

Instituto Costarricense de Electricidad and Subsidiaries

Consolidated Financial Statements
June 2013



ICE Group

ICE
RACSA
CNFL
CRICRSA



Dirección de Finanzas
Proceso Contable

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

Consolidated Balance Sheet

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

<u>Assets</u>	<u>2013</u> <u>(Without audit)</u>	<u>2012</u> <u>(Audit)</u>
Property, machinery and equipment:		
Operating assets - cost	¢ 2,863,591	2,773,555
Accumulated depreciation of operating assets - cost	(997,223)	(916,244)
Operating assets - revalued	2,655,193	2,662,496
Accumulated depreciation of operating assets - revalued	(1,577,951)	(1,544,963)
Other operating assets - cost	395,978	374,288
Accumulated depreciation of other operating assets - cost	(228,017)	(206,770)
Other operating assets - revalued	94,066	94,591
Accumulated depreciation of other operating assets - revalued	(62,133)	(60,776)
Other operating assets under finance leases - cost	27,550	27,550
Accumulated depreciation of other operating assets under finance leases - cost	(1,844)	(1,537)
Other operating assets under finance leases - revalued	2,336	2,336
Accumulated depreciation of other operating assets under finance leases - revalued	(106)	(78)
Construction work in progress	784,907	693,515
Materials in transit for investment	138,979	153,512
Inventory for investment	135,310	161,243
Total property, machinery and equipment, net	4,230,636	4,212,718
Long-term assets:		
Long-term investments	46,338	36,626
Notes receivable	8,579	8,780
Total long-term assets	54,917	45,406
Current assets:		
Banks	4,873	8,262
Temporary investments	154,746	138,671
Valuation of investments	683	906
Restricted funds	9,587	10,053
Receivables for services rendered	137,864	109,619
Non-trade receivables	81,653	90,768
Allowance for doubtful accounts	(37,156)	(35,616)
Notes receivable	1,428	1,292
Operating inventory	36,163	47,146
Allowance for valuation of inventory	(5,391)	(5,976)
Materials and equipment held in custody	4,307	3,954
Materials in transit for operations	20,340	14,597
Prepaid expenses	79,164	65,251
Total current assets	488,261	448,927
Other assets:		
Non-operating assets - cost	53,570	54,034
Accumulated depreciation of non-operating assets - cost	(988)	(828)
Non-operating assets - revalued	15,884	15,941
Accumulated depreciation of non-operating assets - revalued	(6,327)	(6,260)
Service agreements	13,113	8,755
Project design and execution	103,401	94,773
Technical service centers	8,972	188
Amortizable items	8,969	8,098
Absorption of amortizable items	(3,721)	(3,538)
Intangible assets	76,925	72,103
Absorption of intangible assets	(47,127)	(40,367)
Securities received as guaranty deposits	5,690	5,451
Valuation of financial instruments	-	249
Guarantee and Savings Fund (restricted fund)	177,623	172,270
Transfer to Guarantee and Savings Fund	878	1,382
Operating inventory	40,343	23,388
Total other assets	447,205	405,639
	¢ 5,221,019	5,112,690

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

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

Consolidated Balance Sheet

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

<u>Liabilities and Equity</u>	<u>2013</u> Without audit	<u>2012</u> Audit
Long-term liabilities:		
Securities payable	¢ 1,033,309	817,572
Loans payable	537,359	663,142
Obligations derived from credit	3,783	4,266
Security deposits	58,898	56,552
Accounts payable	41,381	44,896
Prepaid income	4,941	5,093
Total long-term liabilities	<u>1,679,671</u>	<u>1,591,521</u>
Short-term liabilities:		
Securities payable	63,192	33,826
Loans payable	95,707	121,825
Accounts payable	116,474	145,406
Institutional accounts payable	225	-
Accrued finance expenses payable	20,045	18,313
Prepaid income	16,662	14,993
Deposits from private individuals or companies	4,740	3,861
Legal provisions	1,000	1,000
Accrued expenses for employer obligations	41,959	40,037
Total short-term liabilities	<u>360,004</u>	<u>379,261</u>
Other liabilities:		
Valuation of financial instruments	21,109	22,401
Accounts payable	4,069	4,114
Legal provisions	40,737	41,826
Guarantee and Savings Fund (restricted fund)	177,623	172,270
Total other liabilities	<u>243,538</u>	<u>240,611</u>
Equity:		
Paid-in capital	156	156
Development reserve	1,590,046	1,589,376
Asset revaluation reserve	1,156,029	1,160,942
Result of valuation of financial instruments	(12,210)	(17,481)
Legal reserve	9,074	9,074
Project development reserve	71	71
Forest development reserve	862	820
Restricted earnings from capitalization of stake in subsidiary	62,380	62,380
Retained earnings	91,819	91,337
Minority interest	4,622	4,622
Total excess of income over expenses	34,957	-
Total equity and minority interest	<u>2,937,806</u>	<u>2,901,297</u>
	<u>¢ 5,221,019</u>	<u>5,112,690</u>
Memoranda accounts	<u>¢ 353,402</u>	<u>347,734</u>

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


José Alberro Retana Reyes
Head of Financial Planning Department


Lizbeth Hernández Castillo
Accounting Management Process Coordinator

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

	Paid-in capital	Asset revaluation reserve	Result of valuation of financial instruments	Development reserve	Legal reserve	Project development reserve	Forest development reserve	Restricted earnings from capitalization of stake in subsidiaries	Retained earnings	Minority interest	Equity, net
Balance at December 31, 2012, adjusted	156	1,160,942	(17,481)	1,589,376	9,074	71	820	62,380	91,337	4,622	2,901,297
Asset revaluation for the year	-	(1,481)	-	-	-	-	-	-	0	-	(1,481)
Prior period adjustments	-	-	-	670	-	-	-	-	-	-	670
Other adjustments	-	-	-	-	-	-	-	-	(214)	-	(214)
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	42	-	(42)	-	-
Profit for the period net	-	-	-	34,957	-	-	-	-	(2,661)	-	32,296
Profit for the period net, minority interest	-	-	-	-	-	-	-	-	(33)	-	(33)
Realization of asset revaluation reserve	-	(3,267)	-	-	-	-	-	-	3,267	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	5,494	-	-	-	-	-	-	-	5,494
<i>Inversiones</i>	-	-	(223)	-	-	-	-	-	-	-	(223)
Assets retirement during the period	-	(214)	-	-	-	-	-	-	214	-	-
Appropriation to minority interest	-	49	-	-	-	-	-	-	(49)	-	-
Balance at June 30, 2013	156	1,156,029	(12,210)	1,625,003	9,074	71	862	62,380	91,819	4,622	2,937,806

