,204
Accumulated vacations		15,057	9,287
Allowance for doubtful accounts		2,027	2,080
Allowance for valuation of inventory		-	38
Asset retirement expense		4,108	1,935
Absorption of amortizable and intangible items		5,040	6,237
Litigation		384	-
Foreign exchange differences		(16,257)	128,996
Valuation of financial instruments		(1,715)	(4,659)
Cash provided by operations		201,742	328,224
Cash provided by (used for) changes in:			
Notes and accounts receivable		23,741	9,569
Operating inventory		(20,848)	(31,883)
Other assets		5,998	17,029
Accounts payable		27,751	2,617
Security deposits		1,178	1,033
Other liabilities		(43,286)	(21,274)
Cash provided by operating activities		195,093	171,767
Investing activities:			
Increase in long-term investments		(13,661)	(2,763)
Additions to property, machinery and equipment		(119,743)	(73,529)
Increase in other assets		(18,135)	(16,240)
Increase committed temporary investments		(15,075)	(28,043)
Net cash used in investing activities		(166,614)	(120,575)
Financing activities:			
Increase in securities payable		1,068	-
Amortization of securities payable		(392)	(30,461)
Increase in loans payable		39,186	117,417
Amortization of loans payable		(68,026)	(142,360)
Increase in obligations derived from credit		(2)	(107)
Net cash provided by financing activities		(28,166)	(55,511)
Increase (decrease) in cash and cash equivalents		313	(4,319)
Cash and cash equivalents at beginning of the year		133,143	86,278
Cash and cash equivalents at end of the year	¢	133,456	81,959

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

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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.

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

La 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.

- *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 Costarricense, 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. CRICRSA does not currently have any officers or employees because ICE Group provides its accounting and administrative services.

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- *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 5) 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 Directorate, the approval of the Corporate Management and Finance Department, 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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- 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, therefore, 2015 would be the transition year to the International Financial Reporting Standards (IFRSs).

Moreover, in accordance 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 June 28, 2015.

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(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 5).

(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 5) 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.

(i) Judgments

The information on judgments used for the application of accounting policies with a significant effect on the amounts reflected in the consolidated financial statements is described in:

- Note 39 – Contingent assets and liabilities.

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(ii) Assumptions and uncertainty in the estimates

The information on assumptions and uncertainty in the estimates that have the significant risk of a material adjustment in the year ended December 31, 2015, is included in the following notes:

- Note 10 – Allowance for doubtful accounts.
- Note 11 – Allowance for obsolete inventory.
- Note 39 – Recognition and measurement of provisions and contingencies.

Note 3. <u>Significant Accounting Policies</u>

The following accounting policies, set forth in ICE's Accounting Policy Manual (Version 5) effective for 2014, have been consistently applied in the years presented these interim consolidated financial statements by all the entities of ICE Group corresponding to the quarter ended on June 30, 2015, are the same ones applied by ICE Group in preparing their consolidated financial statements as of December 31, 2014 and for the year then ended, except for the ones detailed below:

(a) <u>Annual Accounting Policies Not Applied for Interim Periods</u>

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

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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.

(ii) Allowance for Valuation of Stock at Warehouses:

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

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

Some notes to the consolidated financial statements present, for practical purposes, detailed information per subsidiary.

(b) Consolidation Bases

(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:

(Continues)

(In millions of colones)

- 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.

(ii) *Subsidiaries*

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

		Percentage of Participation	
		up to June, 31	**up to Dec. 31**
Subsidiaries	**Country**	**2015**	**2014**
Compañía Nacional de Fuerza y Luz (CNFL)	Costa Rica	98,6%	98,6%
Compañía Radiográfica Internacional Costarrisence, S.A. (CRICRSA)	Costa Rica	100%	100%
Radiográfica Costarricense, S.A. (RACSA)	Costa Rica	100%	100%
Cable Visión de Costa Rica S.A. (CVCRSA)(1)	Costa Rica	100%	100%

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

(1) On December 5, 2013, ICE acquired all of the shares (100%) of Cable Visión de Costa Rica, S.A. (CVCRSA), which is dedicated to providing cable television services. ICE presents consolidated financial statements starting in 2013.

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(In millions of colones)

Note 4. Operating Assets

		As of June 30, 2015	As of december 31, 2014
Cost:			
Operating assets	¢	3,631,857	3,536,989
Operating assets under finance lease agreements		27,632	27,632
Other operating assets		458,893	435,357
Total operating assets - cost		**4,118,382**	**3,999,978**
Revaluation:			
Operating assets		2,826,910	2,833,168
Operating assets under finance lease agreements		4,822	4,822
Other operating assets		61,344	61,250
Total operating assets - revaluation		**2,893,076**	**2,899,240**
Total cost - revaluation		**7,011,458**	**6,899,218**
Accumulated depreciation:			
Cost:			
Operating assets	¢	1,371,288	1,274,568
Operating assets under finance lease agreements		3,092	2,780
Other operating assets		302,544	283,860
Total accumulated depreciation of operating assets - cost		**1,676,924**	**1,561,208**
Revaluation:			
Operating assets		1,711,047	1,675,925
Operating assets under finance lease agreements		368	321
Other operating assets		32,108	31,574
Total accumulated depreciation of operating assets - revaluation		**1,743,523**	**1,707,820**
Total accumulated depreciation - cost and revaluation		**3,420,447**	**3,269,028**
Operating assets, net	¢	**3,591,011**	**3,630,190**

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Operating Assets - Cost

The operating assets at cost are detailed as follows:

Operating assets - revalued		**As of December 31,**							
		2013 (Restated) *	**Revaluation**	**Retirements and transfers**	**Adjustments and reclassifications**	**2014**	**Revaluation**	**Retirements and transfers**	**As of June 30, 2015**
Plant and equipment - ICE Electricity:									
Hydraulic power generation	¢	1.237.200	160.438	(188)	-	1.397.450	1.313	(4.008)	1.394.755
Thermal power generation		87.365	13.777	-	-	101.142	-	(19)	101.123
Geothermal power generation		323.348	37.438	-	(12)	360.774	-	(155)	360.619
Wind power generation		4.811	1.045	-	-	5.856	-	-	5.856
Solar power generation		1.746	708	-	-	2.454	-	(379)	2.075
Micro hydro power generation		3	14	-	-	17	-	-	17
Substations		181.824	25.922	(2.760)	-	204.986	68	(266)	204.788
Transmission lines		101.284	12.627	(3.353)	-	110.558	-	-	110.558
Distribution lines		380.731	49.904	(1.737)	-	428.898	-	(2.644)	426.254
Street lighting		16.834	2.451	(224)	-	19.061	-	(77)	18.984
Communication and infrastructure equipment		38.703	5.130	(125)	-	43.708	-	(72)	43.636
Other		44.539	3.364	76	-	47.979	-	-	47.979
Equipment - ICE Telecom:									
Access		6	-	-	(6)	-	-	-	-
Civil and electromechanical		93.061	7.294	-	-	100.355	-	-	100.355
Platforms		8.207	-	(575)	-	7.632	-	(19)	7.613
Other		2.298	-	-	-	2.298	-	-	2.298
Operating assets under finance lease agreements: (1)									
Land		125	71	-	-	196	-	-	196
Buildings		2.981	1.645	-	-	4.626	-	-	4.626
Other operating assets		56.001	5.254	(6)	-	61.250	97	(3)	61.344
Total ICE Group	¢	**2.581.068**	**327.082**	**(8.892)**	**(18)**	**2.899.240**	**1.478**	**(7.642)**	**2.893.076**

(Continues)

(In millions of colones)

Accumulated Depreciation – Cost

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

Accumulated depreciation - cost		As of December 31, 2013	Depreciation	Retirements and transfers	Adjustments and reclassifications	2014	Depreciation	Retirements and transfers	Adjustments and reclassifications	As of June 30, 2015
Plant and equipment - ICE Electricity:										
Hydraulic power generation	¢	98,790	17,795	(60)	1,662	118,187	10,684	(99)	-	128,772
Thermal power generation		22,693	4,016	-	(65)	26,644	2,025	(98)	-	28,571
Geothermal power generation		46,505	5,726	-	(42)	52,189	3,304	(24)	(1)	55,468
Wind power generation		3,288	452	-	-	3,740	227	-	-	3,967
Solar power generation		1,085	500	-	-	1,585	239	(557)	-	1,267
Micro hydro power generation		25	4	-	-	29	3	-	-	32
Substations		40,875	7,719	(198)	(356)	48,040	4,681	(58)	1	52,664
Transmission lines		19,050	4,619	(720)	(1)	22,948	2,490	(84)	-	25,354
Distribution lines		89,682	16,902	(591)	357	106,350	8,805	(206)	-	114,949
Street lighting		4,531	662	(55)	(1)	5,137	389	(34)	-	5,492
Communication, control and infrastructure equipment		10,203	1,802	(24)	-	11,981	775	(735)	3	12,024
General equipment		13,709	1,366	192	48	15,315	975	-	-	16,290
Other		3,455	342	22	151	3,970	473	-	-	4,443
Equipment - ICE Telecom:										
Transport		310,273	55,197	(55)	(2)	365,413	22,375	(1,268)	-	386,520
Access		202,872	40,759	299	(43)	243,887	21,648	(1)	41	265,575
Civil and electromechanical		131,195	12,741	241	(42)	144,135	6,173	-	(41)	150,267
Platforms		45,684	23,961	6,400	-	76,045	14,226	(84)	-	90,187
Communication equipment		29,570	1,069	(4,952)	-	25,687	291	(59)	-	25,919
Submarine cable - Maya - Arcos - Pacific		5,743	-	(5,743)	-	-	-	-	-	-
General equipment		3,265	472	(736)	-	3,001	229	(1)	-	3,229
Other		261	24	-	-	285	13	-	-	298
Operating assets under finance lease agreements:										
Buildings		1,773	507	-	-	2,280	253	-	-	2,533
Furniture and equipment		386	114	-	-	500	59	-	-	559
Other operating assets		249,540	44,326	(10,006)	-	283,860	21,820	(3,251)	115	302,544
Total ICE Group	¢	**1,334,453**	**241,075**	**(15,986)**	**1,666**	**1,561,208**	**122,157**	**(6,559)**	**118**	**1,676,924**

(Continues)

Depreciation percentages used for the current period and the comparative period for operating assets, other operating assets under financial lease are based on the estimated useful life for each category of assets:

	Useful life (in years)
Buildings	40 - 50
Operating assets - ICE Electricity	20 - 40
Operating assets - ICE Telecom	3 - 40
Machinery and equipment	1- 20

The depreciation method, useful lives, and the residual values are reviewed in each reporting date and adjusted, if appropriate.

(Continues)

(In millions of colones)

Operating Assets – Revaluation

The revalued operating assets are detailed as follows:

Operating assets - revalued		As of December 31, 2013 (Restated) *	Revaluation	Retirements and transfers	Adjustments and reclassifications	2014	Revaluation	Retirements and transfers	As of June 30, 2015
Plant and equipment - ICE Electricity:									
Hydraulic power generation	¢	1,237,200	160,438	(188)	-	1,397,450	1,313	(4,008)	1,394,755
Thermal power generation		87,365	13,777	-	-	101,142	-	(19)	101,123
Geothermal power generation		323,348	37,438	-	(12)	360,774	-	(155)	360,619
Wind power generation		4,811	1,045	-	-	5,856	-	-	5,856
Solar power generation		1,746	708	-	-	2,454	-	(379)	2,075
Micro hydro power generation		3	14	-	-	17	-	-	17
Substations		181,824	25,922	(2,760)	-	204,986	68	(266)	204,788
Transmission lines		101,284	12,627	(3,353)	-	110,558	-	-	110,558
Distribution lines		380,731	49,904	(1,737)	-	428,898	-	(2,644)	426,254
Street lighting		16,834	2,451	(224)	-	19,061	-	(77)	18,984
Communication and infrastructure equipment		38,703	5,130	(125)	-	43,708	-	(72)	43,636
Other		44,539	3,364	76	-	47,979	-	-	47,979
Equipment - ICE Telecom:									
Access		6	-	-	(6)	-	-	-	-
Civil and electromechanical		93,061	7,294	-	-	100,355	-	-	100,355
Platforms		8,207	-	(575)	-	7,632	-	(19)	7,613
Other		2,298	-	-	-	2,298	-	-	2,298
Operating assets under finance lease agreements: (1)									
Land		125	71	-	-	196	-	-	196
Buildings		2,981	1,645	-	-	4,626	-	-	4,626
Other operating assets		56,001	5,254	(6)	-	61,250	97	(3)	61,344
Total ICE Group	¢	**2,581,068**	**327,082**	**(8,892)**	**(18)**	**2,899,240**	**1,478**	**(7,642)**	**2,893,076**

In 2014, a change was made to the accounting policy related to the treatment of the revaluation of Other Operating Assets and Assets under Financial Lease, which caused a decrease in the revalued cost amounting to ¢45,943, which includes the amounts of ¢4,653 and ¢1,449 corresponding to the subsidiaries Compañía Nacional de Fuerza y Luz and RACSA.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Accumulated Depreciation – Revaluation

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

Accumulated depreciation - Revaluation		As of December 31, 2013 (Restated) *	Revaluation	Depreciation	Retirements and transfers	Adjustments and reclassifications	2014	Depreciation	Retirements and transfers	Adjustments and reclassifications	As of June 30, 2015
Plant and equipment - ICE Electricity:											
Hydraulic power generation	¢	727,982	69,270	30,311	(59)	(22)	827,482	17,625	(2,699)	-	842,408
Thermal power generation		53,535	6,194	2,073	-	(25)	61,777	1,299	(17)	-	63,059
Geothermal power generation		136,843	14,401	10,684	-	1	161,929	6,017	(70)	1	167,877
Wind power generation		2,215	473	260	-	25	2,973	164	-	-	3,137
Solar power generation		599	107	75	-	-	781	56	(32)	-	805
Micro hydro power generation		(2)	3	1	-	3	5	-	-	-	5
Substations		119,619	11,342	5,968	(651)	(764)	135,514	3,569	(193)	-	138,890
Transmission lines		69,751	3,245	2,330	(1,655)	-	73,671	1,266	-	-	74,937
Distribution lines		240,293	23,854	13,088	(2,476)	768	275,527	7,824	(1,792)	-	281,559
Street lighting		11,704	1,153	352	(174)	-	13,035	211	(59)	-	13,187
Communication and infrastructure equipment		28,664	2,197	970	(89)	(1)	31,741	433	(57)	-	32,117
Other		10,722	693	463	43	-	11,921	267	9	-	12,197
Equipment - ICE Telecom:											
Access		6	-	-	-	(6)	-	-	-	-	-
Civil and electromechanical		64,777	3,524	2,355	-	-	70,656	1,295	-	-	71,951
Communication equipment		8,207	-	-	(576)	-	7,631	-	(19)	-	7,612
Other		1,233	-	49	-	-	1,282	24	-	-	1,306
Operating assets under finance lease agreements: (1)											
Buildings		148	112	61	-	-	321	47.00	-	-	368
Other operating assets		28,809	1,697	1,071	(3)	-	31,574	534	-	-	32,108
Total ICE Group	¢	**1,505,106**	**138,265**	**70,111**	**(5,640)**	**(22)**	**1,707,820**	**40,631**	**(4,929)**	**1**	**1,743,523**

In 2014, a change was made to the accounting policy related to the treatment of the revaluation of Other Operating Assets and Assets under Financial Lease, which caused a decrease in the accumulated depreciation of the revalued cost amounting to ¢37,919, which adjusted the figures of Compañía Nacional de Fuerza y Luz amounting to ¢4,047 and RACSA ¢1,249.

(Continues)

Below is a description of the nature of assets under financial lease recorded by ICE Group:

(1) Assets under Financial Lease

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.

Currently, the trust is authorized to issue public debt and has booked liabilities therefor as of June 30, 2015 and as of December 31, 2014, it recorded liabilities for this concept. 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 separate 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.

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

(Continues)

(In millions of colones)

Note 5. Works in Progress

As of June 30, 2015 and December 31, 2014, the detail of the movements in the works in progress is as follows:

Construction works in progress		As of June, 30 2015	As of December, 31 2014
Reventazón Hydroelectric Project (1)	¢	241,088	200,727
Cachí Hydroelectric Project (2)		134,785	118,140
Las Pailas II Geothermal Project		42,246	30,452
Cariblanco-Trapiche Transmission Line		32,232	36,577
Peñas Blancas-Garita Transmission Line		21,812	18,348
Cóbano Transmission Line		13,242	11,449
Anillo Sur Transmission Line		12,572	11,514
Río Macho Hydroelectric Project		11,596	3,820
P.E.S.S.O		10,544	18,773
New Power Control Center		9,533	7,544
Creation and restoration of civil and metal structures		7,780	15,435
Improvements to Telecom transpor networks		7,682	7,445
COYOL Transmission Line		6,488	2,094
Management of network elements		6,006	6,733
Jacó Transmission Line		5,896	2,554
Reinforcement of distribution system		5,178	6,987
Expansion and modernization of Transport system		4,101	1,079
Continuous quality improvement (Distribution)		3,253	10,789
Power transformers Renewal		3,252	2,881
Full customer service to corporate client		2,808	2,721
Advanced mobile services		2,725	1,633
Sustainability and growth of the telecom sector income		2,431	-
Advanced connectivity fiber optic (FOCA)		2,398	5,263
Siepact Transmission Line		2,219	2,117
Technical services for distribution projects		2,162	5,295
Improvements in electricity transportation network		1,958	1,049
Río Macho Transmission modernization		1,516	362
Infrastructure maintenance and soundproofing		1,420	1,539
Central government agreements		1,173	12
Network Development Project		1,167	5,273
Sundry projects		14,671	43,518
Less: Elimination of Goverment services*		(1,646)	(3,617)
Total ICE Group	¢	**614,288**	**578,506**

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

(Continues)

Below is a description of the nature and main works in progress during the period:

(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.

(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.

(Continues)

(In millions of colones)

The following chart indicates the movements regarding works in progress, material in transit, and inventory - investment as of June 30, 2015 and December 31, 2014:

Account		As of December 31, 2013 (Restated)	Additions	Capitalizations	Interests capitalized to work	Warehoused	Adjustments and Reclassifications	Used in works	As of December 31, 2014	Additions	Capitalizations	Interests capitalized to work	Warehoused	Adjustments and Reclassifications	Used in works	As of June 30, 2015
Construction work in progress	¢	762,316	318,671	(409,378)	39,119	-	(128,605)	-	582,123	137,768	(122,494)	20,322	-	(1,785)	-	615,934
Less: Elimination of Government services*		(3,752)	-	-	-	-	135	-	(3,617)	-	-	-	-	1,971	-	(1,646)
Subtotal construction work in progress		**758,564**	**318,671**	**(409,378)**	**39,119**	**-**	**(128,470)**	**-**	**578,506**	**137,768**	**(122,494)**	**20,322**	**-**	**186**	**-**	**614,288**
Materials in transit for investment		110,290	25,681	(497)	-	(31,823)	(25,213)	(44,254)	34,184	18,046	(63)	-	(2,291)	(8,987)	(1,221)	39,668
Inventory for investment		138,045	9,713	(529)	-	82,548	(5,146)	(64,760)	159,871	12,235	(222)	-	15,572	(13,177)	(49,652)	124,627
Total ICE Group	**¢**	**1,006,899**	**354,065**	**(410,404)**	**39,119**	**50,725**	**(158,829)**	**(109,014)**	**772,561**	**168,049**	**(122,779)**	**20,322**	**13,281**	**(21,978)**	**(50,873)**	**778,583**

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

ICE 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.

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(Continues)

(In millions of colones)

Note 6. Long-Term Investments

Long-term investments are detailed as follows:

		As of June 30, 2015	As of December 31, 2014
Investments in shares valued at cost:			
Toro 3 Hydroelectric Power Project Trust (1)	¢	11,203	11,203
Empresa Propietaria de la Red, S.A. (2)		3,124	3,124
Red centroamericana de fibras opticas S.A. (3)		143	143
Tecomunica, S.A. (4)		255	-
Cooperativa de Electrificación Rural, R.L.		43	43
Red Centroamericana Telecomunicaciones S.A.		10	10
Subtotal		**14,778**	**14,523**
Long term financial investments:			
Government (External debt bonds)		30,733	25,309
Central Bank of Costa Rica (Bond)		13,561	5,820
Other		8,367	8,126
Subtotal		**52,661**	**39,255**
Total ICE Group	**¢**	**67,439**	**53,778**

Below is a description of the nature of the main long-term investments:

They mainly correspond to investments in bonds and securities with returns ranging from 6.67 % and 11.13 % per annum for investments in colones and 4.70% and 5.85% per annum for investments in dollars (between 6.67% and 11.13% per annum in colones and 4.70% and 5.50% per annum in dollars in 2014). Investments amounted to ¢51.590 in colones and ¢1.071 in dollars (equal to US$2) (¢38,174 denominated in colones and ¢1.081 in dollars, equal to US$2 in 2014), with a maturity between November 2015 and April 2028 (February 2015 and July 2023 in 2014).

(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

(Continues)

manage the 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, the trustors (ICE and JASEC) subscribed an addendum to the aforementioned trust agreement, whereby both entities agree to provide at least 20% of the resources necessary to finance Toro 3 Hydroelectric Project, so that the trust obtained the necessary funds to finance the remaining amount. In accordance to the addendum, ICE made an in-kind contribution (construction materials and labor), equal to ¢11,203. This contribution accounts for 10% of the resources necessary to finance Toro 3 Hydroelectric Project; the remaining 10% required to comply with the provisions contained in the addendum, was provided by JASEC.

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.

(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. This investment is jointly made by ICE Group with the other entities in charge of energy management in the six Central American countries and three additional entities located in Spain, Colombia and Mexico. Each of the nine countries has an interest of 11.11%, and no country shall have an interest in EPR in excess of 15%.

EPR's share capital is comprised of 58,500 ordinary shares of US$1.000 (one thousand dollars and no cents) par value each; ICE owns 6.061 shares of US$1.000 (one thousand dollars and no cents) par value and CNFL owns 439 shares of US$1.000 (one thousand dollars and no cents) par value each, respectively, for a total of US$6,5 million equivalent to ¢3.124 for ICE Group. The shares are valued at acquisition cost.

In June 2015 and 2014, the EPR made payments to ICE Group for returns on investments (see note 35).

(Continues)

(In millions of colones)

(3) Red Centroamericana de Fibras Ópticas, S.A. - Nicaragua

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 (one thousand dollars and no cents) par value each, and the Group owns 300 shares, of which 93.24% are owned by ICE and 6.75% by CNFL. Currently, this Company is not commercially operational.

(4) Tecomunica, S.A. - Nicaragua

ICE and ENATREL agreed to organize a company in Nicaragua to sell and commercialize telecom services and each company will contribute US$1 million; this company is referred to as Tecomunica, S.A.

In February 2015, a capital contribution for a total of US$200.000 (two hundred thousand dollars and no cents and equal to ¢108) was made. In May 2015, another investment in equipment was made amounting to ¢147, for a total as of June 2015 of ¢255.

Note 7. Cash and Cash Equivalents

		As of June 30, 2015	As of December 31, 2014
Cash in vaults and banks	¢	5,298	10,135
Cash equivalents		128,158	123,008
Total ICE Group	**¢**	**133,456**	**133,143**

(Continues)

(In millions of colones)

A detail of the characteristics of the cash equivalents is as follows:

	Currency	Issuer	Type of financial instrument	As of June 30, 2015 Balance	Face value	Rate of return	Term in months
Uncommitted:							
Available-for-sale	**Colones**	Repurchase operations	Repurchase operations	¢ 17,326	17,429	4,61% - 5,72%	May 2015 - Jun 2015
		Banco de Costa Rica, Scotiabank, Banco Popular, Banco Nacional de Costa Rica	Repurchase operations	5,156	5,201	5,69%- 5,82%	May 2015 - Jun 2015
	U.S. Dólares	Banco Internacional de Costa Rica	Overnight	28,061	-	0.20%	Demand
		Banco Internacional Costa Rica	Overnight BICSA $	2,044	-	0.20%	Demand
Held-to-maturity	**Colones**	Banco de Costa Rica	Term certificate of deposit	4,136	4,136	1.84%	Jun 2015 - Jul 2015
		BAC San José	Term certificate of deposit	3,000	3,000	5.50%	Apr 2015 - Jul 2015
		BAC San José	Term certificate of deposit	6,000	6,000	5.20%	May 2015 - Aug 2015
		Banco Scotiabank de Costa Rica, S.A.	Term certificate of deposit	5,000	5,000	5.75%	May 2015 - Aug 2015
		Banco CITIBANK (CMB COSTA RICA)	Term certificate of deposit (over the counter)	3,500	3,500	5.35%	Jun 2015 - Sep 2015
		Banco Nacional de Costa Rica	Short-term investment	4,528	4,527	2.00%	Jun 2015 - Jul 2015
		Banco Nacional de Costa Rica	Short-term investment	1,434	1,434	2.00%	Jun 2015 - Jul 2015
		Banco de Costa Rica	Term certificate of deposit	701	701	1.84%	Jun 2015 - Jul 2015
		Banco de Costa Rica	Term certificate of deposit	1,840	1,840	3.35%	12 Jun - 12 Sep 2015
		Banco de Costa Rica	Term certificate of deposit	91	91	1.60%	16 Jun - 16 Aug 2016
		BN Sociedad de Fondos de Inversión, S.A.	Investment funds	15	-	-	Demand
	U.S. Dólares	Banco de Costa Rica	Term certificate of deposit	4,157	4,202	0.06%	Jun 2015 - Jul 2015
		Banco Nacional de Costa Rica	Term certificate of deposit	851	851	1.50%	16 Apr - 16 Jul 2015
		BICSA	Term certificate of deposit	1,597	1,597	2.00%	15 Jun - 14 Sep 2015
Fair value	**Colones**	SAFI Banco Nacional de Costa Rica	I.F. non-diversified Superfondo BN - colones	5,515	-	3,30% - 4,31%	Demand
		SAFI Banco de Costa Rica	I.F. non-diversified short-term BCR	9,213	-	3,65% - 4,13%	Demand
		SAFI Instituto Nacional de Seguros	I.F. non-diversified INS - Public liquidity - colones	5,140	-	3,68% - 4,49%	Demand
		SAFI Banco Popular	I.F. BP non-diversified Money Market C	4,262	-	4.14%	Demand
		SAFI BAC San José	I.F. BAC San José Líquid C non-diversified	1,178	-	3.82%	Demand
		SAFI Scotiabank de Costa Rica	I.F. non-diversified Public Scotia	1,004	-	3.71%	Demand
		Banco Nacional de Costa Rica	Investment Fund (Colon non-diversified Investment Fund)	327	-	4.31%	Demand
		Banco de Costa Rica	Investment funds	1,448	-	3,65% - 4,13%	Demand
		SAFI Instituto Nacional de Seguros	I.F. non-diversified INS - Liquidity Public C	3,399	-	3,68%- 4,49%	Demand
		Banco Popular	I.F. Popular Colon Money Market	809	-	4.14%	Demand
		Scotiabank de Costa Rica	I.F. non-diversified Public Scotia	22	-	2.72%	Demand
	U.S. Dólares	SAFI Banco Nacional de Costa Rica	I.F. BN Dinerfondo Dollars non-diversified	1,193	-	0,06% - 1,34%	Demand
		SAFI Banco de Costa Rica	I.F. BCR Liquidity Dollars non-diversified	191	-	0,79% - 1,02%	Demand
		SAFI Instituto Nacional de Seguros	I.F. non-diversified INS - Liquidity Public D	8	-	0,81% - 1,13%	Demand
		SAFI Scotiabank de Costa Rica	I.F. non-diversified Public D Scotia	-	-	0.46%	Demand
		Banco Nacional de Costa Rica	I.F. non-diversified Superfondo BN - colones	536	-	0.60%	Demand
		Banco de Costa Rica	Investment Funds Liquidity Dollars non-diversified	1,720	-	0,60% - 1,13%	Demand
		Instituto Nacional de Seguros	I.F. non-diversified INS - Public Liquidity D	2,752	-	0,81% - 1,13%	Demand
		Scotiabank de Costa Rica	I.F. non-diversified Public D Scotia	5	-	0.46%	Demand
Total ICE Group				**¢ 128,158**	**-**		

(Continues)

(In millions of colones)

	Currency	Issuer	Type of financial instrument		As of December 31, 2014			
					Balance	**Face value**	**Rate of return**	**Term in months**
No comprometidas:								
Available-for-sale	**Colones**	Repurchase operations	Repurchase operations	¢	5,265	5,288	5.68% - 5.71%	Dec 2014 - Jan 2015
		Banco CITIBANK (CMB COSTA RICA)	Term certificate of deposit		891	1,891	6.72%	Oct 2014 - Jan 2015
		BN Sociedad de Fondos de Inversión, S.A.	Investment funds		15	-	-	Demand
	U.S. Dólares	Banco Internacional de Costa Rica	Overnight deposit		39,701	0	0.20%	Demand
		Banco Internacional Costa Rica	Overnight deposit BICSA U.S. dollars		9,452	-	0.20%	Demand
		Repurchase operations	Repurchase operations		2,231	2,234	1.93% - 2.14%	Dec 2014 - Jan 2015
Held-to-maturity	**Colones**	Banco Nacional de Costa Rica	Short-term investment		6,073	7,742	3.75%	Dec 2014 - Jan 2015
		Banco de Costa Rica	Term certificate of deposit		11,966	11,966	3.45%	Dec 2014 - Jan 2015
		Banco Nacional de Costa Rica	Short-term investment		6,378	6,378	3.75%	Dec 2014 - Jan 2015
		Banco de Costa Rica	Term certificate of deposit		5,800	6,378	3.45%	Dec 2014 - Jan 2015
		Govermment	Zero-coupon Central Bank global bond (over the counter)		2,522	2,534	5.75%	Nov 2014 - Jan 2015
		Govermment	Treasury note		2,003	2,007	4.96%	Dec 2014 - Jan 2015
	U.S. Dólares	Banco Internacional de C.R. -Miami-	Term certificate of deposit (electronic over the counter)		13,556	13,556	1.00%	Dec 2014 - Jan 2015
		Banco Internacional de Costa Rica	Term deposit - BICSA, Miami branch		2,711	2,711	1.00%	Dec 2014 - Jan 2015
Fair value	**Colones**	SAFI Banco Nacional de Costa Rica	I.F. non-diversified Superfondo BN - colones		33	-	3.64% - 4.46%	Demand
		SAFI Banco de Costa Rica	I.F. non-diversified short-term BCR		487	-	4.31% - 5.20%	Demand
		SAFI Instituto Nacional de Seguros	I.F. non-diversified INS - Public liquidity - colones		1,710	-	4.55% - 5.59%	Demand
		Banco Popular	SAFI Banco Popular		174	-	4.24%	Demand
		SAFI BAC San José	BAC SAN JOSÉ Liquidez Colones (BAC San José liquidity in colones); non-diversified		50	-	3.95%	Demand
		Scotiabank de Costa Rica	SAFI Scotiabank		2	-	2.98%	Demand
		Banco Nacional de Costa Rica	Investment funds (non-diversified Superfondo colones)		13	-	4.46%	Demand
		Banco de Costa Rica	Investment funds		61	-	4.31% - 5.20%	Demand
		SAFI Instituto Nacional de Seguros	I.F. non-diversified INS - Public liquidity - colones		34	-	4.55% - 5.59%	Demand
		Banco Popular	Investment funds		5	-	4.24%	Demand
		Scotiabank de Costa Rica	SAFI Scotiabank		22	-	2.98%	Demand
	U.S. Dólares	SAFI Banco Nacional de Costa Rica	I.F. non-diversified INS - U.S. dollars		1,901	-	0.89% - 1.27%	Demand
		Banco de Costa Rica	SAFI Banco de Costa Rica		4,797	-	0.97% - 1.06%	Demand
		SAFI Instituto Nacional de Seguros	I.F. non-diversified INS - Public liquidity - colones		4,612	-	0.95% - 1.96%	Demand
		Banco de Costa Rica	Non-diversified liquidy investment funds-U.S. dollars		6	-	0.96%	Demand
		Scotiabank de Costa Rica	Non-diversified public investment funds		537	-	0.86%	Demand
Total ICE Group				**¢**	**123,008**	**-**		

(Continues)

(In millions of colones)

Note 8. **Temporary investments**

As of June 30, 2015, ICE Group has held-to-maturity investments (time deposit certificates) for an amount of ¢9.234 of which, ¢9.208 are in colones and ¢26 in dollars (¢3,000 in 2014 denominated in colones) and available for sale (time deposit certificates, zero-coupon Monetary Stabilization Bonds, title deeds, fixed-rate Monetary Stabilization Bonds, Mortgage Participation Certificates) for ¢69.433 (¢61.932 in 2014), of which ¢69.030 are colones and ¢403 are dollars (¢61.389 in colones and ¢543 in dollars in 2014), with interest rates ranging from 2.49% and 9.24% per annum ((2.94% and 8.80% per annum in 2014) and maturity dates from 6 to 12 months (6 to 12 months in 2014).

		As of June 30, 2015	As of December 31, 2014
Held-to-maturity and available-for-sale investments Valuation of investments	¢	78,667	64,932
Valuation of investments		740	(599)
Net total ICE Group	**¢**	**79,407**	**64,333**

Valuation of Investments

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

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

As of June 30, 2015 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of ¢740 (¢599) in 2014), which is presented as part of the entry “Results of the Valuation of Financial Instruments”, in the equity section l.