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


 José Alberto Retana Reyes
 Head of Financial Planning
 Department


 Lizbeth Hernández Castillo
 Accounting Management Process Coordinator

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

Consolidated Statement of Profit or Loss

(In millions of colones)
For the periods ended as of June 30, 2013 and 2012

	2013	2012
	(Without audit)	(Without audit)
		Restructured *
Operating revenues:		
Electricity services	₡ 408,082	318,190
Telecom services	259,681	264,007
Institutional services	1,022	1,207
Total operating revenues	668,785	583,404
Operating costs:		
Operation and maintenance	132,674	113,236
Operation and maintenance of leased equipment	102,397	79,615
Depreciation of operating assets	121,987	113,656
Supplemental services and purchases	66,515	66,624
Production management	37,150	39,326
Technical service center	6,930	17,302
Total operating costs	467,653	429,759
Gross profit	201,132	153,645
Operating expenses:		
Administrative	39,636	40,741
Marketing	108,495	93,684
Preliminary studies	12,074	10,403
Preinvestment studies	2,450	2,915
Other operating expenses	1,215	1,177
Total operating expenses	163,870	148,920
Operating profit (deficit)	37,262	4,725
Other income:		
Finance income	11,220	14,655
Foreign exchange differences	39,269	48,055
Other income	18,130	29,567
Total other income	68,619	92,277
Other expenses:		
Interest	43,534	44,580
Commissions	10,547	16,371
Foreign exchange differences	5,585	8,614
Other expenses	13,952	21,152
Total other expenses	73,618	90,717
Profit before tax and minority interest	32,263	6,285
Tax and minority interest:		
Deferred tax	-	45
Minority interest	33	53
Profit net	₡ 32,296	6,383

* See note 27.

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



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

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


	<u>2013</u>	<u>2012</u>
	<i>Without audit</i>	<i>(Without audit, restructured)*</i>
Sources (uses) of cash:		
Operating activities:		
Profit (deficit), net	¢ 32,296	6,383
Items not requiring (providing) cash:		
Depreciation	137,133	133,217
Legal provisions	4,670	6,068
Bonus	8,632	9,442
School salary	9,132	8,013
Accumulated vacations	7,945	7,880
Allowance for doubtful accounts	1,851	1,775
Allowance for valuation of inventory	17	14
Absorption of amortizable and intangible items	6,314	4,834
Litigation	1,176	756
Foreign exchange differences	(34,496)	(39,460)
Valuation of financial instruments	4,451	6,379
Cash provided by operations	146,825	138,918
Cash provided by (used for) changes in:		
Committed temporary investments		
Notes and accounts receivable	(19,376)	19,773
Operating inventory	4,285	26,337
Other assets	(18,006)	(11,290)
Accounts payable	(32,492)	19,698
Security deposits	2,346	180
Other liabilities	(24,479)	(18,681)
Cash provided by operating activities	91,399	181,318
Financing activities:		
Increase in securities payable	260,737	197,753
Amortization of securities payable	(389)	(30,565)
Increase in loans payable	122,082	177,952
Amortization of loans payable	(254,732)	(216,706)
Increase in obligations derived from credit	(483)	(23,961)
Net cash provided by financing activities	127,215	104,473
Investing activities:		
Increase (Decrease) in long-term investments	(9,712)	773
Additions to property, machinery and equipment	(174,731)	(250,568)
Increase in other assets	(21,954)	(28,433)
Increase (Decrease) committed temporary investments	(19,524)	11,742
Net cash used in investing activities	(225,921)	(266,486)
Increase (decrease) in cash and cash equivalents	(7,308)	19,305
Cash and cash equivalents at beginning of the year	122,687	90,684
Cash and cash equivalents at end of the year	¢ 115,381	109,989

* See note 27.

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



José Alberto Retana Reyes
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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

June 30, 2013

Note 1. Reporting Entity

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

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

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Compañía Nacional de Fuerza y Luz, S.A

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

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

Radiográfica Costarricense, S.A.

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

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

Compañía Radiográfica Internacional de Costa Rica, S.A.

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Composition of Capital

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

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

Note 2. Basis of Preparation

(a) Statement of Compliance

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

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

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

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

The consolidated financial statements were authorized for issuance by ICE Group’s Management on September 10, 2013.

(b) Basis for Measurement

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

(c) Functional and Presentation Currency

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

(d) Use of Estimates and Judgments

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

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

(e) Changes in Accounting Policies

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

(i) Valuation Method for Investments in Subsidiaries.