(Continues)

(In millions of colones)

Note 9. Restricted-Use Funds

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

		As of June 30, 2015	As of December 31, 2014
Guarantees received fron third parties:			
In U.S. dollars	¢	758	825
In colones		624	529
Specific purpose funds:			
BCR Platinum (¢) - Cash for payments of ICE		1	3,421
BNCR Gold - Cash for amortization of short-term		1	3,260
Total ICE Group	**¢**	**1,384**	**8,035**

(Continues)

(In millions of colones)

Note 10. **Notes and Accounts Receivable**

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

		As of June 30, 2015		As of December 31, 2014	
		Long-term	**Short-term**	**Long-term**	**Short-term**
Loan to autonomous entities (1)	¢	6,914	65	7,005	-
Private people		-	1,994	-	2,582
In legal collections		-	47	-	108
Payment arrangements		-	156	-	225
CNFL-MINAET Agreement (Olivier Hydroelectric Project)		621	16	634	16
Other		-	83	16	88
Total Group ICE	**¢**	**7,535**	**2,361**	**7,655**	**3,019**

(1) Loan to autonomous entities

911 Emergency System

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 as of June 30, 2015 the balance of the debt was ¢4.565 (¢4.565 in 2014).

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.

Currently, the original agreement is under a negotiation process to extend the recovery term so that ICE can process the corresponding collection formalities.

Empresa Propietaria de la Red

It corresponds to the loan agreement entered into ICE and Empresa Propietaria de la Red (EPR) to repay loan IDB No. 1908 for a total of US$4.5 million, equivalent to ¢2.414 (¢2.440 in 2014). The total debt term is 25 years as of November 24, 2010, with a 5-year grace period, paid on a semiannual basis, at a variable interest rate (as of 2014, Libor 3-month rate of 0,23%, plus a funding margin of 0.04%, plus a IDB loan margin of 0.85%).

(Continues)

(In millions of colones)

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

		As of June 30, 2015	As of December 31, 2014
Private people	¢	50,264	52,086
Judicial and administrative collection		49,335	42,344
Electric services consumers		20,937	21,693
Electric cooperatives and municipal companies of electric distribution		11,711	9,437
Operators and suppliers of services		2,194	5,253
Telephone administrations		2,663	2,316
Public offices		3,739	3,166
Other		3,759	3,297
Total receivables for services rendered		**144,602**	**139,592**
Private people (1)		16,701	45,638
Government tax		9,473	7,687
Covenants, services cleared and others		1,837	1,662
Damages to electric installations		1,013	919
Various services government		129	638
Other		1,614	2,324
Total non-trade receivables		**30,767**	**58,868**
Subtotal		**175,369**	**198,460**
Allowance for doubtful accounts		(32,717)	(30,667)
Net total ICE Group	¢	**142,652**	**167,793**

(1) Non-Trade Receivables - Private Individuals

As of June 30, 2015, this item includes advance payments made by ICE to purchase fuel to generate power in thermal power plants for ¢839 (¢6.617 in 2014), advance payments to private individuals with guarantees for ¢4.199 (¢1.744 in 2014), interest and commissions for ¢2.584 (¢2.182 in 2014), receivables for unpriced services for ¢1.774 (¢28.780 in 2014) corresponding to the services provided by the Strategic Business Units, and the bills receivable for the construction services for the Reventazón Hydroelectric Project and an amount of ¢3.432 (¢3.104 in 2014) for ICE's deposits in courts.

(In millions of colones)

Movement in the allowance for doubtful accounts is as follows:

Allowance for doubtful accounts		As of December 31, 2013	Prior period adjustments	Used	Recoveries	Expense	As of December 31, 2014	Prior period adjustments	Used	Recoveries	Expense	As of June 30, 2015
Receivables for services rendered	¢	28,474	51	(11,020)	936	4,953	23,393	281	(2,588)	2,404	2,027	25,517
Non-trade receivables		4,443	1,522	1,308	-	1	7,274	-	(74)	-	-	7,200
Total ICE Group	**¢**	**32,917**	**1,573**	**(9,712)**	**936**	**4,954**	**30,667**	**281**	**(2,662)**	**2,404**	**2,027**	**32,717**

Note 11. Operating inventory

Operating inventory is as follows:

		As of June 30, 2015	As of December 31, 2014
Operating inventory	¢	73,401	56,858
Materials in transit for operations		5,797	656
Materials and equipment held in custody		17,577	19,020
Subtotal		**96,775**	**76,534**
Allowance for valuation of operating inventory		(11,649)	(12,258)
Total ICE Group	**¢**	**85,126**	**64,276**

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

		As of December 31						
		2013	Used	Expenses	2014	Used	Expenses	As of June 30, 2015
Allowance for valuation of inventory	¢	10,956	(1,347)	2,649	12,258	(609)	-	11,649
Total ICE Group	**¢**	**10,956**	**(1,347)**	**2,649**	**12,258**	**(609)**	**-**	**11,649**

(Continues)

(In millions of colones)

Note 12. Prepaid Expenses

Prepaid expenses are detailed as follows:

		As of June 30, 2015	As of December 31, 2014
Mobile terminals and devices	¢	39,233	41,617
Use agreements (1)		17,426	19,082
Fuel (2)		6,445	12,891
Imports (3)		10,233	20,466
U-500 insurance policy, net (4)		13,209	6,625
All-risk insurance policy - construction		1,470	2,367
Phone book		2,366	2,064
Other		1,303	1,411
Total ICE Group		**91,685**	**106,523**

U-500 insurance policy		As of June 30, 2015	As of December 31, 2014
Opening balance		6,625	4,448
Amount of premium		11,110	10,614
Amortization of premium		(4,526)	(8,437)
Total ICE Group	¢	**13,209**	**6,625**

(1) 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 28). 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.

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After March 2022, ICE may continue to use the asset for seven months additional to those set forth in the agreement.

(2) 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 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 second quarter of 2014 through agreement of April 14, 2013, to be applied to the rates of the third and fourth quarter of 2014, when the aforementioned balance was amortized. The balance pending of recognition as of December 31, 2013 amounted to ¢7,877.

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 as of June 30, 2015 of this recognition is ¢6,445 (¢12,891 as of December 2014).

(3) Imports

As of September 2014, according to resolution RIE 061-2014 of ARESEP, rate recognition for energy import expense is approved, for a sum of ¢31.045. According to this resolution and ICE's accounting policies, such amount will be deferred within the next fifteen months commencing on October 1, 2014, so that it is associated with the income that will be obtained in this term. As of June 30, 2015, the balance to be amortized is ¢10,233 (¢20,466 as of December 2014).

(Continues)

(In millions of colones)

(4) U-500 Insurance Policy

The U-500 all-risk policy is a replacement value agreement adjusted to the ICE's requirements that cover 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.

Note 13. Service Agreements

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

		As of June 30, 2015	As of December 31, 2014
ICE:			
Reventazón Hidroeléctric Project (1)	¢	37,927	23,337
Wather suplly system project		584	473
Other		580	122
Subtotal ICE Group		**39,091**	**23,932**
* Elimination of Government services		(7)	(1)
Total ICE Group	**¢**	**39,084**	**23,931**

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

(1) Reventazón Hydroelectric Project

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

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

The plant is expected to start operations in late 2016. The estimated cost of the works amounts to US$1,379 million.

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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.

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.

(Continues)

- Trust Equity will be comprised of: (i) assets placed in the trust property to develop the 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.

- 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.

(Continues)

- As set forth in this agreement, ICE shall quarterly provide UNO P.H. Reventazón Trust, with the details of the amounts they consider they are entitled to charge, together with the supporting documentation. Once the details of costs are reviewed and approved, the Trust will reimburse ICE.

  The main services ICE will provide under this agreement are: Engineering in the project design, management of required materials purchasing, acquisition of necessary labor and construction services of the project.

Lease agreement for the Reventazón Hydroelectric Power Project:

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

As of June 30, 2015, the service agreement for Reventazón Hydroelectric Project shows an increase related to the balance as of December 31, 2014 for ¢ 14,590, mainly for the costs associated with the implementation of the project. The balance of service agreements amounting to ¢37,927 corresponds to costs incurred and to be billed according to the agreement.

As of June 30, 2015, ICE has transferred as trust property to UNO P.H Reventazón Trust, lands with a value of ¢1,102.

(Continues)

(In millions of colones)

Note 14. 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:

		As of June 30, 2015	As of December 31, 2014
El Diquís Hydroelectric Project (1)	¢	80,262	78,825
Borinquén Geothermal Project (2)		22,008	21,852
Refitting of south-center transmission line		4,908	4,823
Verbena Transmission line		2,155	2,011
La Carpio Deviation		1,489	1,399
Transmission Lines		654	640
Others		1,320	1,192
Subtotal ICE Group		**112,796**	**110,742**
* Elimination of Government services		(53)	(122)
Total ICE Group	**¢**	**112,743**	**110,620**

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

Below is a description of the nature and main transactions of works for the design and planning of the implementation during the period:

(1) El Diquís Hydroelectric Project (PHED)

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

As of June 30, 2015, 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 ¢80.262 (¢78.825 in 2014), necessary for completing the Feasibility Studies and the final Environmental Impact Study. PHED is in the process of completing, followed by a presentation to the National Technical Environmental Secretariat (SETENA), the Environmental Impact Study. The viability or Environmental License is necessary to begin construction, which is issued with SETENA's approval of the study. To start its construction, there should be an environmental license or viability issued and approved by SETENA.

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

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

Status of lawsuits involving Diquís Hydroelectric Project:

- Administrative Contentious

  The legal proceeding under number 11-001691-1027-CA, was partially archived due to the dismissal request filed by Asociación Desarrollo Indígena de Térraba; consequently, the claims filed by third-party stakeholders who, according to the Court, became plaintiffs with their own claims.

- Constitutional Chamber

  In December 2014, *amparo* proceedings were filed under File No. 14-019128-0007-CO, against order No. 34312-MP-MINAE of 2008 that declares PHED activities in favor of ADIT of public interest and national convenience, due to the breach and non-compliance with resolution 2011-01275 resulting from Unconstitutional Action No. 08-009215-0007-CO, which granted a 6-month term to conduct the consultation with indigenous peoples, a resolution is pending as of to date.

- Indigenous Consultation

  ICE is waiting for a reply by the President's Office of the Republic to the Ombudsman Office regarding the recommendations included in the report "The right of indigenous peoples to a consultation within the framework of El Diquís Hydroelectric Project," as of June 3, 2015, sent through Official Communication Number No.05271-2015-DHR-(PE) and aiming to: a) designate, as a priority, a governmental agency to be in charge of organizing the consultation processes to be conducted in the Costa Rican Indigenous Territories; b) define, through a consensus with the indigenous peoples, the proper conditions and procedures to be dealt with when they are consulted regarding the legislative or administrative projects or actions affecting their rights; and c) once a governmental agency is designated and a consultation guide is defined for each Indigenous Territory, such governmental agency (ministry or an office in charge) will conduct a consultation process

(Continues)

regarding El Diquís Hydroelectric Project in the indigenous territories that might be affected.

(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 MV.

Costs incurred June 30, 2015 correspond to work related to site preparation for deep-well drilling amounting to ¢22.008 (¢21.852 as of December 31, 2014). Construction is expected to begin in late 2015.

Borinquén Geothermal Project has the finished and approved feasibility study as of December 31, 2014, as the initial proposal was modified, with the decision of making a Preparatory Technical Study to demonstrate an eventual geothermal potential in the Borinquén sector. This report, for the purposes of the Japan International Cooperation Agency (JICA) (financing part of the Project) and for the Costa Rican government represents the Feasibility Study.

(Continues)

(In millions of colones)

Note 15. Non-Operating Assets

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

Non - operating assets		As of Dicember 31, 2013	Additions at cost	Retirements and transfers	2014	Additions at cost	Retirements and transfers	As of June 30, 2015
Historical cost:								
Land	¢	24,041	2,716	(5)	26,752	982	-	27,734
Buildings		4,895	1	(132)	4,764	10	-	4,774
Land and rights of way (1)		-	28	(28)	-	-	-	-
Artwork and collector´s items		23	-	-	23	-	-	23
Substations		1,963	-	-	1,963	26	-	1,989
Hydroelectric plants		674	-	-	674	-	-	674
General equipment		899	-	-	899	-	-	899
Surco Tico, S.A.- Forestry project		927	83	-	1,010	-	-	1,010
Other assets		145	-	-	145	-	-	145
Total cost ICE Group		**33,567**	**2,828**	**(165)**	**36,230**	**1,018**	**-**	**37,248**
Accumulated depreciation - cost:								
Land		44	8	-	52	6	-	58
Buildings		798	234	(32)	1,000	115	-	1,115
Substations		246	63	-	309	31	-	340
Hydroelectric plants		134	31	-	165	8	-	173
General equipment		2	-	-	1	-	-	1
Other assets		14	-	-	14	-	-	14
Total accumulated depreciation - cost ICE Group		**1,238**	**336**	**(32)**	**1,542**	**160**	**-**	**1,702**
Revaluation:								
Land		7,495	1,739	(1)	9,233	-	-	9,233
Buildings		2,906	404	(160)	3,150	-	-	3,150
Substations		174	165	-	339	-	-	339
Hydroelectric plants		7,536	402	-	7,938	-	-	7,938
General equipment		1	-	-	1	-	-	1
Other assets		168	15	-	183	-	-	183
Total revaluation ICE Group		**18,280**	**2,725**	**(161)**	**20,844**	**-**	**-**	**20,844**
Accumulated depreciation - revaluation:								
Land		230	22	-	252	4	-	256
Buildings		2,208	68	26	2,302	35	-	2,337
Substations		18	6	20	44	6	-	50
Hydroelectric plants		5,344	248	-	5,592	38	-	5,630
General equipment		1	-	-	1	-	-	1
Other assets		52	3	-	55	2	-	57
Total accumulated depreciation- revaluation ICE Group		**7,853**	**347**	**46**	**8,246**	**85**	**-**	**8,331**
Total non - operating assets ICE Group	¢	**42,756**	**4,870**	**(340)**	**47,286**	**773**	**-**	**48,059**

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

(Continues)

(In millions of colones)

Note 16. Intangible Assets

Intangible assets are as follows:

		As of June 30, 2015	As of December 31, 2014
Intangible assets:			
Licenses, systems and applications	¢	87,213	81,116
Rights of way and easements (1)		25,370	24,974
Rights guaranteed by law		2	2
Goodwill (2)		5,863	5,863
Total cost ICE Group		**118,448**	**111,955**
Accumulated amortization:			
Licenses, systems and applications		64,654	60,392
Goodwill		451	300
Total amortization ICE Group		**65,105**	**60,692**
Net total ICE Group	**¢**	**53,343**	**51,263**

Amortization Method

For calculating the amortization of licenses, software, and applications, ICE applies the straight-line method from the date the assets were first used, over a useful life of three years. ICE's rights of way and easements have no defined term over which they generate future benefits to ICE; accordingly, they are not amortized.

(1) Easements and Rights of Way

Easements and rights of way correspond to the payments made to the owners of lands which ICE Group has to access to develop different projects and provide electricity and telecom services. According to the terms of the agreements, ICE Group is only entitled to easements or rights of way, but this does mean the purchase of lands or transfer of ownership to ICE Group.

Rights of way agreements do not stipulate a term in year to exercise the right, thus establishing a permanent easement. The aforementioned rights of way start mainly in the transmission lines. Therefore, these intangible assets meet the requirements of an indefinite life because there is not defined term so that these assets can continue generating cash flows for the Entity; therefore, they are not amortized.

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(2) Goodwill

This is excess acquisition cost over the carrying amount (net equity) of the subsidiaries acquired in 2013: Cable Visión de Costa Rica, S.A and Eólico Valle Central, S.A (merged in 2014 with CNFL), the amortization term for this goodwill is 20 years (see note 3 (b) *(i)*).

(Continues)

(In millions of colones)

Movement in intangible assets is as follows:

		Licences, sytems, and applications		Rights of way and easements		Rights guaranteed by law		Goodwill		Total	
		As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014
Cost:											
Opening balance	¢	81,116	84,089	24,974	23,777	2	-	5,863	5,372	111,955	113,238
Additions		8,255	17,004	396	1,200	-	2	-	491	8,651	18,697
Transfers		-	(9,402)	-	6	-	-	-	-	-	(9,396)
Retirements		(2,171)	(11,006)	-	-	-	-	-	-	(2,171)	(11,006)
Adjustments		13	431	-	(9)	-	-	-	-	13	422
Total cost ICE Group	**¢**	**87,213**	**81,116**	**25,370**	**24,974**	**2**	**2**	**5,863**	**5,863**	**118,448**	**111,955**
Accumulated amortization:											
Opening balance	¢	60,392	53,203	-	-	-	-	300	-	60,692	53,203
Amortization - expense		4,889	12,973	-	-	-	-	151	300	5,040	13,273
Amortization - investment		382	1,316	-	-	-	-	-	-	382	1,316
Reclassifications		7	-	-	-	-	-	-	-	7	-
Transfers		-	(4,514)	-	-	-	-	-	-	-	(4,514)
Retirements		(1,016)	(2,586)	-	-	-	-	-	-	(1,016)	(2,586)
Total amortization ICE Group		**64,654**	**60,392**	**-**	**-**	**-**	**-**	**451**	**300**	**65,105**	**60,692**
Net total ICE Group	**¢**	**22,559**	**20,724**	**25,370**	**24,974**	**2**	**2**	**5,412**	**5,563**	**53,343**	**51,263**

(Continues)

Note 17. **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.