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

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 3. Significant Accounting Policies and Guide

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

(a) Annual Accounting Policies Not Applied for Interim Periods

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

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

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

(i) Asset Revaluation:

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

(ii) Allowance for Valuation of Stock at Warehouses:

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

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

(iii) Restatement of Balances in Foreign Currency:

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

(b) Subsidiaries

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 4. Operating Assets

The operating assets at cost are detailed as follows:

Assets in operation cost	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2011</u> <i>Restated</i>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>2012</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>Up to June,</u> <u>30 2013</u>	
<u>ICE Electricity:</u>										
Hydraulic generation	¢	569,263	9,702	(787)	(36)	578,142	3,215	1,183	(69)	582,471
Thermic generation		76,762	13,863	(959)	(175)	89,491	736	-	-	90,227
Substations		106,483	23,005	610	(32)	130,066	4,549	(109)	-	134,506
Transmission lines (2)		78,297	40,422	153	(73)	118,799	13,353	-	(2)	132,150
Distribution lines (1)		131,086	23,536	(922)	(42)	153,658	31,395	(250)	(199)	184,604
Public lighting		2,932	205	(8)	-	3,129	1,372	(18)	-	4,483
Geothermic generation		152,430	7,047	-	-	159,477	113	-	-	159,590
Aeolian generation		7,398	221	(22)	-	7,597	-	-	-	7,597
Solar generation		1,873	6,849	-	-	8,722	687	-	-	9,409
Micro generation - Hydraulic plant		166	-	-	-	166	-	-	-	166
Control, communication and infrastructure equipment		5,673	10,722	-	-	16,395	462	-	-	16,857
Subtotal ICE Electricity	¢	1,132,363	135,572	(1,935)	(358)	1,265,642	55,882	806	(270)	1,322,060
<u>ICE Telecommunications:</u>										
Transportation	¢	479,864	31,528	(1,287)	(169)	509,936	9,992	-	-	519,928
Access		342,082	56,244	15	(57)	398,284	6,636	695	-	405,615
Civil and electromechanics		179,009	31,943	63	(22)	210,993	5,969	(695)	(2)	216,265
Platforms		63,108	21,268	(56)	(26)	84,294	8,247	-	46	92,587
Subtotal ICE Telecommunications	¢	1,064,063	140,983	(1,265)	(274)	1,203,507	30,844	-	44	1,234,395
Subtotal ICE	¢	2,196,426	276,555	(3,200)	(632)	2,469,149	86,726	806	(226)	2,556,455

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Assets in operation cost	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2011</u> <i>Restated</i>	Additions	Withdraw and transfers	Adjust. and reclassif..	<u>2012</u>	Additions	Withdraw and transfers	Adjust. and reclassif..	<u>Up to June,</u> <u>30 2013</u>	
<u>CNFL:</u>										
Lands	¢	3,273	63	-	-	3,336	154	-	-	3,490
Improvements to lands		6,166	4	(15)	(88)	6,067	94	-	-	6,161
Buildings		11,869	144	(22)	(292)	11,699	293	-	-	11,992
Plants		49,730	403	-	-	50,133	11	-	-	50,144
Distribution		92,724	6,847	(354)	-	99,217	3,331	(260)	-	102,288
Transmission		2,022	-	-	-	2,022	-	-	-	2,022
Substations		13,445	432	-	(54)	13,823	285	-	-	14,108
Service connections		17,099	1,783	(60)	-	18,822	843	(37)	-	19,628
Equipment for road lighting		3,838	60	(32)	122	3,988	56	(53)	-	3,991
Public lighting		5,706	1,406	-	-	7,112	601	-	-	7,713
General equipment		24,365	2,178	(689)	(60)	25,794	501	(193)	-	26,102
Communication system		633	147	-	-	780	95	-	-	875
Subtotal CNFL	¢	230,870	13,467	(1,172)	(372)	242,793	6,264	(543)	-	248,514
<u>RACSA:</u>										
Lands	¢	203	-	-	-	203	-	-	-	203
Building		768	-	-	-	768	-	-	-	768
Communication equipment		36,121	1,587	(988)	-	36,720	82	(3,028)	-	33,774
General equipment		6,334	1,118	(142)	-	7,310	12	(57)	-	7,265
Submarine cable - Maya I		6,832	-	-	-	6,832	-	-	-	6,832
Submarine cable - Arcos I		2,449	-	-	-	2,449	-	-	-	2,449
Submarine cable - Costa Rican pacific coast		7,331	-	-	-	7,331	-	-	-	7,331
Subtotal RACSA	¢	60,038	2,705	(1,130)	-	61,613	94	(3,085)	-	58,622
Total Group ICE	¢	2,487,334	292,727	(5,502)	(1,004)	2,773,555	93,084	(2,822)	(226)	2,863,591

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

(1) Distribution Lines

In the distribution line group, capitalizations are made in the component of civil works: distribution and street lighting, for a sum of ¢11.196, and in electric works: distribution and lighting, for the sum of ¢20.199.

(2) Transmission Lines

Capitalizations for ¢13.353 are made, and they result mainly from the expansion of the Cachí-Moín Transmission Line.