(Continues)

(In millions of colones)

Note 18. Amortizable Items

Amortizable items are as follows:

				As of December 31, 2013			As of December 31, 2014			As of June 30, 2015
Cost:	**Plazo**	**Método**		**Balance**	**Write-offs**	**Increase**	**Balance**	**Write-offs**	**Increase**	**Balance**
Projects	1 a 480 months	Straigth line	¢	749	-	-	749	-	-	749
Transactions costs - investments	30 a 180 months	Efective interest		1,738	(388)	502	1,852	(489)	493	1,856
Commissions for financing agreements	12 a 180 months	Efective interest		6,859	(1,701)	-	5,158	(157)	(132)	4,869
Total cost - ICE Group				**9,346**	**(2,089)**	**502**	**7,759**	**(646)**	**361**	**7,474**
Amortization:	**Plazo**	**Método**		**Balance**	**Write-offs**	**Amortizations**	**Balance**	**Write-offs**	**Amortizations**	**Balance**
Projects	1 a 480 months	Straigth line		476	-	26	502	-	11	513
Transactions costs - investments	30 a 180 months	Efective interest		395	(277)	634	752	(323)	244	673
Commissions for financing agreements	12 a 180 months	Efective interest		3,468	(1,875)	758	2,351	(292)	225	2,284
Total amortization - ICE Group				**4,339**	**(2,152)**	**1,418**	**3,605**	**(615)**	**480**	**3,470**
Net total - ICE Group			¢	**5,007**	**63**	**(916)**	**4,154**	**(31)**	**(119)**	**4,004**

(Continues)

(In millions of colones)

Note 19. **Securities Payable (Bonds)**

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

	As of December 31,										
Securities payable	**2013**	**Amortization**	**Foreign exchange differences**	**Disbursements**	**2014**	**Amortization**	**Foreign exchange differences**	**Disbursements**	**As of June 30, 2015**	**Long-term**	**Short-term**
Internal debt:											
Bond issue (1)	531,833	-	24,171	27,131	583,135	-	(3,544)	1,000	580,591	553,771	26,820
External debt:											
Bond placement - Credit Suisse First Boston	30,554	30,148	(406)	-	-	-	-	-	-	-	-
International bond issue	502,470	-	39,750	-	542,220	-	(5,830)	-	536,390	536,390	-
Other:											
Premium bond issue	7,742	803	(3)	1,475	8,411	483	-	68	7,996	7,996	-
Discount bond issue	(5,759)	(165)	-	-	(5,594)	(91)	-	-	(5,503)	(5,503)	-
Total ICE Group	**¢ 1,066,840**	**30,786**	**63,512**	**28,606**	**¢ 1,128,172**	**392**	**(9,374)**	**1,068**	**¢ 1,119,474**	**1,092,654**	**26,820**

(Continues)

(In millions of colones)

The characteristics of these debt bonds are detailed as follows:

Securities payable			
Creditor	**Term**	**Annual interest rate**	**Currency**
Internal debt:			
Bond issue	Maturing between September 30, 2017 and May 16, 2033	Variable between el 3,21% and 10,20% Fixed between 10,30% and el 11,45%	¢
Bond issue	Maturing between May 20, 2016 and September 7, 2027	Fixed between 5,71% and 7,65%	US$
External debt:			
Bond issue	Maturing between November 9, 2021 and May 14, 2043	Fixed between 6.38% and 6.95%	US$

Internal Debt:

1) Issue of Bonds

(i) **Series F3-2015:** In February 2015, ICE placed funds amounting to ¢1,000, at a rate of 9.38%.

(Continues)

(In millions of colones)

Note 20. Notes Payable

As of June 30, 2015, the movements of the notes payable are detailed as follows:

		As of December 31,												
		2013	Amortization	Foreign exchange differences	Disbursements	2014	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2015	Long-term	Short-term		(in U.S. dollars)
Internal debt:														
Loans payable:														
Non-restructured debt - Tranche V	¢	333	222	9	-	120	120	-	-	-	-	-		0.0
Banco Nacional de Costa Rica		59,733	1,880	2,123	10,460	70,436	1,026	(430)	491	69,471	65,312	4,159		129.5
Banco de Costa Rica		40,428	412	-	-	40,016	453	-	-	39,563	38,936	627		73.8
Liability restructuring		155	-	(155)	-	-	-	-	-	-	-	-		0.0
Finance Ministry		-	-	-	7,043	7,043	214	-	-	6,829	6,421	408		12.7
Scotiabank		15,523	6,243	887	-	10,167	1,356	(95)	-	8,716	6,034	2,682		16.2
BCR Trust		23,016	1,763	-	-	21,253	301	-	-	20,952	20,314	638		39.1
Supplier credit		30,502	8,189	1,941	1,825	26,079	4,710	(244)	1,296	22,421	12,730	9,691		41.8
Chiripa Wind Consortium		-	-	-	3,888	3,888	143	(40)	-	3,705	3,705	-		6.9
Scotia Leasing		5	4	-	-	1	1	-	-	-	-	-		0.0
BAC Leasing		48	4	1	21	66	10	-	-	56	-	56		0.1
Secured Financing Agreement (CONAVI-Banco Nacional de Costa Rica)		188	-	(188)	-	-	-	-	-	-	-	-		0.0
Lines of credit:														
Scotiabank		18,089	73,298	1,947	53,262	-	-	-	-	-	-	-		0.0
External debt:														
Loans payable:														
CABEI (1)		64,448	4,397	7,585	69,520	137,156	2,576	(1,647)	18,684	151,617	149,069	2,548		282.7
IDB (2)		234,396	25,223	17,542	38,701	265,416	15,157	(2,785)	6,193	253,667	220,555	33,112		472.9
BNP Paribas		2,150	1,490	114	-	774	774	-	-	-	-	-		0.0
Nordea Export & Project Finance		3,815	3,815	-	-	-	-	-	-	-	-	-		0.0
M&T Bank		2,957	1,189	164	-	1,932	630	(13)	-	1,289	333	956		2.4
Banistmo, S.A.		61,553	11,944	4,292	-	53,901	6,340	(669)	-	46,892	35,421	11,471		87.4
Andean Development Corporation (CAF)		39,779	4,187	2,815	-	38,407	2,259	(389)	-	35,759	31,289	4,470		66.7
Citibank		7,934	4,124	471	-	4,281	2,140	(23)	-	2,118	-	2,118		3.9
Japan Bank for International Cooperation (3)		58,834	4,703	(2,774)	-	51,357	2,229	472	5,615	49,600	44,747	4,853		92.5
Cisco Systems		20,779	3,386	1,427	592	19,412	2,112	(244)	-	22,671	17,948	4,723		42.3
Multibank INC.		798	553	42	-	287	287	-	-	-	-	-		0.0
Scotiabank		-	-	-	48,800	48,800	12,122	(396)	-	36,282	32,681	3,601		67.9
Global Bank Corporation (4)		-	-	-	10,844	10,844	10,844	-	-	-	-	-		0.0
Instituto Crédito Oficial (Spain)		12,218	704	976	-	12,490	341	(136)	-	12,013	11,327	686		22.4
Deutsche Bank, Sociedad Anónima Española		1,930	1,394	158	-	694	683	(11)	-	-	-	-		0.0
Kreditanstal für Wiederaufbau		9,759	1,964	786	-	8,581	963	(95)	-	7,523	5,592	1,931		14.0
Banco Interamericano de Desarrollo (BICSA)		8,554	3,639	668	1,646	7,229	234	(78)	-	6,917	6,121	796		12.9
Banco Nacional de Desarrollo Económico y Social - Brazil (BNDES) (5)		11,523	-	978	5,612	18,113	-	(195)	1,519	19,437	18,543	894		36.2
Lines of credit:														
Citibank		7,035	16,079	-	9,044	-	-	-	-	-	-	-		0.0
Bladex		50,246	60,295	-	10,049	-	-	-	-	-	-	-		0.0
Global Bank Corporation (6)		5,025	21,964	(123)	17,062	-	-	(24)	5,388	5,364	-	5,364		10.0
Mercantil Commercebank		12,562	46,256	1,033	32,661	-	-	-	-	-	-	-		0.0
Total internal debt - ICE Group		**188,020**	**92,015**	**6,565**	**76,499**	**179,069**	**8,334**	**(809)**	**1,787**	**171,713**	**153,452**	**18,261**	**US$**	**320.1**
Total external debt - ICE Group		**616,295**	**217,306**	**36,154**	**244,532**	**679,675**	**59,692**	**(6,233)**	**37,399**	**651,149**	**573,626**	**77,523**	**US$**	**1,214.2**
Total debt - ICE Group	**¢**	**804,315**	**309,321**	**42,719**	**321,031**	**858,744**	**68,026**	**(7,042)**	**39,186**	**822,862**	**727,078**	**95,784**	**US$**	**1,534.1**

(Continues)

(In millions of colones)

The general characteristics of notes payable, classified into internal and external debt in 2015 se are summarized as follows:

General features of debt (U.S. dollars and colones, as indicated)	Interest rate	Currency	Term
Internal debt:			
Restructured - Tranche V	Fixed 6.75%	US$	Maturing on May 21, 2015
BCR Trust	Variable del 9,90%	¢	Maturing on June 15, 2030
Ministry of Finance	Variable del 12,68%	¢	Maturing on December 30, 2024
Commercial banks:			
Banco Nacional de Costa Rica	Variable, from 5.25% to 10.50%	¢-US$	Maturing between August 31, 2025 and August 31, 2033
Scotiabank	Variable from 4.76% to 6.00%, fixed between 1.26% and 5.60%	US$	Maturing between May 21, 2015 and December 18, 2021
Scotia Leasing	Variable 6.25%	US$	Maturing on May 6, 2015
BAC Leasing	Variable 6.25% Fixed 8.50%	US$	Maturing between August 26, 2019 and July 10, 2020
Crédito Proveedor	Fixed, between 4.95% and 5.45%	US$	Maturing between June 1, 2016 and February 22, 2020
Banco de Costa Rica	Variable from 2.00% to 3.00%	¢	Maturing on July 6, 2032
External debt:			
Multilateral organizations			
Central American Bank for Economic Integration (CABEI)	Variable from 4.69% to 7.68%, Fixed between 4.03% and 8.50%	US$	Maturing between October 21, 2015 and November 22, 2038
Interamerican Development Bank (IDB)	Variable from 1.12% and 4.71%, Fixed 2%	US$-JPY-EURO-GBP	Maturing between September 9, 2015 and October 15, 2037
Bilateral organizations:			
Andean Development Corporation (CAF)	Variable 2.03%	US$	Maturing on April 9, 2023
Japan Bank For International Cooperation	Fixed between 0,60% and 2,20%	JPY	Maturing between April 20, 2026 and August 20, 2054
Commercial banks			
Citibank	Variable 8,25%	US$	Maturing on December 19, 2015
M & T Bank	Variable from 2.23% to 2.53%	US$	Maturing between December 11, 2015 and September 30, 2016
Multibank INC	Variable 4.83%	US$	Maturing on June 20, 2015
BNP Paribas	Variable 1.48%	US$	Maturing on June 20, 2015
Global Bank Corporation	Fixed between 1,25% and 3,61%	US$	Maturing between January 12, 2015 and August 10, 2015
Nordea Export & Project Finance	Fixed 2.51%	US$	Maturing between February 28, 2014 and December 8, 2014
Cisco Systems	Fija from 2.95% to 3.39%	US$	Maturing between September 13, 2018 and October 08, 2020
Banistmo, S.A.	Variable 5.18% Fixed between 4.15% and 4.95%	US$	Maturing between November 08, 2015 and December 12, 2020
Instituto Crédito Oficial Reino de España	Fixed 0.70%	US$	Maturing on September 25, 2032
Deutsche Bank, Sociedad Anónima Española	Fixed 5.86%	US$	Maturing on April 20, 2015
Kreditanstal Fur Wiederaufbau (K.F.W.)	Variable 3.80%	US$	Maturing between September 30, 2018 and March 30, 2020
Banco Internacional de Costa Rica (BICSA)	Fixed between 4.50% and 5.00%	US$	Maturing between May 27, 2025 and December 08, 2026
Banco Nacional de Desarrollo Económico y Social de Brasil (B.N.D.E.S.)	Fixed 4,50%	US$	Maturing on March 19, 2023

(Continues)

As of June 30, 2015, the new most relevant operations and disbursements are:

(1) **CABEI:** As of June 2015, there were disbursements for US$34 million equal to ¢18.684, at an interest rate per annum between 4.69% and 6.40%, with 15 and 20-year terms.

(2) **IADB:** In April 2015, there was a disbursement for US$11,5 million, equal to ¢6.193, at a variable interest rate per annum of 1,12%, with a 20-year term.

(3) **Japan Bank For International Cooperation:** In March 2015, there was a disbursement for US$10,3 million equal to ¢5,615, at an interest rate per annum of 0,60% and a 40-year term.

(5) **Brazilian Development Bank (BNDES):** In March 2013, a loan was granted by BNDES amounting to US$44. This loan has a 10-year term and a fixed interest rate per annum of 3,84%.

The disbursements made during 2015 amounted to about ¢1.519.

(6) **Global Bank Corporation:** As of June 2015 there is a balance in the credit lines for US$10 million equal to ¢5,364, at a semiannual interest rate of 3.61% and a 6-month term.

The main movements in amortizations as of June 30, 2015, are as follows:

(4) **Global Bank Corporation:** In January 2015, a payment of a loans for US$20 million was made, equal to ¢10,844.

(Continues)

Enforcement Clauses (Covenants):

Normally, credit agreements establish a series of commitments on environmental, legal, financial, operational and business matters, among others, that the debtor should take care of, and that are usually known as "Covenants." In the particular case of ICE, some of the executed contracts to date include "Positive covenants" and "Negative covenants," which establish, respectively, commitments ICE unavoidably shall comply with and restrictions or limitations to certain acts, that generally require previous approval from the creditor entity.

Some of the loan agreements also establish clauses called:

a) *Cross Default:* these indicate that upon execution of the agreement, ICE expressly and irrevocably accepts that noncompliance of the obligations, payment and/or any other credit terms and conditions, and/or the credits ICE maintains in force with other creditors, constitute causes of acceleration of the credit for which the "Cross Default" clause was established, and for all the credits in force from the same creditor.

b) *Pari Passu obligations:* whereby ICE agrees that its obligations under the corresponding agreement and its guarantees constitute, in every moment, obligations with a priority on payment right, at least equivalent (pari passu) to any other obligations, current or future, arising from any ICE´s debt (different from any preferred debt as mandated by law).

In addition, ICE Group has the obligation to comply, among others, with the following general clauses, which are detailed in some of the loan agreements:

a) It will not merge or consolidate with any person, or will allow that any of its subsidiaries does, except that: (a) any subsidiary of the Borrower (ICE) might merge or consolidate with any other subsidiary of the Borrower, and (b) any subsidiary of the Borrower merges with the Borrower, and (c) any merge or consolidation approved by the Creditor (Bank), provided that, in each case, noncompliance had not occurred and continued at the moment of such proposed transaction, or that noncompliance arises from it.

b) It will not sell, lease, transfer or dispose otherwise, nor will it allow that any subsidiaries sell, lease, transfer or dispose otherwise of assets, nor will it grant any option or any other right to buy, lease or otherwise acquire assets, except by (1) inventory sales in the ordinary course of business, (2) a transaction authorized by the Bank, and (3) sales of assets for its fair value for a total amount of not more than US$20 million (or its equivalent in other currencies) in any year.

(Continues)

c) It will not enter into any agreement by virtue of which it agrees or is required to share with third parties the income, directly or indirectly derived, from the works built with financing obtained from the entities shown on the previous table.

d) It will not create or accept the existence, nor will it allow that any subsidiaries create or accept any encumbrance regarding any of its property, owned by ICE now or subsequently acquired, nor will it transfer or let any subsidiaries transfer any right to receiving income from the works that will be financed by obligations incurred with the Bank.

e) It will have and make each of its subsidiaries acquires insurance with responsible or reputable insurance associations or companies, in the amounts and with the risk coverage usually taken by the companies in similar businesses, and that have similar properties in the same general areas in which the Borrower or such subsidiary operates.

f) It will comply and make that each of its subsidiaries comply with, substantially, the Laws, Rules, Regulations and applicable orders, and such compliance shall include, among others, compliance with Environmental Laws, except when it is not reasonably expected that noncompliance has a Substantial Negative Effect.

As of June 30, 2015, financial covenants regarding debt agreement comply with the established limits.

(Continues)

(In millions of colones)

Note 21. **Accounts Payable**

Accounts payable are as follows:

		As of June 30, 2015	As of December 31, 2014
Materials suppliers	¢	48,471	35,022
Taxes		14,571	16,015
Payroll and employee withholdings		8,444	6,664
Other creditors		47,874	33,104
Total ICE Group		**119,360**	**90,805**
Less reclassification of long-term portion	**¢**	**(5,464)**	**(6,048)**
Short-term	**¢**	**113,896**	**84,757**

Note 22. **Income Received in Advance**

Income received in advance in the short and long term is as follows:

		As of June 30, 2015		As of December 31, 2014	
		Long-term	**Short-term**	**Long-term**	**Short-term**
Prepaid mobile services (1)	¢	-	10,130	-	7,760
Government grants (2)		4,375	307	4,517	304
Transfer in Property Spare Parts - Materials (3)		-	9,461	-	8,456
Other		-	2,148	-	2,076
Total ICE Group	**¢**	**4,375**	**22,046**	**4,517**	**18,596**

The following is a description of the nature of the main income received in advance as recorded by ICE Group:

(1) Prepaid Mobile:

It corresponds to the income received in advance related to the sale of mobile services, prepaid modality, which has not been consumed by clients as of the closing date. The income received for prepaid mobile services is recognized in the consolidated balance sheet, when ICE Group receives the money from its clients and wholesalers, and recognizes income and expenses in the consolidated statement of financial position, as end users receive the services.

(Continues)

(2) Government subsidies:

Within the framework of the "Cool Earth Partnership" Japanese initiative, the Japanese government granted ICE a donation of approximately US$10.5 to build the "Photovoltaic System" located in Sabana Norte, with a capacity of 3KW expected to generate 3.5 Kh; and from the "Solar Park of Miravalles", located in la Fortuna de Bagaces, with an installed capacity of 1MW, expected to generate 1.2GWh. ICE Group recognizes the subsidies of the governments, local or international, in the consolidated balance sheet once they are granted to them, and are systematically transferred to the consolidated statement of income and expenses, according to the useful life of the asset related to the received subsidy.

(3) Transfer of Ownership of Spare Parts – Materials:

They correspond to the transfer of ownership on behalf of ICE Group of the costs of spare parts, assets and necessary tools for maintaining Toro III and Garabito Plants, over which ICE Group did not make any expenditure. This income is realized on the consolidated statement of income and expenses, once the contractually established maintenance services are provided, and inventories transferred to ICE Group are used.

(Continues)

(In millions of colones)

Note 23. Accrued Expenses for Employer Obligations

Accrued expenses for employer obligations are as follows:

		As of June 30, 2015	As of December 31, 2015
Back-to-school bonus	¢	10,766	21,702
Vacations		18,865	14,568
Statutory Christmas bonus		16,585	2,141
Work mobility compensation		-	2,990
Total ICE Group	**¢**	**46,216**	**41,401**

Movement of accrued expenses for employer obligations is as follows:

		Statutory Christmas bonus	Back-to-school bonus	Vacations	Third biweekly and fifth	Work mobility compensation	Total
2015							
Opening balance	¢	2,141	21,702	14,568	-	2,990	41,401
Expensed - investments		4,566	1,669	6,147	3,624	2,815	18,821
Expensed - operations		10,388	9,121	15,057	-	-	34,566
Used		(510)	(21,726)	(16,907)	(3,624)	(5,805)	(48,572)
Total ICE Group	**¢**	**16,585**	**10,766**	**18,865**	**-**	**-**	**46,216**

		Statutory Christmas bonus	Back-to-school bonus	Vacations	Third biweekly and fifth	Work mobility compensation	Total
2014							
Opening balance	¢	1,780	21,034	14,661	-	-	37,475
Expensed - investments		9,843	3,610	11,187	9,841	2,990	37,471
Expensed - operations		19,475	18,559	21,171	-	-	59,205
Used		(28,957)	(21,501)	(32,451)	(9,841)	-	(92,750)
Total ICE Group	**¢**	**2,141**	**21,702**	**14,568**	**-**	**2,990**	**41,401**

(Continues)

(In millions of colones)

Note 24. Legal Provisions

Legal provisions are as follows:

		As of June 30, 2015	As of December 31, 2014
Severance benefits	¢	18,088	22,519
Occupational hazards		8,295	7,893
Provision for contingent liabilities (1)		10,069	12,743
Employee Protection Law		190	-
Cash shortages and cash accounts		6	7
Other provisions		33	101
Total ICE Group	**¢**	**36,681**	**43,263**
Less: current portion		**(10,000)**	**(10,000)**
Long-term legal provisions		**26,681**	**33,263**

The detail of legal provisions is as follows:

		Severance benefits	Occupational hazards	Provision for contingent liabilities	Employee Protection Law	Cash shortages and cash accounts	Other provisions	Total
2015								
Opening balance	¢	22,519	7,893	12,743	-	7	101	43,263
Expensed - investment		3,120	1,974	-	1,251	6	-	6,351
Expensed - investment		10,556	-	384	-	-	-	10,940
Used		(18,107)	(1,572)	(3,058)	(1,061)	(7)	(68)	(23,873)
Total ICE Group	**¢**	**18,088**	**8,295**	**10,069**	**190**	**6**	**33**	**36,681**

		Severance benefits	Occupational hazards	Provision for contingent liabilities	Employee Protection Law	Cash shortages and cash accounts	Other provisions	Total
2014								
Opening balance	¢	31,537	5,756	17,074	197	6	201	54,771
Expensed - investment		9,178	4,770	5,189	568	14	-	19,719
Expensed - operation		16,017	-	3,854	-	-	-	19,871
Used		(34,213)	(2,633)	(6,331)	(765)	(13)	(100)	(44,055)
Transfers		-	-	(7,043)	-	-	-	(7,043)
Total ICE Group	**¢**	**22,519**	**7,893**	**12,743**	**-**	**7**	**101**	**43,263**

(Continues)

(1) Assessment Notices – Finance Ministry in 2012:

Instituto Costarricense de Electricidad was subject to an audit as of July 2014 regarding the General Sales Tax corresponding to the period from January to December 2012. In March 2015, a payment was made in the sum of ¢2,936.

(Continues)

(In millions of colones)

Note 25. **Memoranda Accounts**

		As of June 30, 2015	As of December 31, 2014
Guarantees received:			
Performance bonds (1)	¢	264,514	274,606
Collection agentes (2)		3,547	3,289
Bid bonds (3)		1,513	2,777
Tenders		8	8
Guaranty deposits		288	292
Subtotal		269,870	280,972
Other guarantees received - Sundry services		1,018	827
Credit memoranda accounts - Other - Surety		1,432	1,374
Contingent assets:			
Savings and loan fund		28,794	29,066
CNFL Employees Association (ASEFYL)		13,237	13,898
Performance bonds - procurement		10,090	7,792
Materials in transit		1,076	374
Collection of electricity services		1,004	926
Materials loan		158	127
Employee guarantees		204	187
Rental of posts		118	141
Performance bonds - labor		136	95
Guaranty deposits (electricity consumption)		228	138
ICE easement - Cote Plant		7	7
Valle Central Wind Power Plant		78	79
Subtotal		55,130	52,830
Contingent liabilities:			
Payment arrangement - financing of appliances		21	22
Total ICE Group	¢	**327,471**	**336,025**

(Continues)

(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.

(2) Collection agents

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

(3) Bid bonds - received

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

(Continues)

Note 26. <u>Service Income</u>

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.

On March 19, 2012, through Resolution RJD-017-2012, published in La Gaceta No. 74 of April 17, 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.

This methodology allows a faster recovery of the differential between actual and estimated fuel expenses from thermal generation since it considers the quarterly review to make the adjustments necessary in the rate schedules applicable in the following quarter.

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.

(Continues)

(In millions of colones)

Note 27. Operation and Maintenance Costs

Operation and maintenance costs include costs related to fuel consumption to generate power by its own or leased thermal power plants, as follows:

Fuel consumption		For the period ended on June 30 2015	2014
Thermic plant:			
Garabito	¢	9,630	32,935
Moín II		1,587	10,085
Moin III		1,392	8,623
Moín I		324	2,050
Pujol - Pococi Plant		301	1,508
Pujol - Orotina Plant		215	1,500
Others		122	283
Total Group ICE	**¢**	**13,571**	**56,984**

Note 28. 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 June 30, 2014	2013
Group ICE:			
Thermic generation	¢	26,150	49,603
Hydraulic generation		12,310	12,395
Aeolian generation		5,086	4,517
Substations		3,099	3,070
Transmission lines		1,379	1,354
Telecommunications rented			
Sub total Group ICE		**49,727**	**72,872**
*Elimination of institutional services		915	926
Total Group ICE	**¢**	**48,812**	**71,946**

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

Costs for the operating leases of the plants mentioned above amounts to ¢33.393 for 2015 (¢32.289 for 2014).

(Continues)

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:

General features of the agreement					In millions of U.S. dollars												
Service order No.	**Lessor**	**Date of agreement**	**Starting date**	**Approximate expiration date**		**Amount of agreement**	**Total paid**	**Service order balance at June 30, 2015**	**Paid in 2015**	**No. of installments**	**Amount of installment**	**Purchase option**		**Expenses in 2015**	**Expenses in 2014**	**Frequency**	**Subject of the agreement**
ICE Group																	
1691	Peñas Blancas Securitization Trust (1)	16-ago-00	31-ene-08	01-jul-15		119	117	2	3	155	Between US$875 and US$725 (in thousands)	19		1.879	1.741	Monthly	Electricity infrastructure
N/A	Cariblanco Securitization Trust (1)	16-ago-00	29-feb-08	31-dic-19		304	190	114	10	147	2	8		5.612	5.201	Monthly	Lease for Cariblanco Hydroelectric Power Plant
N/A	Garabito Thermal Project Trust (1)	05-nov-07	01-jul-10	31-mar-22		743	309	434	26	142	5	213		15.779	15.944	Monthly	Lease for Garabito Thermal Power Plant
333059	Las Pailas Geothermal Power Plant (2)	07-mar-07	28-mar-12	31-dic-23		240	61	179	10	24	8	-		4.816	4.095	Half-yearly	Lease for Las Pailas Geothermal Power Plant
351643	Administrative Board of Cartago's Electricity Service (JASEC) (3)	14-abr-10	04-dic-13	14-abr-22		25	6	19	1	20	Between US$ 1,637 and US$854 (in thousands)	-		466	453	Half-yearly	Infrastructure for Tejar Step-Down Substation/Easements and expansion tower sites for Río Macho - Transmission Line Project
N/A	Toro 3 Power Plant Trust (1) & (4)	01-jul-13	30-jun-13	30-nov-24		131	20	111	4	142	$1	-		2.436	2.367	Monthly	Lease for Toro 3 Power Plant
343012	Huawei Technologies Consortium	10-feb-09	25-feb-10	26-mar-15	US $	233	233	-	-	20	First phase: US$8; second phase: US$4 (in	23	¢	-	108	Quarterly	3G wireless system
Subtotal - Operating leases - US$					**US$**	**1.562**	**702**	**860**	**55**				**¢**	**30.987**	**29.909**		
General features of the agreement					**In millions of colones**												
ICE Group																	
350702	Cooperativa de Electrificación Rural Guanacaste (5)	16-feb-10	06-abr-10	06-sep-21	¢	87.848	31.624	56.223	2.406	138	Between ¢617 and ¢473	Approximately ¢3,541	¢	2.406	2.380	Monthly	Infrastructure for electricity transmission line Liberia - Papagayo - Nuevo Colón
Subtotal - Operating leases - colones					**¢**	**87.848**	**28.739**	**59.108**	**5.746**				**¢**	**2.406**	**2.380**		
Total - Operating leases -ICE Group													**¢**	**33.393**	**32.289**		

(Continues)

Below is a description of the main operating lease agreements entered into by ICE Group.

(1) <u>Securitization Trusts:</u>

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, 2015 and 2014 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:

    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.

(Continues)

d) Any other income obtained by the trusts in the normal course of business.

- The trustee may only use the trust assets according to the provisions expressly contained in the trust agreements and pursuant to the instructions issued by the trustor. Both, the trustee's powers of disposal over the trust assets as well as the trustor's powers to issue instructions on such assets, are limited to the execution of those acts that are strictly necessary to fulfill the purpose of the trust.

- The trust’s financial policy will be to allocate the resources obtained from the securitization process and temporary investments to construction of the projects, debt servicing, and covering the trust’s operating costs. Upon compliance with such obligations, all of the trust assets will become the property of the trustor ipso jure.

- The trustor must appoint a Manager from the Execution Unit, who should be accepted by the trustee, and who shall act as the superior, with the inherent rights and duties.

- The trustor and the trustee agree that ICE will be hired by the Trust to assume the responsibility of the construction of the projects, through an engineering and construction agreement.

- Upon expiration of the trust agreements, all of the trust assets, without exception, delay, or condition, will be automatically transferred ipso jure to the trustor, who will become the legitimate owner.

- The Peñas Blancas trust is for a term of 20 years and the Cariblanco, Garabito, and Toro 3 trusts are for terms of 30 years.

(2) <u>Las Pailas Geothermal Power Plant:</u>

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.

(Continues)

- 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.

- 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.

(3) 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.

(Continues)

(4) 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 6).

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%).

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

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

- Monthly payments in colones that the lessor must make to its creditors (BCR and Banco Popular y de Desarrollo Comunal as a result of the loans granted to Coopeeguanacaste), and

- Amounts payable by the lessor for monthly infrastructure maintenance costs.

(Continues)

(In millions of colones)

Note 29. Supplemental Services and Purchases

Supplemental services and purchases are as follows:

Supplementary purchases and services		For the period ended on June 30, 2015	2014
Telecommunications:			
National traffic operators	¢	8,426	8,064
Telephone participation		3,395	6,336
Others		1,581	1,265
Total Telecommunications		**13,402**	**15,665**
Electricity:			
Import:			
Regional Operating Entity (EOR)		19,512	11,762
Cenergica S.A de c.v.		276	4,801
Poliwatt		256	4,220
Mercado Eléctrico de El Salvador		27	2,137
Edecsa de CV. El Salvador		-	1,943
Origem S.A de C.V		-	1,769
Others		1,885	1,550
Subtotal import		**21,956**	**28,182**
Cogenerators:(1)			
Consorcio Eólico Chiripa(Contrato B.O.T)		10,546	-
Unión Fenosa Generadora La Joya (Contrato B.O.T)		8,570	5,992
Planta Eólica Guanacaste, S.A.(Contrato B.O.T)		7,809	6,419
Hidroenergía Del General (HDG), S.R.L.(Contrato B.C		5,821	4,673
Hidroeléctrica Doña Julia		4,368	2,760
Hidroeléctrica Platanar, S.A.		2,955	1,827
Proyecto Hidroeléctrico Río Volcán, S.A.		2,909	1,399
Molinos de Viento Del Arenal, S.A.		2,628	2,297
Proyecto Hidroeléctrico Pedro, S.A.		2,572	1,094
Plantas Eólicas, S.A.		2,566	2,429
Hidroeléctrica Río Lajas, S.A.		2,465	1,272
Hidroeléctrica Aguas Zarcas, S.A.		2,407	1,418
Unión Fenosa Generadora Torito		2,381	-
Planta Eólica Tilawind.		1,965	-
Geoenergía de Guanacaste Ltda.(Contrato B.O.T)		1,934	3,981
Ingenio Taboga, S.A.		1,637	1,593
Azucares el Viejo S.A		1,631	1,873
Inversiones la Manguera S.A		1,039	-
Others		5,792	3,855
Subtotal cogeneradores		**71,995**	**42,882**
Purchases for export:			
Regional Operating Entity (EOR)		5,651	4,913
Total Electricity		**99,602**	**75,977**
Total Group ICE	¢	**113,004**	**91,642**

(Continues)

(1) *Cogenerators:*

Under the terms of Law 7200 "Law for the Authorization of Autonomous or Parallel Energy Generation," which declares a matter of public interest the purchase of energy by ICE to those private companies that comply with the conditions contained in this Law, ICE has entered into agreements with various cogenerators for purchasing energy. This Law provides for two systems or chapters: Chapter I, "Autonomous or Parallel Generation," which generates the so called BOO (build, Own, and Operate) agreements, and Chapter II, "Purchase of Power under the Competition System", which generates the so called BOT (Build, Operate, and Transfer) agreements).

As of June 30, 2015, 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 S.A.; Hidroenergía del General (HDG), S.R.L.; Planta Eólica Guanacaste, S.A.; Consorcio Eólico Chiripa S.A. and Unión Fenosa Generadora Torito S.A., As a result, the following projects are in the construction phase PH Chucás and Capulín and Orosi Wind Project in its final stage. 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 generation plants.

In September 2015, the Orosí Wind Power Generation Plant will become operational and will generate 50 MW, and it is owned by Inversiones Eólicas de Orosí Dos, S.A., based on a BOT agreement.

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.

(Continues)

- 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 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 current 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.

(Continues)

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, there are 24 agreements in force: 3 wind plants, 2 sugar plantations, and 19 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 five wind projects and six 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, which became operational in the first quarter of 2015.

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 refused the selection. In December 2015, Vientos del Este Wind Power Generation Plant will become operational with a generation of 9 MW.

(Continues)

(In millions of colones)

Rate Adjustment for Private Generation Plants

On April 8, 2015, Resolution RIE 037-2015 of March 27, 2015 was published in the Official Bulletin La Gaceta, in which ARESEP authorizes a rate adjustment for private generation plants selling energy to ICE, which generation sources are hydroelectric and wind power, under Law 7200. This adjustment represents an increase of 3.4% as compared to the previous rate.