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to June, 30 2013</u>	
ICE Electricity:										
Hydraulic generation	¢ 58,096	14,763	(402)	191	72,648	7,855	(83)	(22)	80,398	
Thermic generation	16,896	3,829	(216)	(12)	20,497	2,129	-	30	22,656	
Substations	25,075	5,474	148	(36)	30,661	3,429	(29)	(84)	33,977	
Transmission lines	10,642	3,015	21	775	14,453	2,323	-	(280)	16,496	
Distribution lines	43,975	10,338	(465)	(752)	53,096	5,866	(141)	(5)	58,816	
Public lighting	2,074	80	(7)	-	2,147	58	(16)	-	2,189	
Geothermic generation	36,523	5,477	-	(265)	41,735	2,729	-	-	44,464	
Aeolian generation	2,538	444	(8)	-	2,974	229	-	-	3,203	
Solar generation	492	114	-	-	606	236	-	-	842	
Micro generation - Hydraulic plant	13	6	-	-	19	3	-	-	22	
Control, communication and infrastructure equipment	3,129	1,102	-	-	4,231	646	-	-	4,877	
Subtotal ICE Electricity	¢ 199,453	44,642	(929)	(99)	243,067	25,503	(269)	(361)	267,940	
ICE Telecommunications:										
Transportation	¢ 225,604	41,715	(781)	(9)	266,529	19,360	-	117	286,006	
Access	134,491	31,278	7	11	165,787	17,925	52	20	183,784	
Civil and electromechanics	105,929	11,779	5	7	117,720	7,010	(52)	(305)	124,373	
Platforms	17,745	10,678	(33)	1,533	29,923	7,812	-	437	38,172	
Subtotal ICE Telecommunications	¢ 483,769	95,450	(802)	1,542	579,959	52,107	-	269	632,335	
Subtotal ICE	¢ 683,222	140,092	(1,731)	1,443	823,026	77,610	(269)	(92)	900,275	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	Up to December 31					2012	De pre ciation	Withdraw and transfers	Adjust. and reclassify	Up to June, 30 2013
	2011	Depreciation	Withdraw and transfers	Adjust. and reclassify	2011					
CNFL:										
Improvement to lands	¢	879	135	(3)	1	1,012	66	-	-	1,078
Buildings		1,767	215	(5)	23	2,000	109	10	-	2,119
Plants		8,091	1,248	-	56	9,395	652	-	-	10,047
Distribution		18,410	3,036	(109)	361	21,698	1,775	(88)	-	23,385
Transmission		344	68	-	2	414	35	-	-	449
Substations		2,769	447	-	43	3,259	247	-	-	3,506
Service connections		3,273	599	(17)	19	3,874	327	(11)	-	4,190
Equipment for road lighting		626	124	(32)	128	846	74	(52)	-	868
Public lighting		836	216	-	63	1,115	126	-	-	1,241
General equipment		10,625	1,437	(538)	909	12,433	694	323	-	13,450
Communication systems		80	22	-	-	102	13	-	-	115
Subtotal CNFL	¢	47,700	7,547	(704)	1,605	56,148	4,118	182	-	60,448
RACSA:										
Building	¢	212	24	-	-	236	12	-	-	248
Communication equipment		26,977	3,458	(981)	-	29,454	1,637	(3,025)	-	28,066
General equipment		2,147	611	(141)	-	2,617	372	(56)	-	2,933
Submarine cable - Maya I		1,418	382	-	-	1,800	191	-	-	1,991
Submarine cable - Arcos I		778	109	-	-	887	55	-	-	942
Submarine cable - Costa Rican pacific coast		1,586	490	-	-	2,076	244	-	-	2,320
Subtotal RACSA	¢	33,118	5,074	(1,122)	-	37,070	2,511	(3,081)	-	36,500
Total Grupo ICE	¢	764,040	152,713	(3,557)	3,048	916,244	84,239	(3,168)	(92)	997,223

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other Up to December 31							
	<u>2011</u> (Restated)	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2012</u>	Withdraw and transfers	<u>Up to June, 30</u> <u>2013</u>	
ICE Electricity:								
Hydraulic generation	¢	1,131,853	27,941	(8,255)	-	1,151,539	(4,134)	1,147,405
Thermic generation		88,580	3,363	(1,164)	-	90,779	-	90,779
Substations		152,025	5,922	(199)	-	157,748	(210)	157,538
Transmission lines		90,289	4,682	-	-	94,971	-	94,971
Distribution lines		244,125	7,991	(6,258)	-	245,858	(417)	245,441
Public lighting		4,450	175	(13)	-	4,612	(34)	4,578
Geothermic generation		303,522	10,760	-	-	314,282	-	314,282
Aeolian generation		4,435	228	(11)	-	4,652	-	4,652
Solar generation		1,379	72	-	-	1,451	-	1,451
Micro generation hydraulic plants		(2)	3	-	-	1	-	1
Control, communication and infrastructure equipment		7,197	380	-	-	7,577	-	7,577
Subtotal ICE Electricity	¢	2,027,853	61,517	(15,900)	-	2,073,470	(4,795)	2,068,675
ICE Telecommunications:								
Transportation	¢	38,386	-	-	(304)	38,082	-	38,082
Access		141,604	-	-	-	141,604	-	141,604
Civil and electro mechanics		84,602	4,730	-	-	89,332	-	89,332
Subtotal ICE Telecommunications	¢	264,592	4,730	-	(304)	269,018	-	269,018
Subtotal ICE	¢	2,292,445	66,247	(15,900)	(304)	2,342,488	(4,795)	2,337,693

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other Up to December 31							
	<u>2011</u> (Restated)	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2012</u>	Withdraw and transfers	<u>Up to june, 30</u> <u>2013</u>	
CNFL:								
Lands	¢	14,834	633	-	215	15,682	-	15,682
Improvement to lands		7,437	598	(21)	(126)	7,888	-	7,888
Buildings		17,786	1,142	(36)	(230)	18,662	-	18,662
Plants		66,761	3,668	2	-	70,431	-	70,431
Distribution		118,427	7,407	(1,023)	-	124,811	(713)	124,098
Transmission		1,523	133	(1)	-	1,655	-	1,655
Substations		19,620	1,127	-	(30)	20,717	-	20,717
Service connections		28,381	1,169	(142)	-	29,408	(65)	29,343
Public lighting		11,015	724	(77)	135	11,797	(92)	11,705
General equipment		5,546	-	(354)	(2)	5,190	(71)	5,119
Communication system		230	6	-	1	237	-	237
Subtotal CNFL	¢	291,560	16,607	(1,652)	(37)	306,478	(941)	305,537
RACSA:								
Lands		11	-	-	-	11	-	11
Buildings		2,287	-	-	-	2,287	-	2,287
Communication equipment		10,189	-	(456)	-	9,733	(1,524)	8,209
General equipment		1,609	-	(110)	-	1,499	(43)	1,456
Subtotal RACSA	¢	14,096	-	(566)	-	13,530	(1,567)	11,963
Total Group ICE	¢	2,598,101	82,854	(18,118)	(341)	2,662,496	(7,303)	2,655,193