Transfer of Geoenergía de Guanacaste Ltda. Plant to ICE

On March 25, 2015, the assets Geoenergía de Guanacaste Ltda. Plant (geothermal plant), which operated under the modality of agreement of B.O.T. (build, operate, transfer), for a period of 15 years from its startup is transferred to the Costa Rican Electricity Institute.

Note 30. Administrative Expenses

Administrative expenses are detailed below:

		For the period ended on June 30,	
		2014	**2013**
Grup ICE:			
Remunerations	¢	34,506	27,669
Services		6,281	5,217
Use of service centers		3,594	2,534
Depreciation of other assets in operation		951	1,137
Current transfers		543	1,216
Others		5,692	4,657
Subtotal Grup ICE		**51,567**	**42,430**
* Elimination of institutional services		167	186
Total Grup ICE	**¢**	**51,400**	**42,244**

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

(Continues)

(In millions of colones)

Note 31. **Marketing Expenses**

Marketing expenses are detailed as follows:

		For the period ended on June 30, 2014	2013
Group ICE:			
Remunerations	¢	34,591	34,663
Materials and supplies		31,453	28,092
Services		25,690	25,578
Use of service centers		16,326	15,800
Current transfers		3,629	5,676
Depreciation of other assets in operation		2,394	2,201
Others		9,500	6,947
Subtotal ICE		**123,583**	**118,957**
* Elimination of institutional services		933	780
Total Group ICE	**¢**	**122,650**	**118,177**

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

Note 32. **Pre-Investment Studies**

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

		For the period ended on June 30, 2015	2014
ICE Grup:			
Ayil Hydroelectric Project (1)	¢	258	2,066
Los Llanos Study (2)		1,035	-
Savegre Study		116	298
Tejona II Hydroelectric Project		-	124
Others		160	276
Total ICE Grup	**¢**	**1,569**	**2,764**

(Continues)

(In millions of colones)

(1) Los Llanos Study

Los Llanos Hydroelectric Project is located in the Basin of Naranjo River. This project does not have an oscillating tank; the powerhouse is located on the right bank of Tocori creek and the turbinated waters flow into the river through a 4-km channel, and there is a possibility of adding the waters of Brujo River and increasing the generation power to 126 MW provided that its environmental limitation problems are solved.

(2) Ayil Hydroelectric Project

Ayil Hydroelectric Project, which will be located in the Cabécar indigenous territory in Bajo Chirrió, Matina, Limón, whereby a term of 3 years, related to pioneer roads that require the construction of several bridges.

Note 33. Preliminary Studies

Preliminary studies are as follows:

		For the period ended on June 30,	
		2015	**2014**
Grup ICE:			
Salaries	¢	6,562	6,208
Use of service centers		3,134	2,805
Services		363	323
Current transfers		181	250
Depreciation of other operating assets		174	218
Materials and supplies		124	158
Others		1,161	640
Subtotal Grup ICE		**11,699**	**10,602**
* Elimination of Government services		82	71
Total Grup ICE	**¢**	**11,617**	**10,531**

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

(Continues)

(In millions of colones)

Note 34. <u>Other Operating Expenses</u>

Other expenses incurred by ICE Group 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. They are detailed as follows:

		For the period ended on June 30,	
		2015	**2014**
<u>Grup ICE:</u>			
Foray Into New International Markets	¢	572	-
Fibra Óptica de Conectividad Avanzada		363	-
Orosi Aeolian Project		313	-
Advance mobile services		263	256
Chucas Hydroelectric Project		258	176
Torito Hydroelectric Project		225	221
Mejoras en la red transporte		225	-
Other		257	493
Total Grup ICE	**¢**	**2,476**	**1,146**

(Continues)

(In millions of colones)

Note 35. Other Interests and Other Expenses

Other interests and other expenses are detailed below:

Other income		For the period ended on June 30, 2015	2014
ICE Group:			
Foreign exchange differences (3)	¢	21,991	16,174
Interests and other financial income (2)		18,848	14,075
Construction services (1)		14,167	212,171
Investments income in other enterprises		326	628
Other products (4)		9,192	10,776
Total ICE Group	¢	**64,524**	**253,824**

Other expenses		For the period ended on June 30, 2015	2014
ICE Group:			
Interests and other financial expenses(5)	¢	55,082	41,582
(1)		14,550	209,780
Foreign exchange differences (3)		3,815	154,730
Other expenses		3,598	1,621
Total ICE Group	¢	**77,045**	**407,713**

A description of the main transactions is as follows:

(1) As a result of foreign-currency transactions of the valuation of assets and liabilities denominated in foreign currency, during the period ended June 30, 2015, there was a recognition of income and expenses from foreign exchange fluctuations amounting to ¢21.991 and ¢3.815, respectively (¢16.174 and ¢154.730 in 2014). The valuation of the assets and liabilities denominated in foreign currency used an exchange rate of ¢536.39 (¢543.76 in 2014).

(2) Interest includes income on external sector securities.

(3) 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.”

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(4) During the period ended June 30, 2015, ICE Group recognized profits derived from the following items:

- Collection of indemnities amounting to ¢536
- Collection of administrative sanctions amounting to ¢1.773
- Lease and Maintenance of Generation Plants amounting to ¢659
- Steam supplies amounting to ¢136

(5) During the period ended June 30, 2015, ICE Group recognized financial expenses mainly from interest on obligations and bank loans and fees to manage derivative financial instruments amounting to ¢55.082 (¢41.582 in 2014).

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Note 36. <u>Tax Regulations</u>

(a) <u>Tax Obligations</u>

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.

(b) <u>Income Tax</u>

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 40).

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

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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.

(c) <u>General Sales Tax</u>

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.

(d) <u>Special parafiscal contribution for telecommunications carriers and providers to the National Telecommunications Fund (FONATEL) (General Telecommunications Law Number 8642)</u>

Article 39 of the General Telecommunications Law Nº 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

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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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 withholdee, and ICE is jointly and severally liable. As withholding agent, ICE Group is responsible for withholding

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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 nonresidents for services such as transportation, communications, technical and financial advisory, personal services and other services, according to type and rates defined in articles No. 55 and 59 of the Income Tax Law.

Note 37. 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 and the customers will be responsible for the collection risk. 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 the Corporate Financial Division 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.

According to the Organizational Autonomous Regulations, the coordination of the Institutional Risk Committee will be under the responsibility of the CEO since the General Management will disappear.

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*

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financial instruments and in accordance with the Financial Risk Coverage Strategy." This policy is currently under review for approval and implementation by the Subsidiaries.

Risk management policies and systems are revised annually to ensure that they reflect changes in market conditions and ICE Group's activities, this activity is performed by the Corporate Finance Division.

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

The use of financial derivatives is governed by ICE Group's policies and complies with the IFRSs, which provide written principles about the foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

Each year, Corporate Finance Division develops a financial risk map for ICE together with other ICE departments and management of the subsidiaries and follows-up on action plans and control, some indicators are indicators of the financial risk management.

In addition, the Corporate Finance Division 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 submits quarterly management reports to the top Management.

(a) 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.

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Accordingly, RACSA applies customer quality controls through credit protectors and filters the portfolio of customers in arrears, developing customer profiles.

(i) *Accounts Receivable*

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

- Issuance of invoice and collection process through messengers in the telecommunications sector, with reminders of outstanding payments.

- Immediate suspension of electric and telephone services, after expiration date shown on the invoice, where the average collection period in the Telecommunications Sector is 29 days and 31 days for the Electricity Sector. The terms are established per sector and are included in the Collection Management Policy).

- Online collection process, through contracts with external collectors and banks, or internal collection through ICE cashiers.

- In the event that the balance outstanding is not recovered, the administrative collection process begins 35 days after the services have been suspended. Administrative collection involves locating the customer and informing about the delinquency as well as notifying the credit protector thereof so that the situation is included in the customer's credit history. For such purposes, ICE uses companies dedicated to collection or coordinating payment arrangements with customers to mitigate arrears.

- As a last resort, any residual past due accounts are processed by ICE's Legal Division and collection is pursued by legal action.

Note 3 of the Significant Accounting Policies explains in detail the accounting policy to record the estimate and the procedure for its administrative and legal collection management.

(i) *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.

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Through an agreement by the Board of Directors during Meeting 6063 in October 2013, the guideline to manage the colón/dollar hedge through financial derivatives was approved regarding the existing liabilities up to a ceiling of US$970 million, with first-order banking institutions with which notarized legal documentation has been filed.

The investment guidelines are approved by the Board and the Manual of Investment Policies by Corporate Management and Finance Divisions. 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.

(In millions of colones)

(ii) *Impairment Losses*

Ageing of trade account receivables is as follows:

		As of June 30, 2015	As of December 31, 2014
		Saldo	**Saldo**
Current	¢	95,267	97,248
Administrative and legal collection		49,335	42,344
Total ICE Group	¢	**144,602**	**139,592**

Movement in the allowance for accounts receivable is as follows:

		As of June 30, 2015	As of December 31, 2013
Opening balance	¢	30,667	32,917
Allowance booked during the period		(2,662)	(9,712)
Allowance used during the period		4,431	5,890
Adjustments		281	1,572
Closing balance	¢	**32,717**	**30,667**

(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.

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The Corporate Finance Division 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 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.

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(c) 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.

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: 3 to cover interest rate risk (interest rate swaps), 1 to cover Japanese yen exchange rate to the US dollar, called Cross Currency Swap, and 5 Non Delivery Currency Swap to cover part of the colon/dollar exposure.

(Continues)

(In millions of colones)

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	PPE016 Dollar/colón three year	PR013 Dollar/colón seven year	PPF014 Dollar/colón three year
Hedged debt:	BID-1931 B/OC-CR	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project - Extension of capacity of submarine cables	JIBC-CR-P3	Bonds 2043	BID-1908	BID-1908	Bonds 2043
Principal amount	$90	$90	$114	$2	¥5,364	$50	$40	$40	$20
Hedged amount	$90	$90	$114	$2	$62	¢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 expriration 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 ra	3.00%	5.75%	-	4.95%	5.11%	13.89%	9.08%	2.95 pb	-
Fixed rate	-	-	3.23%	0.95%	-	-	-	Base Rate	8.11%
Total Fixed rate	4.37%	5.75%	3.23%	5.90%	5.11%	13.89%	9.08%	Base Rate +2,95 pb	8.11%
Strategy	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge
Hedged risk	Interest rate	Exchange rate Dollar/colón	Interest rate	Interest rate	Exchange rate Yen/dollar	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón
Hedge Type	Cash flow hedge	Fair value hedge accounting	Cash flow hedge	Cash flow hedge	Fair value hedge accounting	Fair value hedge accounting	Fair value hedge accounting	Fair Value Hedge Accounting	Fair Value Hedge Accounting
Hired instrument	Interest rate swap	Non deliverable currency 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

(Continues)

(In millions of colones)

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 staring swap	¢	4,594	1,856	2,739
Plain vanilla swap		(675)	(179)	(496)
Swap		2	2	-
Total	¢	3,922	1,679	2,243

Millions of colones		Expected cash flows from liabilities	less than 12 months	over 12 months
BID-1931A/OC-CR	¢	61,813	7,727	54,086
BID-1931B/OC-CR		48,800	16,267	32,533
Banistmo S.A.		1,084	1,084	-
Total	¢	111,697	25,078	86,619

(Continues)

(In millions of colones)

Capital Management

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

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

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

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

During the second quarter of 2015, there has been no change in the way ICE Group's capital is managed. ICE Group is not subject to external capital requirements.

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

Index Debt - Capital		**Up to June 30, 2015**	**Up to December 31, 2014**
Group ICE			
Total liabilities	¢	2,484,590	2,496,412
(-) Cash and equivalent to cash		(133,456)	(133,143)
Debt, net		2,351,134	2,363,269
Total patrimony		3,009,598	3,006,160
Minus:			
Amount accumulated in patrimony in relation to coverage of cash flow		(4,720)	(6,556)
Capital adjusted		3,014,318	3,012,716
Index debt Group ICE		**0.781**	**0.785**

(Continues)

(In millions of colones)

<u>Exposure to Credit Risk</u>

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

Value in books of financial assets		Up to June 30, 2015	Up to December 31, 2014
Group ICE			
Cash and vaults and banks	¢	133,456	133,143
Transitory investments		79,407	64,333
Long term investments		67,439	53,778
Funds of restricted use		1,384	8,035
Documents and account payable		185,265	209,134
Total Group ICE	**¢**	**466,951**	**468,423**

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

By geographical region		Up to June 30, 2015	Up to December 31, 2014
National	¢	183,071	203,776
External		2,194	5,358
Total by geographical region	**¢**	**185,265**	**209,134**

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

By type of client		Up to June 30, 2015	Up to December 31, 2013
Private people	¢	69,024	100,306
Clients high, medium and low tension		20,937	21,693
Telephonic administrators		2,663	2,316
Distributing companies s		11,711	9,774
Others Government		15,178	13,153
Operators and suppliers of services		2,194	5,254
Public lighting system		1,096	919
Others		62,462	55,719
Total by type of client	**¢**	**185,265**	**209,134**

(Continues)

(In millions of colones)

The risk ratings for ICE Group reported as of June 30, 2015 are shown as follows:

Transmitter	ISIN	Instrument	Risk Rating
ICE			
BAC Bank San José, S.A.	00BSJ00C36W0	Certificate of deposit (global notes)	F1+ (cri)
BAC Bank San José, S.A.	00BSJ00C61X6	Certificate of deposit (global notes)	F1+ (cri)
BAC Bank San José, S.A.	00BSJ00C62X4	Certificate of deposit (global notes)	F1+ (cri)
BAC Bank San José, S.A.	00BSJ00E0073	Certificate of deposit (global notes)	F1+ (cri)
BAC Bank San José, S.A.	00BSJ00E0255	Certificate of deposit (global notes)	F1+ (cri)
BAC Bank San José, S.A.	00BSJ00E0594	Certificate of deposit (global notes)	F1+ (cri)
BAC Bank San José, S.A.	0NR0ICE00559	Certificate of deposit (physical window)	F1+ (cri)
BAC Bank San José, S.A.	CRBSJ00B1640	Bond BSJ	AAA (cri)
BANSOL Bank Solutions	00BASOLC05X8	Certificate of deposit (Window electronic)	SCR2
BANSOL Bank Solutions	00BASOLC40W7	Certificate of deposit (Window electronic)	SCR2
BANSOL Bank Solutions	00BASOLC61X1	Certificate of deposit (global notes)	SCR2
BANSOL Bank Solutions	00BASOLC71X0	Certificate of deposit (global notes)	SCR2
BANSOL Bank Solutions	00BASOLC72X8	Certificate of deposit (global notes)	SCR2
Bank BCT	00BCT00C57J6	Certificate of deposit (global notes)	SCR2+
Bank BCT	CRBCT00B0143	Bond BCT	SCR AAA
Bank Cathay	00CATAYC5848	Certificate of deposit (global notes)	SCR2-
Bank Cathay	00CATAYC5970	Certificate of deposit (global notes)	SCR2-
Bank Cathay	00CATAYC6218	Certificate of deposit (global notes)	SCR2
Bank Cathay	00CATAYC6226	Certificate of deposit (global notes)	SCR2
Bank Cathay	00CATAYC6275	Certificate of deposit (global notes)	SCR2-
Central Bank of Costa Rica	CRBCCR0B3553	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B3553	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B4080	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B4080	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B4221	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B4221	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B4254	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B4361	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B4387	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B4395	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B4403	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B4403	Repurchase	BB
Central Bank of Costa Rica	CRBCCR0B4726	Monetary Stabilization Fixed Rate Bond	BB
Central Bank of Costa Rica	CRBCCR0B4726	Repurchase	BB
CITIBANK (CMB COSTA RICA)	00CITIBC42D5	Certificate of deposit (global notes)	F1+ (cri)
CITIBANK (CMB COSTA RICA)	00CITIBE0301	Certificate of deposit (global notes)	F1+ (cri)
CITIBANK (CMB COSTA RICA)	00CITIBE0319	Certificate of deposit (global notes)	F1+ (cri)
CITIBANK (CMB COSTA RICA)	00CITIBE0608	Certificate of deposit (global notes)	F1+ (cri)
CITIBANK (CMB COSTA RICA)	00CITIBE0640	Certificate of deposit (global notes)	F1+ (cri)
CITIBANK (CMB COSTA RICA)	00CITIBE0731	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	00BCAC0C29L7	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	00BCAC0C30L5	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	00BCAC0C34K9	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	00BCAC0C48K9	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	00BCAC0C52L9	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	00BCAC0C83K6	Certificate of deposit (global notes)	F1+ (cri)
Credit Bank Farming of Cartago	CRBCAC0B1181	Bond BCAC	AA+(cri)
Credit Bank Farming of Cartago	CRBCAC0B1256	Bond BCAC	AA+(cri)
Credit Bank Farming of Cartago	CRBCAC0B1314	Bond BCAC	AA+(cri)
Bank Davivienda (Costa Rica) S.A.	00BDAVIC0991	Certificate of deposit (global notes)	F1+ (cri)

(Continues)

(In millions of colones)

Transmitter	ISIN	Instrument	Risk Rating
Bank of Costa Rica	0NR0ICE00565	Certificate of deposit (Window electronic NB)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00566	Certificate of deposit (Window electronic NB)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00567	Certificate of deposit (Window electronic NB)	F1+ (cri)
Bank of Costa Rica	0NR0ICE00568	Certificate of deposit (Window electronic NB)	F1+ (cri)
Bank of Costa Rica	CRBCR00C3452	Commercial paper	F1+ (cri)
Housing Mortgage Bank -BANHVI-	0NR0ICE00474	Certificate of deposit (physical window)	SCR AA+
Housing Mortgage Bank -BANHVI-	CRBANVIC0044	Commercial paper	SCR AA+
Bank Improsa	00BIMPRC7929	Certificate of deposit (global notes)	SCR2
Bank Improsa	00BIMPRE0088	Certificate of deposit (global notes)	SCR2
International Bank of C.R. -Miami-	0NR0ICE00046	Overnight	AA+(cri)
International Bank of C.R. -Miami-	0NR0ICE00051	Overnight	AA+(cri)
International Bank of C.R. -Miami-	0NR0ICE00052	Overnight CLIPP	AA+(cri)
International Bank of C.R. -Miami-	0NR0ICE00280	Overnight Ampliación Cachi	AA+(cri)
International Bank of C.R. -Miami-	0NR0ICE00358	Overnight BID 2747	AA+(cri)
International Bank of C.R. -Miami-	0NR0ICE00375	Overnight BCIE 2109 PH Reventazón	AA+(cri)
Bank Lafise	00BLAFIC07J2	Certificate of deposit (global notes)	SCR2
Bank Lafise	00BLAFIC22J1	Certificate of deposit (global notes)	SCR2
Bank Lafise	00BLAFIC29J6	Certificate of deposit (global notes)	SCR2
Bank Lafise	00BLAFIE0346	Certificate of deposit (global notes)	SCR2
National Bank of Costa Rica	0NR0ICE00569	Short Term Investment (Window Electronic)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00570	Short Term Investment (Window Electronic)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00571	Short Term Investment (Window Electronic)	F1+ (cri)
National Bank of Costa Rica	0NR0ICE00572	Short Term Investment (Window Electronic)	F1+ (cri)
National Bank of Costa Rica	CRBNCR0B1695	Bond BNCR	AA+(cri)
Popular Bank and Community Developmet	00BPDC0CAA53	Repurchase	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAA61	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAB52	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAD35	Repurchase	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAD68	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAJ13	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAL50	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAO81	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CAU26	Repurchase	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CV199	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CV934	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CW114	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CW932	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CY300	Repurchase	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CZ604	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CZ745	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CZ893	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	00BPDC0CZ950	Certificate of deposit (global notes)	F1+ (cri)
Popular Bank and Community Developmet	CRBPDC0B6947	Bond BPDC	F1+ (cri)
Popular Bank and Community Developmet	CRBPDC0B7069	Repurchase	F1+ (cri)
Popular Bank and Community Developmet	CRBPDC0B7077	Repurchase	F1+ (cri)
Popular Bank and Community Developmet	CRBPDC0B7176	Repurchase	F1+ (cri)
Bank Promérica	CRBPROMB1284	Bond Promérica	SCR AA +
Scotiabank of Costa Rica, S.A.	0NR0ICE00560	Certificate of deposit (physical window)	AAA (cri)
Scotiabank of Costa Rica, S.A.	0NR0ICE00561	Certificate of deposit (physical window)	AAA (cri)
Scotiabank of Costa Rica, S.A.	CRSCOTIB1235	Bond Scotiabank	AAA (cri)
National Power and Light Company -CNFL-	CRCFLUZB0207	Bond CNFL	AAA (cri)
Financial Desyfin	00FDESYC11T3	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYC36R4	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYC45T1	Certificate of deposit (global notes)	SCR2

(Continues)

(In millions of colones)

Transmitter	ISIN	Instrument	Risk Rating
Financial Desyfin	00FDESYC47T7	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYC53S7	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYC72R9	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYC86T5	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYE0079	Certificate of deposit (global notes)	SCR2
Financial Desyfin	00FDESYE0145	Certificate of deposit (global notes)	SCR2
Financial Desyfin	CRFDESYB0218	Bond FDESY	SCRAA
Florida ICE & Farm Company S.A.	CRFIFCOB0972	Bond FIFCO	SCR AAA
Florida ICE & Farm Company S.A.	CRFIFCOB0998	Bond FIFCO	SCR AAA
Government	0NR0ICE00522	Property title zero coupon (Window)	BB
Government	0NR0ICE00525	Property title zero coupon (Window)	BB
Government	CRBCCR0C4519	Coupon 0 monetary stabilization bond	BB
Government	CRG0000B14H6	Property title	BB
Government	CRG0000B19H5	Repurchase	BB
Government	CRG0000B26H0	Repurchase	BB
Government	CRG0000B27H8	Property title	BB
Government	CRG0000B27H8	Property title	BB
Government	CRG0000B29H4	Repurchase	BB
Government	CRG0000B29H4	Property title	BB
Government	CRG0000B41G1	Repurchase	BB
Government	CRG0000B42H7	Repurchase	BB
Government	CRG0000B42H7	Property title	BB
Government	CRG0000B55G1	Repurchase	BB
Government	CRG0000B55G1	Property title	BB
Government	CRG0000B55G1	Property title	BB
Government	CRG0000B59G3	Repurchase	BB
Government	CRG0000B59G3	Property title	BB
Government	CRG0000B60G1	Repurchase	BB
Government	CRG0000B60G1	Property title	BB
Government	CRG0000B63G5	Property title	BB
Government	CRG0000B63G5	Property title	BB
Government	CRG0000B72G6	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	CRG0000B93G2	Repurchase	BB
Government	CRG0000B96G5	Repurchase	BB
Government	CRG0000B96G5	Property title	BB
Government	CRG0000B97G3	Property title	BB
Government	USP3699PAA59	Costa Rica foreign debit bond	BB
Group Mutual Alajuela-The Housing Savings and Loan	00MADAPCK138	Mortgage Participation Certificate	SCR2
Group Mutual Alajuela-The Housing Savings and Loan	00MADAPCK385	Mortgage Participation Certificate	SCR2
Group Mutual Alajuela-The Housing Savings and Loan	00MADAPCL813	Mortgage Participation Certificate	SCR2
Group Mutual Alajuela-The Housing Savings and Loan	00MADAPCM084	Mortgage Participation Certificate	SCR2
Group Mutual Alajuela-The Housing Savings and Loan	00MADAPCM456	Mortgage Participation Certificate	SCR2
Group Mutual Alajuela-The Housing Savings and Loan	00MADAPCM910	Mortgage Participation Certificate	SCR2
Group Mutual Alajuela-The Housing Savings and Loan	CRMADAPB2277	Bond MADAP	SCR AA +
Group Mutual Alajuela-The Housing Savings and Loan	CRMADAPB2368	Bond MADAP	SCR AA +
The Nation S.A.	CRNACIOB0142	Bond The Nation S.A.	SCR AAA
The Nation S.A.	CRNACIOB0175	Bond The Nation S.A.	SCR AAA
Ministry of Finance	CRG0000B26H0	Repurchase	BB
Ministry of Finance	CRG0000B29H4	Repurchase	BB
Cartago Mutual Savings and Loan	00MUCAPC5792	Mortgage Participation Certificate	SCR2

(Continues)

(In millions of colones)

Issuer	ISIN	Instrument	Risk Rating
Mutual Cartago de Ahorro y Préstamo	00MUCAPC6014	Mortgage Participation Certificate	SCR2
Mutual Cartago de Ahorro y Préstamo	00MUCAPC6063	Mortgage Participation Certificate	SCR2
Mutual Cartago de Ahorro y Préstamo	00MUCAPC6253	Mortgage Participation Certificate	SCR2
Mutual Cartago de Ahorro y Préstamo	00MUCAPC6261	Mortgage Participation Certificate	SCR2
Mutual Cartago de Ahorro y Préstamo	00MUCAPC6287	Mortgage Participation Certificate	SCR2
Mutual Cartago de Ahorro y Préstamo	00MUCAPE0627	Mortgage Participation Certificate	SCR2
Mutual Cartago de Ahorro y Préstamo	CRMUCAPB1417	Repo	SCR2
Refinadora Costarricense de Petroleo	CRRECOPB0012	Recope Standardized Bond	AAA (cri)
Refinadora Costarricense de Petroleo	CRRECOPB0020	Recope Standardized Bond	AAA (cri)
SAFI BAC San José	SAJCPcFI	F.I. BAC San José net C non diversified	SCR AA+F2
SAFI Banco de Costa Rica	BCRLIcFI	F.I. BCR short run colones non diversified	SCR AA+F2
SAFI Banco de Costa Rica	BCRLIcFI	F.I. BCR short run colones non diversified	SCR AAF2
SAFI Banco de Costa Rica	BCRMX¢FI	F.I. BCR mixed colones non diversified	SCR AAF2
SAFI Banco de Costa Rica	FI-000000022	F.I. BCR liquidity dollars non diversified	SCR AA+F2
SAFI Banco de Costa Rica	FI-000000022	F.I. BCR liquidity dollars non diversified	SCR AA+F2
SAFI Banco de Costa Rica	FI-000000066	F.I. BCR mixed dollars non diversified	SCR AAF2
SAFI Banco Nacional de Costa Rica	BNASUPER$FI	F.I. BN super fund dollars non diversified	F1+ (cri)
SAFI Banco Nacional de Costa Rica	BNASUPERcFI	F.I. BN super fund colones non diversified	SCR AAF2
SAFI Banco Nacional de Costa Rica	BNASUPERcFI	F.I. BN super fund colones non diversified	SCR AAF2
SAFI Banco Nacional de Costa Rica	FI-000000001	F.I. BN money fund colones non diversified	SCR AA+F2
SAFI Banco Nacional de Costa Rica	FI-000000002	F.I. BN money fund dollars non diversified	F1+ (cri)
SAFI Banco Popular	FI-000000006	F.I. Popular money market colones (non diversified)	SCR AAF2
SAFI Banco Popular	FI-000000006	F.I. Popular money market colones (non diversified)	SCR AAF2
SAFI Instituto Nacional de Seguros	BACLACcFI	F.I. non diversified INS - liquidity c	SCR AAF 2
SAFI Instituto Nacional de Seguros	BACLAD$FI	F.I. non diversified INS - liquidity d	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDILASC¢FI	F.I. non diversified INS - liquidity public c	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDILASD$FI	F.I. non diversified INS - liquidity public d	SCR AAF 2
SAFI SCOTIABANK	ITFCPPU$FI	F.I. non diversified public d Scotia	SCR AAF 3
SAFI SCOTIABANK	ITFCPPU$FI	F.I. non diversified public d Scotia	SCR AAF3
SAFI SCOTIABANK	ITFCPPUcFI	F.I. non diversified public Scotia	SCR AAF2
CRICSA			
SAFI Banco Nacional de Costa Rica		Fondo BN money fund colones non diversified	scrAA+f2

(Continues)

(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-AA y AA(cri)	Scr-1 y F1(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)

(In millions of colones)

<u>Exposure to Liquidity Risk</u>

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

Liabilities		**Value on Books**	**Expected Cash Flow**	**12 months or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Long Term Liabilities							
Title deeds payable	¢	**1,092,654**	1,092,654	811	10,791	494,059	586,993
Documents payable		**727,078**	727,078	-	109,060	291,416	326,602
Accounts payable		**5,464**	5,464	-	3,425	1,481	558
Total Long Term Liabilities		**1,825,196**	**1,825,196**	**811**	**123,275**	**786,955**	**914,153**
Circulating							
Title deeds payable		**104,832**	104,832	104,832	-	-	-
Documents payable		**26,820**	26,820	26,820	-	-	-
Accounts payable		**95,784**	95,784	95,784	-	-	-
Total Short Term Liabilities		**227,436**	**227,436**	**227,436**	**-**	**-**	**-**
Total Group ICE	**¢**	**2,052,632**	**2,052,632**	**228,247**	**123,275**	**786,955**	**914,153**

(Continues)

(In millions of colones)

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

Millions Dollar		**Book Value**	**Expected Cash Flows**	**6 months or less**	**6-12 months**	**1-2 year**	**2-5 years**	**More than 5 years**
Cross Currency Swap								
Liabilities	¢	(9,152)	10,397	863	830	1,547	3,730	3,426
Swap								
Liabilities		(5)	5	3	2	1	-	-
Forward Staring Swap								
Liabilities		(4,851)	4,044	890	713	942	1,170	329
Plain Vanilla Swap								
Liabilities		(3,015)	(862)	(115)	(164)	(364)	(219)	-
Plain Vanilla Swap								
Liabilities		(790)	(3,774)	(1,072)	(903)	(1,260)	(539)	-
Non Delivery Currency Swap 3 year								
Liabilities		491	3,384	865	855	1,664	-	-
Non Delivery Currency Swap 7 years								
Liabilities		(4)	5,988	1,022	1,024	2,017	1,925	-
Non Delivery Currency Swap 3 years								
Liabilities		558	4,190	1,029	1,061	2,100	-	-
Non Delivery Currency Swap 3 years								
Liabilities		304	1,187	420	396	371	-	-

(Continues)

The lines of credit with financial institutions used for working capital, acquired during the period ended as of June 30, 2015:

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)**
Scotiabank	Opening letters of credit and refinancing, working capital, issuance of performance bonds	US$	Fixed rate 1.26%	75	23/12/2014*	12/01/2015	12/01/2015		4
		US$	Fixed rate 1.47%		23/12/2014*	21/05/2015	21/05/2015		15
Global bank	Working capital	US$	Fixed rate 1.25%	20	23/12/2014*	12/01/2015	12/01/2015		20

(Continues)

Lines of credit as of December 31, 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%	80	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%	75	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	-	07/10/2014	31
		US$	Fixed rate 1.38%		07/08/2014	06/10/2014	-	06/10/2014	18
		US$	Fixed rate 1.335%		07/10/2014	22/12/2014	22/12/2014	-	31
		US$	Fixed rate 1.335%		06/10/2014	22/12/2014	22/12/2014	-	18
		US$	Fixed rate 1.26%		23/12/2014	12/01/2015	-	-	4
		US$	Fixed rate 1.47%		23/12/2014	21/05/2015	-	-	15
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
		US$	Fixed rate 1.49410%		08/08/2014	07/10/2014	07/10/2014	-	20

(Continues)

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)**
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
		US$	Fixed rate 1.25%		23/12/2014	12/01/2015	-	-	20
Mercantil Commerce Bank	Working capital, openness and credit card financing	US$	Fixed rate 1.10%	50	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	-	41956	15
		US$	Fixed rate 1.35%		08/08/2014	07/10/2014	07/10/2014	-	5
		US$	Fixed rate 1.35%		11/08/2014	10/10/2014	10/10/2014	-	4
		US$	Fixed rate 1.34%		14/10/2014	29/12/2014	42002	-	6
		US$	Fixed rate 1.30%		10/11/2014	29/12/2014	42002	-	5
		US$	Fixed rate 1.30%		13/11/2014	29/12/2014	42002	-	15

(Continues)

(In millions of colones)

Market Risk

Exposure to Currency Risk

As of June 30, 2015, ICE Group's exposure to foreign currency risk is the following:

Assets	US$		Yenes		EUROS	
	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014
ICE						
Material in transit for investment	58	39	0	1	11	29
Long Term Investments	2	2	-	-	-	-
Receivables	6	6	19	38	-	1
Banks and temporary investments	83	155	-	-	-	-
Restricted funds	1	2	-	-	-	-
Accounts receivable for services	12	12	-	-	-	-
Accounts receivable no trade	7	6	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	9	29	0	-	0	-
Valuation of derivative financial instruments	7	10	-	-	-	-
Total foreign currency ICE´s assets	**186**	**262**	**19**	**39**	**11**	**30**
Total foreign currency ICE Group´s assets	**186**	**262**	**19**	**39**	**11**	**30**
Liabilities						
ICE						
Securities payable	1,608	1,608	-	-	-	-
Notes payable long term and short term	1,256	1,313	12,073	11,336	-	-
Obligations against loans	-	-	-	-	-	-
Deposits received as collateral	3	2	-	-	-	-
Accounts payable	119	86	19	38	-	35
Financial accrued expenses	36	35	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits by individuals	1	1	-	-	-	-
provisions	-	-	-	-	-	-
Valuation of derivative financial instruments	36	47	-	-	-	-
Total foreign currency ICE´ liabilities	**3,059**	**3,092**	**12,092**	**11,374**	**-**	**35**
Excess of liabilities over assets	**2,873**	**2,830**	**12,073**	**11,335**	**(11)**	**5**

(Continues)

(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 June 30, 2015, was ¢536,39 (¢542,22 as of December 31, 2014).