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other								
	Up to December 31								
	<u>2011</u> (Restated)	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2012</u>	Depreciation	Withdraw and transfers	<u>Up to June, 30</u> <u>2013</u>	
ICE Electricity:									
Hydraulic generation	¢	637,029	28,719	(5,428)	10,426	670,746	14,431	(2,838)	682,339
Thermic generation		51,785	1,920	(639)	2,055	55,121	1,016	-	56,137
Substations		95,079	5,155	(167)	2,764	102,831	2,707	(131)	105,407
Transmission lines		62,160	2,577	-	1,474	66,211	1,103	-	67,314
Distribution lines		146,194	8,819	(3,814)	4,014	155,213	4,499	(251)	159,461
Public lighting		4,232	26	(13)	148	4,393	13	(33)	4,373
Geothermic generation		110,014	9,973	-	3,420	123,407	5,179	-	128,586
Aeolian generation		1,618	235	(5)	81	1,929	125	-	2,054
Solar generation		434	54	-	21	509	29	-	538
Micro generation - Hydraulic plant		-	-	-	(2)	(2)	-	-	(2)
Control, communication and infrastructure equipment		5,658	478	-	258	6,394	274	-	6,668
Subtotal ICE Electricidad	¢	1,114,203	57,956	(10,066)	24,659	1,186,752	29,376	(3,253)	1,212,875
ICE Telecommunications:									
Transportation	¢	29,523	11,074	-	(9,643)	30,954	781	-	31,735
Access		104,191	7,892	-	(1,509)	110,574	3,095	-	113,669
Civil and electromechanics		55,541	8,131	-	(3,191)	60,481	1,335	-	61,816
Platforms		-	193	-	(193)	-	-	-	-
Subtotal ICE Telecomunicaciones	¢	189,255	27,290	-	(14,536)	202,009	5,211	-	207,220
Subtotal ICE	¢	1,303,458	85,246	(10,066)	10,123	1,388,761	34,587	(3,253)	1,420,095

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Depreciation accumulated - re valuation	Plants, substations, lines, stations and other								
	Al 31 de diciembre de								
	<u>2011</u> (Reestructurado)	De pre ciation	Withdraw and transfers	Adjust. and re classify	<u>2012</u>	De pre ciation	Withdraw and transfers	<u>Up to june, 30</u> <u>2013</u>	
CNFL:									
Improvement to lands	¢	1,964	150	(3)	112	2,223	78	-	2,301
Buildings		6,963	305	35	273	7,576	139	20	7,735
Plants		21,080	1,675	-	838	23,593	916	-	24,509
Distribution		63,141	3,927	(774)	2,112	68,406	1,813	(530)	69,689
Transmission		524	50	-	31	605	29	-	634
Substations		8,942	659	-	331	9,932	334	-	10,266
Service connections		19,311	949	(109)	174	20,325	314	(46)	20,593
Public lighting		6,347	375	(74)	286	6,934	156	(89)	7,001
General equipment		4,535	124	(241)	-	4,418	37	(36)	4,419
Communication systems		80	8	-	(2)	86	4	-	90
Subtotal CNFL	¢	132,887	8,222	(1,166)	4,155	144,098	3,820	(681)	147,237
RACSA:									
Edificio	¢	1,116	48	-	-	1,164	24	-	1,188
Equipo de comunicación		10,094	78	(455)	-	9,717	11	(1,524)	8,204
Equipo general		1,260	73	(110)	-	1,223	47	(43)	1,227
Subtotal RACSA	¢	12,470	199	(565)	-	12,104	82	(1,567)	10,619
Total Grupo ICE	¢	1,448,815	93,667	(11,797)	14,278	1,544,963	38,489	(5,501)	1,577,951

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 5. Other Operating Assets

Other operating assets at cost are detailed as follows:

Other assets in operation cost	Up to December 31								
	<u>2011</u> (Restructured)	Additions	Adjustments y reclassifications	Withdraw y transfers	<u>2012</u>	Additions	Adjustments y reclassifications	Withdraw y transfers	<u>Up to June</u> <u>30, 2013</u>
Lands	2,603	(524)	-	(41)	2,038	-	-	-	2,038
Land communication ways	1,760	-	-	-	1,760	-	-	-	1,760
Buildings	23,691	7,252	-	(5)	30,938	4,502	345	-	35,785
Machinery and equipment for production	2,236	96	24	146	2,502	-	927	-	3,429
Equipment for construction	49,591	23,295	-	1,271	74,157	6,080	-	(95)	80,142
Transportation equipment	78,952	3,934	-	(573)	82,313	4,026	-	(680)	85,659
Communication equipment	12,524	1,031	-	(1,082)	12,473	2,063	3	(369)	14,170
Furniture and office equipment	7,947	1,007	-	(394)	8,560	193	-	(112)	8,641
Equipment and computer programs	65,825	7,032	-	(3,080)	69,777	2,105	-	(1,452)	70,430
Sanitary equipment for laboratory and investigation	27,700	5,687	-	(1,021)	32,366	2,743	-	(381)	34,728
Educational, sport and recreational equipment and furniture	863	84	-	(282)	665	25	-	4	694
Diverse machinery and equipment	14,336	3,373	-	17	17,726	621	-	(140)	18,207
Maintenance machinery and equipment	31,378	4,213	-	(283)	35,308	1,430	-	(167)	36,571
Equipment for photography, video and publications	3,404	1,757	-	(1,456)	3,705	26	-	(7)	3,724
Livestock	5	-	-	(5)	-	-	-	-	-
Total Group ICE	322,815	58,237	24	(6,788)	374,288	23,814	1,275	(3,399)	395,978

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Depreciation accumulated - other assets in operation - cost	Up to December 31						
	2011 (Restructured)	Depreciation	Withdraw and transfers	2012	Depreciation	Withdraw and transfers	Up to June 30, 2013
Buildings	¢ 3,374	590	(1)	3,963	370	-	4,333
Machinery and equipment for production	902	81	(324)	659	402	-	1,061
Construction equipment	25,853	8,426	(95)	34,184	6,096	(69)	40,211
Transportation equipment	56,968	8,128	(470)	64,626	3,338	(764)	67,200
Communication equipment	5,629	1,534	(935)	6,228	777	(224)	6,781
Office furniture and equipment	3,229	716	(198)	3,747	359	(71)	4,035
Equipment and computer programs	40,183	11,745	(2,460)	49,468	5,758	(1,180)	54,046
Sanitary equipment for laboratory and investigation	12,863	3,267	(1,017)	15,113	1,860	(259)	16,714
Educational, sport and recreational equip. and furniture	391	67	(223)	235	36	(1)	270
Diverse machinery and equipment	6,464	2,309	(133)	8,640	1,235	(98)	9,777
Maintenance machinery and equipment	12,333	5,778	(239)	17,872	3,555	(184)	21,243
Equipment for photography, video and publications	1,470	729	(164)	2,035	327	(16)	2,346
Livestock	3	-	(3)	-	-	-	-
Total Group ICE	¢ 169,662	43,370	(6,262)	206,770	24,113	(2,866)	228,017

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Other assets in operation - revaluation	Up to December 31					
	2011 (Restructured)	Revaluation	Withdraw and transfers	2012	Withdraw and transfers	Up to June 30, 2013
Lands	¢ 6,572	309	(37)	6,844	-	6,844
Buildings	44,140	2,505	-	46,645	-	46,645
Machinery and equipment for production	1,835	116	(206)	1,745	206	1,951
Construction equipment	9,855	1,488	(177)	11,166	(55)	11,111
Transportation equipment	14,296	1,390	(272)	15,414	(372)	15,042
Office furniture and equipment	2,045	258	(134)	2,169	(49)	2,120
Equipment y programs de computer	-	(1)	1	-	-	-
Sanitary equipment for laboratory and investigation	5,237	878	(914)	5,201	(123)	5,078
Educational, sport and recreational equipment and furniture	80	19	(36)	63	-	63
Diverse machinery and equipment	1,030	308	(27)	1,311	(20)	1,291
Machinery and equipment for maintenance	2,755	1,013	(46)	3,722	(109)	3,613
Equipment for photography, video and publications	218	106	(13)	311	(3)	308
Total Group ICE	¢ 88,063	8,389	(1,861)	94,591	(525)	94,066

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

Deprec. accumulated others assets in operat. - revaluation	Up to Desember 31					2012	Depreciatio n	Withdra w and transfers	Up to June 30, 2013
	2011 (Restructured)	Depreciatio n	Revaluation	Withdra w and transfers					
Buildings	¢ 24,819	958	1,097	-	26,874	508	-	27,382	
Machinery and equipment for production	1,022	98	61	(63)	1,118	120	-	1,238	
Construction equipment	8,824	407	502	(175)	9,558	382	(53)	9,887	
Transportation equipment	12,677	796	528	(271)	13,730	409	(372)	13,767	
Communication equipment	(10)	(2)	(1)	13	-	-	-	-	
Office furniture and equipment	1,683	90	72	(126)	1,719	46	(44)	1,721	
Equipment and computer programs	1	-	(2)	1	(0)	(1)	1	(0)	
Sanitary equipment for laboratory and investigation	4,278	286	284	(902)	3,946	209	(111)	4,044	
Educational, sport and recreational equipment and furniture	63	3	3	(33)	36	3	-	39	
Diverse machinery and equipment	760	106	95	(26)	935	82	(17)	1,000	
Maintenance machinery and equipment	2,238	207	258	(41)	2,662	274	(107)	2,829	
Equipment for photography, video and publications	144	35	33	(14)	198	31	(3)	226	
Total ICE	¢ 56,499	2,984	2,930	(1,637)	60,776	2,063	(706)	62,133	

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Note 6. Other Operating Assets under Financial Lease

Other operating assets under financial lease are detailed as follows:

		<u>Up to June</u> <u>30, 2013</u>	<u>Up to December 31,</u> <u>2012</u>
Lands	¢	1,151	1,151
Buildings		25,315	25,315
Office furniture and equipment		1,084	1,084
Total Group ICE	¢	27,550	27,550

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

Accumulated depreciation		<u>Up to June</u> <u>30, 2013</u>	<u>Up to</u> <u>December 31,</u> <u>2013</u>
Buildings	¢	1,520	1,267
Office furniture and equipment		324	270
Total Group ICE	¢	1,844	1,537

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

(Continues)

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The main clauses contained in the Securitization Trust are summarized as follows:

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

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

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

(Continues)

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

Other assets in operation under financial leasing - re valuation	Up to June 30, 2013	Up to December 31, 2012
Lands	¢ 90	90
Buildings	2,152	2,152
Office furniture and equipment	94	94
Total Group ICE	¢ 2,336	2,336

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

Deprec. accumulated others assets in operation under financial leasing - re valuation	Up to June 30, 2013	Up to December 31, 2012
Buildings	¢ 86	64
Office furniture and equipment	20	14
Total Group ICE	¢ 106	78

(Continues)