The main exchange rates used are as follows:

	Exchange rate to U.S. $	
Name of currency	**At 30 junio 2015**	**At 31 december 2014**
Corona Sueca	8.24	7.81
Libra Esterlina	1.58	1.56
Franco Suizo	0.93	0.99
Euro	1.12	1.21
Colones	536.39	542.22
Yen Japonés	122.30	119.78

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

(Continues)

(In millions of colones)

Sensitivity Analysis

The table below shows the sensitivity as of June 30, 2015 to an increase or decrease in the foreign exchange rate of the US dollar/colon. ICE Group applies a sensitivity index of 10%, which represents its best estimate of foreign exchange rate variations of the US dollar/colon.

dollars		
Sensitivity to an increase in the exchange rate:		
Net dollar position (expressed in colones) at the exchange rates prevailing	¢	1,541,048,470,000.00
Net dollar position	US$	2,873,000,000.00
10% increase in the exchange rate	¢	1,695,153,317,000.00
Loss	¢	(154,104,847,000.00)
Sensitivity to a disminuicón in the exchange rate:		
Net dollar position (expressed in colones) at the exchange rates prevailing	¢	1,541,048,470,000.00
Net dollar position	US$	2,873,000,000.00
10% decrease in the exchange rate	¢	1,386,943,623,000.00
Gain	¢	154,104,847,000.00

This analysis assumes that all other variables, particularly interest rates and other currencies, remains constant.

(Continues)

(In millions of colones)

Exposure to Interest Rate Risk

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

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

	Note
Securities payable	19
Temporary Investments	8
Notes payable	20
Long Term Investments	6
Effects receivable	10

Sensitivity Analysis

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

During the year ended June 30, 2015, it is estimated that an overall increase or decrease of one percentage point in interest rates would have caused the following changes in financial assets and liabilities:

		Effect on income income-expenditure	
		At Junio 30, 2015	
		Strengthening of 1%	Weakening of 1%
ICE			
Temporary investments	¢	1,282	(1,282)
Long-term financial investments		674	(674)
Short-term financial investments		-	-
Long-term receivables		82	(82)
Short-term receivables		27	(27)
Titles payable long-term value		10,781	(10,781)
Securities payable short term		519	(519)
Notes payable Long-term		5,943	(5,943)
Notes payable short term		958	(958)
Net effect group ICE	¢	**20,265**	**(20,265)**

(Continues)

Note 38. 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. These segments provide different products and services, and are separately managed, as they require different technologies and marketing strategies. The following summary describes the operations of each segment to be reported:

Segment to be reported	Operations
Electricity	Generation services, transmission and distribution of electric energy nationally, and to a lesser extent, in Central America.
Telecommunications	Basic telephony services, fixed telephony, mobile services, prepaid, post-paid, mobile Internet, messaging and international services, commuted, dedicated and advanced network Internet, as well as various business services.

(Continues)

(In millions of colones)

The information for these segments is detailed below:

Assets and liabilities by segment		Electricity 2015	Electricity 2014	Telecom 2015	Telecom 2014	Eliminations 2015	Eliminations 2014	Consolidated total 2015	Consolidated total 2014
		As of Jun 30, 2015 and December 31, 2014							
Assets	¢	4,225,724	4,233,957	1,509,372	1,505,812	(240,909)	(237,197)	5,494,188	5,502,572
Liabilities		2,212,183	2,224,459	467,801	463,551	(195,394)	(191,598)	2,484,590	2,496,412

Profit and loss by segment		Electricity 2015	Electricity 2014	Telecom 2015	Telecom 2014	Eliminations 2015	Eliminations 2014	Consolidated total 2015	Consolidated total 2014
		For the periods ended Jun 30, 2015 and 2014							
Profit by segment	¢	502,620	510,004	287,295	284,156	(122,687)	(124,300)	667,228	669,860
Depreciation of operating assets		77,396	64,997	67,229	68,801	(27)	(91)	144,598	133,707
Other income		34,168	230,041	10,958	10,261	(2,593)	(2,651)	42,533	237,650
Other foreign exchange income		19,199	12,054	2,874	4,120	(81)	-	21,991	16,174
Finance expenses		48,832	36,101	7,575	6,855	(1,325)	(1,373)	55,082	41,582
Other expenses		18,282	212,029	627	483	(761)	(1,111)	18,148	211,401
Other foreign exchange expenses		3,119	133,314	695	21,428	(0)	(12)	3,815	154,730
Consolidated profit (deficit), net		1,584	(119,436)	(2,206)	(13,954)	(560)	(158)	(1,183)	(133,548)

(Continues)

As of June 30, 2015, the main entries that affect the statement of position of the electricity and telecommunication businesses of ICE Group:

- 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 ¢14.790
  - Accumulated depreciation of operating assets– cost ¢3.065
  - Notes receivable, long term ¢27.189
  - Prepaid expenses ¢7.337
  - Income received in advance, long term ¢43.627
  - Income received in advance, short term ¢2.574
  - Development reserve ¢68
  - Net surplus ¢18

- ICE´s long term investment and the capital contributed in the subsidiaries for ¢35.245.

- 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 fo¢13.817.

- Agreement between ICE and CNFL for energy purchase ¢19.072.

- Accounts receivable and payable for the sale of energy by ICE to CNFL for ¢32.180.

- Profit from Balsa Inferior Project bills, ¢7.792.

- Sale of energy of ICE to CNFL for ¢113.683.

(Continues)

(In millions of colones)

Note 39. Contingent Assets and Liabilities

Current judicial proceedings involving ICE Group as of June 30, 2015 are as follows:

Proceeding	Nature and Current Status		Estimated Amount of Lawsuit	As of June 30, 2015	As of December 31, 2014
				Provision for Lawsuits	
Contingent Assets - Lawsuits filed by ICE Group:					
Legal Collection	The Legal Collection area processed the executive proceedings to recover the outstanding debts for the payment of electricity and telephone services .		4,582	-	-
Arbitration	ICE awarded Verizon the preparation of the Telephone Directories through a bid. Due to a contractual breach by Verizon, ICE filed a contractual resolution proceeding with an administrative contentious court in 2005 to collect a compensation for damages. As part of this proceeding, ICE requested, as precautionary measures, an attachment of the funds deposited by ICE. However, the Judge ruled that the contentious jurisdiction was incompetent to hear the proceeding because the Agreement entered by ICE and VERIZON contained an arbitration clause. In 2011, ICE filed a prima facie precautionary measure to keep the attachment of the amounts deposited by ICE in 2005, such a precautionary measure is still in force and an ARBITRATION was filed with an arbitration court, and it is taken to the AMCHAM. Current status of the proceeding: "Through resolution by the First Chamber of the Supreme Court of Justice at fourteen hours and twenty-five minuts on January twenty-ninth of two thousand fifteen, an appeal for revocation was filed by the defendant against the resolution by such a Chamber regarding the competence of the Arbitration Tribunal."		9,717	-	-
Ordinary Contentious	Ordinary contentious proceedings in which the plaintiff is asking for an annulment of administrative acts for the collection of penalties, and ICE executed in due course the ruling of the Contentious Court number 173-2013-I which modifies the first instance and dismisses the lawsuit in every respect, and both costs are to be paid by the plaintiff, but it is not final yet. On January 21, 2014, the plaintiff filed a reversal but it was challenged by ICE.		991	-	-
	Collection of damages resulting from the agreements and sentences issued by the United States against Alcatel-Lucent, The proceeding is hearing a Reversal Appeal filed by ICE after the Court accepted a previous transaction defense filed by Alcatel and according to which, the payments made by the Government covered the amounts claimed in this proceeding. A proceeding that replaces the proceeding previously filed by the United States claiming the payment of damages resulting from the sentences and agreements of Alcatel in the United States.		5,364	-	-
	A lawsuit is filed against the insurance company to recover the investments in the correction of damages caused by a landslide and which were not covered by the policy. The insurance company deposited in court 78% of the total claimed. This was settled in favor of ICE Group in a second instance.		1,134	-	-
Common Criminal	Collection of damages, particularly the amount corresponding to alleged surcharges paid by ICE to INS for the premium of the U5000 policies. The preliminary hearing was held from February 2 to April 16, 2015. The topics covered during the hearing are pending to be settled.		1,877	-	-
	Criminal case referred to as ICE-Alcatel. The Third Chamber of the Court, settling reversal appeals, annuled the judgment of the Court of Appeals and some reversal appeals that have not been heard before are to be settled and there should be a new hearing of civil matters.		8,046	-	-
	Total contingent assets - ICE Group	**¢**	**31,711**	**-**	**-**

(Continues)

(In millions of colones)

Proceeding	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2015	As of December 31, 2014
			Provision for Lawsuits	
Contingent liabilities - lawsuits filed against ICE Group:				
Expropiations	As of June 30, 2014, there were 605 legal proceedings for forced expropriation to own the real property required for the different works under development. Such proceedings correspond to administrative appraisals that were not administratively processed due to either legal inconveniences or the rejection of the appraisal, a total amount of US$2,824 and ¢ 5.328.	1,521	-	-
Administrative-Contentious and Finance Civil	Annulment of administrative act issued by ARESEP asking ICE to refund the amounts charged to Radio Mensajes S.A. for the content-service platform. A judgment of first instance dismissed the lawsuit of ICE and was sentenced to pay the costs. The proceeding is hearing the reversal appeal filed by ICE. The best estimate is based on the costs of the sentence plus costs.	2,000	1,000	667
Contentious - Sentence execution	Enforcement of arbitration award ruled in December 2012, file XXXVIII. For a negotiation process.	992		
Ordinary Contentious	Contentious proceedings due to: a request for the payment to ICE for the rental of machinery, penalties, and breach of contract, as well as environmental damages and a lack of indigeneous consultation. The cases are at an evidence stage and preliminary hearing.	3,272	-	-
	Proceeding caused by the assessment notices determined by the audit for January - December 2012, Electricity Sector, for inadmissible tax credits, which were notified on 02/20/2015 and accepted on 02/27/2015 by ICE. They were paid at the beginning of 2015.	2,936	-	2,936
	Lawsuit against Compañía Nacional de Fuerza y Luz S.A filed by the Minority Stockholders due to a gift of a plot to Fundación Consejo de la Tierra los Hermanos, S.A., as authorized by the Legislative Assembly. As of December 31, 2010, there is judgment or payment of costs.	1,386	-	-
	Compañía Nacional de Fuerza y Luz S.A filed a special proceeding of payment consignment due to a indemnification for a flood of a property around Lago Cote, for a hydroelectric project and the plaintiff does not agree with the amount set. (Rufea S.A.)	200	-	72
	The plaintiff is suing CNFL S.A., and CONAVI because supposedly the lighting works for Florencio del Castillo Highway were built breaching the standards related to said activity and consequently, her husband died in a car crash.(Vega Fonseca Wendy)	445	-	-
	Total contingent liabilities ICE Group	**12,752**	**1,000**	**3,675**

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Proceeding	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2015	As of December 31, 2014
			Provision for Lawsuits	
Contingent liabilities - lawsuits filed against ICE Group:				
	Rejection by Compañía Nacional de Fuerza y Luz S.A. due to a complaint for the execution of the agreement for the construction, design, commissioning, and operation of a Hydroelectric Plan. (Consorcio Hydrocote S.A.). Status of the proceeding: Compañia Nacional de Fuerza y Luz has to reimburse Hydrocote the amount of US$14.953. Hydrocote was sentenced to pay the costs in favor of Compañia Nacional de Fuerza y Luz.	1,528	16	16
	Counterclaim against Compañía Nacional de Fuerza y Luz as an answer to the collection from a third party for the penalties in the implementation of an Underground Electricity project for the city of San José and for delays in the review and approval of engineering works. There is not sentence or payment of costs.	4,801	-	-
	Counterclaim against CNFL as an answer to the collection from a third party for the collection of 15 claims during the underground electrification project of San José. There is not sentence or payment of costs.	5,090	-	-
	The plaintiff is requesting an extension of the execution term, to annul some proceedings of Compañía Nacional de Fuerza y Luz S.A, to annul the withholding of penalties and to refund such funds plus any legal interest. There is not sentence or payment of costs. (Ghella Spa Costa Rica).	359	-	-
	A lawsuit to annul the limitations set forth in Addendum 01 to the agreement for the design, construction, and equipment provision and commissioning of a hydroelectric project and its attachments for the recognition of price readjustments; therefore, Compañía Nacional de Fuerza y Luz S.A must pay such readjustments to the plaintiff. A Preliminary Hearing was held and the public trial is to be defined.	18,332	-	-
	The plaintiff filed precautionary measures against Compañía Nacional de Fuerza y Luz S.A; for executing the performance bond and collecting the penalties; moreover, it filed a formal complaint for the collection of consequential damage, lost profits, and lost opportunities. (Grupo Corporativo Saret). Compañia Nacional de Fuerza y Luz gave a negative answer to the lawsuit and the Preliminary Hearing was held in 2014; however, it did not end on such a date and the court will reschedule the trial.	13,878	-	-
	Lawsuit for non-contractual civil liability for damages.	275	-	-
	Lawsuit filed by Banco de San José for a change of voltage that damaged computers and lighting fixtures. Provision for sentence 2608-2012. (Bac San José).	-	10	10
	Payment settlement DAE.CJ-AP-415-2014, with the Ministry of Finance for the sales taxes on Internet services from 2008 to 2010.	9,042	9,042	9,042
	Total contingent liabilities ICE Group	**66,057**	**10,068**	**12,743**

(Continues)

Note 40. **Laws**

(a) 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:

(i) 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.

(ii) Join efforts to meet the needs of electric energy, through technical procedures that ensure the highest performance of the energy and its distribution systems.

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(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

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(b) 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).

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.

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:

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

(i) Charge rates or prices different from those set by ARESEP, or rates not previously set by ARESEP.
(ii) Poor maintenance of the infrastructure or equipment used to provide the public service, which might put people or property at risk.

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(iii) Fraudulent use of goods and services to avoid a regulated payment.
(iv) Unauthorized provision of a service.
(v) 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.
(vi) Failure to comply with the obligation to insure employees with the CCSS and with an occupational hazard regime.
(vii) Failure to comply with the binding conditions imposed in rate resolutions upon the public services provider.
(viii) 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.

(c) <u>General Telecommunications Law</u>

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

The objectives defined by this Law are:

- Guarantee the right of inhabitants to access telecommunications services, in the terms established in this Law.
- Ensure the application of the principles of universality and solidarity regarding the telecommunications services.
- Strengthen the mechanisms of the principles of universality and solidarity regarding the telecommunications services, guaranteeing access to inhabitants who require them.
- Protect the rights of the telecommunication service users, ensuring efficiency, equality, continuity, quality, larger and better coverage, more and better information, more and better alternatives in the provision of services, as well as guaranteeing the privacy and confidentiality in the communications, according to the Political Constitution of Costa Rica.
- Promote effective competition in the telecommunications market, as a mechanism for increasing availability of services, improving their quality and insuring accessible prices.

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- 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.

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- 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.

(d) Law for Strengthening and Modernizing Public Entities in the Telecommunications Sector

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

The main objectives of this Law are the following:

- Strengthen, modernize and provide the *Instituto Costarricense de Electricidad* (ICE), its companies and affiliated entities with the legislation that will allow adapting to all the changes in the legal framework regarding generation and rendering of services in the energy sector, as well as telecommunications, info-communication, information products and services, and other converging services.

- Supplement Law Decree Number 449 of April 8, 1949, Regulation for the Creation of *Instituto Costarricense de Electricidad*, and its amendments, to provide ICE with the legal, financial, and administrative conditions necessary to continue providing and marketing products and services within the energy and telecommunication sectors within the national territory and abroad.

- Create the Telecommunications Sector and its regulating entity, as well as developing the rights and functions and powers pertaining to the Sector Minister, who will create the National Telecommunications Development Plan, along with the President of the Republic.

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- Streamline and expand the mechanisms and procedures concerning public procurement for ICE and its companies.

- Guarantee and ensure the administrative and financial autonomy of ICE and its companies.

- Guarantee accountability and evaluation of results by ICE and its companies.

The Law authorizes ICE to enter into strategic alliances, sell services regarding consultancies, training and any other related product or service, to implement the usual commercial practices, create promotions, including the provision of terminal equipment (free of charge or not), discounts, sponsoring, service packages, among others.

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

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

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

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

Additionally, it may issue all types of securities, in domestic of 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.

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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.

(e) 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 Nº 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.

(f) 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

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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.

Note 41. **Subsequent Events:**

a) ALCATEL indemnified ICE for damages

On July 30, 2015, a deposit amounting to US$7,8 million was received, for a payment made by Alcatel-Lucent to ICE to make up the amount that was established through an out-of-court agreement that settled the issues related to the legal proceedings number 04- 006835-0647-PE; 08-000602-1027-CA and 12-002154-1027-CA, between ICE and Alcatel.

b) Exercise of purchase option of Peñas Blancas lease

On June 30, 2015, a purchase option was exercised pursuant to the lease agreement entered into by and between ICE and Banco Nacional de Costa Rica in the amount of US$19 million, which were paid in July 2015, for the acquisition of Peñas Blancas Hydroelectric Plant under a Trust.

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