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

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

Account	As of December 31, 2011 (Restated)	Additions	Capitalizations	Interest and commissions	Warehoused	Adjustments and reclassifications	Used in works	Prior period adjustments	As of December 31, 2012	Additions	Capitalizations	Interest and commissions	Warehoused	Adjustments and reclassifications	Used in works	As of jun 30, 2013
ICE:																
Major construction work in progress	230,877	178,189	(64,860)	20,071	-	650	-	-	364,927	84,465	(16,178)	12,744	-	(2,364)	-	443,594
Other construction work in progress	224,996	209,246	(200,399)	5,169	-	(4,665)	-	-	234,347	69,907	(70,861)	3,691	-	(16,966)	-	220,118
Subtotal construction work in progress	455,873	387,435	(265,259)	25,240	-	(4,015)	-	-	599,274	154,372	(87,039)	16,435	-	(19,330)	-	663,712
Materials in transit for investment	174,698	39,668	-	-	(42,915)	(35)	(17,940)	-	153,476	2,172	-	-	(16,742)	(2)	-	138,904
Inventory for investment	138,636	34,019	-	-	119,422	26,676	(161,227)	-	157,526	(4,922)	-	-	40,031	(16,470)	(44,391)	131,774
Subtotal ICE	769,207	461,122	(265,259)	25,240	76,507	22,626	(179,167)	-	910,276	151,622	(87,039)	16,435	23,289	(35,802)	(44,391)	934,390
CNFL:																
Construction work in progress	41,053	64,934	(11,044)	-	-	6,070	-	(6,939)	94,074	38,226	(5,262)	-	-	(6,069)	-	120,969
Inventory and materials for investment	4,496	-	-	-	-	-	(779)	-	3,717	-	-	-	-	-	(181)	3,536
Subtotal CNFL	45,549	64,934	(11,044)	-	-	6,070	(779)	(6,939)	97,791	38,226	(5,262)	-	-	(6,069)	(181)	124,505
RACSA:																
Construction work in progress	540	167	(556)	-	-	16	-	-	167	59	-	-	-	-	-	226
Materials in transit for investment	718	18	(700)	-	-	-	-	-	36	76	(31)	-	-	(6)	-	75
Subtotal RACSA	1,258	185	(1,256)	-	-	16	-	-	203	135	(31)	-	-	(6)	-	301
Total ICE Group	816,014	526,241	(277,559)	25,240	76,507	28,712	(179,946)	(6,939)	1,008,270	189,983	(92,332)	16,435	23,289	(41,877)	(44,572)	1,059,196
ICE GROUP:																
Major construction work in progress	272,470	243,290	(76,460)	20,071	-	6,736	-	(6,939)	459,168	122,749	(21,440)	12,744	-	(8,433)	-	564,789
Other construction work in progress	224,996	209,246	(200,399)	5,169	-	(4,665)	-	-	234,347	66,168	(70,861)	3,691	-	(16,966)	-	220,118
Subtotal construction work in progress	497,466	452,536	(276,859)	25,240	-	2,071	-	(6,939)	693,515	188,917	(92,301)	16,435	-	(25,399)	-	784,907
Materials in transit for investment	175,416	39,686	(700)	-	(42,915)	(35)	(17,940)	-	153,512	2,248	(31)	-	(16,742)	(8)	-	138,979
Inventory for investment	143,132	34,019	-	-	119,422	26,676	(162,006)	-	161,243	(4,922)	-	-	40,031	(16,470)	(44,572)	135,310
Total ICE Group	816,014	526,241	(277,559)	25,240	76,507	28,712	(179,946)	(6,939)	1,008,270	186,243	(92,332)	16,435	23,289	(41,877)	(44,572)	1,059,196

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

Works under construction and other works under construction	Up to december. 31, 2012	Additions	Capitalizations	Interests capitalized to work	Adjustments and Reclassifications	Up to june, 30, 2013
ICE						
Reventazón Hydroelectric Project (1)	228,928	47,583	-	6,965	-	283,476
Cachí Hydroelectric Project (2)	33,132	13,972	(223)	1,913	(1,797)	46,997
P.E.S.S.O (3)	41,687	253	(1,637)	637	-	40,940
Expansion and modernization of the system (4)	23,837	3,538	(328)	455	(1,961)	25,541
Peñas Blancas-Garita transmission line (5)	21,552	1,772	-	844	-	24,168
Río Macho Hydroelectric Project (6)	8,208	12,614	-	409	-	21,231
Advanced mobile services (7)	24,677	4,269	(9,251)	-	(185)	19,510
Cariblanco-Trapiche transmission line (8)	11,517	3,219	-	708	-	15,444
Creation and restoration of civil and metal structures (9)	19,888	-	(1,938)	80	(2,912)	15,118
Management of network elements (10)	653	13,745	(1,048)	4	-	13,354
Toro San Miguel Deviation (11)	11,606	3	-	1	-	11,610
Expansion of mobile telephone service (12)	14,412	(731)	(3,016)	180	(632)	10,213
Fiber optics of advanced connectivity (FOCA)	9,541	2,120	(2,513)	-	(14)	9,134
Miravalles II Geothermal Project	1,155	7,705	-	161	-	9,021
Technical services for distribution projects	10,785	2,407	(4,833)	282	-	8,641
Continuous quality improvement (Distribution) (13)	13,254	3,536	(9,572)	430	-	7,648
Improvements telecommunications in transportation networks	2,891	6,669	(2,868)	1	(4)	6,689
Las Pailas Geothermal Project	5,245	1,119	-	205	-	6,569
Coronado transmission	5,609	902	-	47	-	6,558
Network development (14)	19,077	5,278	(18,083)	274	-	6,546
Cóbano transmission	5,190	786	-	192	-	6,168
Energy transformation	5,016	568	-	125	1	5,710
Venezia transmission	5,240	293	-	30	32	5,595
Río Macho t.s. modernization	4,726	451	-	158	-	5,335
Auxiliary rods	4,423	502	(117)	220	-	5,028
Expansion of platform and renewal of technological infrastructure	4,398	52	-	62	-	4,512
Reinforcement of the distribution system	466	3,785	-	37	-	4,288
Improvements in electricity transportation network	3,674	1,170	(1,111)	207	-	3,940
Technological infrastructure	2,517	683	(111)	183	-	3,272
Permanent investment in transmission works	3,311	466	(544)	34	-	3,267
Interconnection - Ingenio El Viejo	2,510	1	-	120	-	2,631
Sustainability and growth of the telecommunication sector income	256	2,086	-	-	-	2,342
Full customer service to corporate client	1,057	3,705	(2,856)	-	(3)	1,903
Sustainability and soundproofing of the infrastructure	3,652	1,779	(3,574)	(1)	-	1,856
New energy control center	1,340	349	-	32	-	1,721
Medium voltage connections	1,179	289	-	69	-	1,537
Siepac Transmission - transmission lines	854	633	-	21	-	1,508
Modernization of lightning, tests	729	421	-	18	-	1,168
Public lighting	2,038	396	(1,348)	31	-	1,117
Anillo Sur transmission	1,018	12	-	79	-	1,109
Corobici Hydroelectric Project	1,041	32	(39)	52	-	1,086
Common infrastructure buildings/lands	337	1,001	(281)	-	-	1,057
Capillary network	-	1,031	(47)	-	-	984
Power transformers Renewal	-	837	-	2	-	839
Peñas Blancas Hydroelectric Project (mini-switchboard, ICE)	548	77	-	32	-	657
Río Macho-Moín transmission line (15)	13,325	-	(13,011)	809	(558)	565
Varios proyectos	22,775	2,994	(8,690)	327	(11,297)	6,109
Subtotal ICE	599,274	154,372	(87,039)	16,435	(19,330)	663,712
CNFL:						
Balsa Inferior Hydroelectric Project	88,737	32,773	-	-	(6,069)	115,441
Anonos Hydroelectric Project	1,742	(352)	-	-	-	1,390
San Buenaventura Eolic Project	800	57	-	-	-	857
Others	2,795	5,748	(5,262)	-	-	3,281
Subtotal CNFL	94,074	38,226	(5,262)	-	(6,069)	120,969
RACSA:						
Forestry projects	-	42	-	-	-	42
300 Km fiber optics network	76	17	-	-	-	93
Virtualization of JES servers	91	-	-	-	-	91
Subtotal RACSA	167	59	-	-	-	226
Total ICE Group	693,515	192,657	(92,301)	16,435	(25,399)	784,907

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

(1) Reventazón Hydroelectric Project

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

During the 2013 period, there was an approximate increase for the sum of ¢47.583 in additions, which correspond mainly to the acquisition of materials and supplies.

(2) Cachí Hydroelectric Project

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

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

Additions amount to ¢13.972, which correspond mainly to the acquisition of materials and supplies.

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

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

(4) Expansion and Modernization of ICE's Transportation Service

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

Additions in the amount of ¢3.538, mainly correspond to the purchase of materials and supplies.

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(5) Peñas Blancas-Garita Transmission

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

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

(6) Río Macho Hydroelectric Project

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

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

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

The additions of this project as of June 30, 2013 amount to ¢12.614, mainly corresponding to the purchase of materials and durable goods.

(7) Advanced Mobile Service

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

The additions for ¢4.269, correspond to the added value of the works to expand the mobile network traffic through the SMA-3G technology and its corresponding installation. This will ensure the growth and optimization of service platforms linked to the UMT (Universal Mobile Telecommunications System).

The capitalizations of this project as of June 30, 2013 amount to ¢ 9.251.

(8) Cariblanco-Trapiche Transmission

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

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(In millions of colones)

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

(9) Creation and Restoration of Civil and Metal Structures

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

(10) Management of Network Elements

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

- **Management Platform of the RAI (Advanced Internet Network):** consisting of the implementation of a new management system for the Advanced Internet Network (RAI) in order to monitor and analyze the quality and service parameters of clients and all the transported services that use the Internet Advanced Network (RAI). The estimated cost of this project amounts to U\$12 million.
- **Logic Safety Management System for the Advanced Internet Network:** consisting of the implementation of the Logic Safety for the Advanced Internet Network of ICE Group towards the National Telecommunications System, in order to ensure transportation services for sensitive information, such banking transactions, IPTV, VoIP, national and international VPN, VoD, and managed Services, and avoid possible attacks and vulnerability existing in the internal and external environment of the IP network. The estimated cost of this project is US\$18,50 million.

(11) Toro - San Miguel Diversion

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

(12) Expansion of Mobile Telephone Services

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

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(13) Continuous Quality Improvement (energy distribution)

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

The capitalizations of this project as of June 30, 2013 amount to ¢ 9.572.

(14) Network Development

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

The capitalizations of this project as of June 30, 2013 amount to ¢ 18.083.

(15) Río Macho – Moín Transmission Line

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

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

The capitalizations of this project as of June 30, 2013 amount to ¢13.011.

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ICE - Electricity Sector

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

Works in Progress	Financing Source																Up to June, 30, 2013		
	Domestic	IADB 796	JBIC	CABEI Pirris	Bonds A Placement	Bonds B Placement	CABEI Electric Services 2007	CABEI (additional)	C.A.F. (Corporación Andina Fomento)	Local banks	CLIPP	Multilateral banking	Issue of international bonds	Issue of local bonds 2009	Issue of local bonds 2010	CABEI		Third party services	Other international development organizations
Hydraulic Generation - Hydroelectric Project:																			
Río Macho HP	3,909	-	-	-	-	-	1	-	-	9,519	-	517	141	5,853	-	-	-	19,940	
Cachi HP	8,581	-	-	-	-	-	-	2	-	-	-	1,245	168	15,761	21,241	-	-	46,998	
Pirris HP	(142,724)	-	6,650	52,886	-	723	6,714	-	10,119	-	(533)	-	20,064	42,691	-	59	3,350	(1)	
Reventazón HP	134,291	-	-	-	-	-	-	9	15	7,280	12	140,427	1,122	317	-	-	-	283,477	
Subtotal hydraulic generation	4,057	-	6,650	52,886	-	723	6,714	10	10,136	7,280	9,519	(521)	142,189	21,495	64,622	21,241	59	3,350	350,414
Substations:																			
Río Macho - Moín Transmission	299	-	-	-	-	-	-	-	-	-	-	-	-	267	-	-	-	566	
Cariblanco-Trapiche Transmission	1,214	7	-	-	-	-	-	-	-	569	-	6	-	2,124	-	-	-	3,920	
Peñas Blancas-Garita Transmission	1,172	291	-	-	-	-	-	110	3	52	-	92	29	1,864	-	-	-	3,613	
Coronado Transmission	1,308	-	-	-	-	-	-	-	114	5,134	-	-	-	1	-	-	-	6,557	
Support program - Quin 03-07 transformers	3,390	141	-	-	-	-	15	-	98	586	-	-	472	67	942	-	-	5,711	
Mid tension Connections	666	-	-	-	-	-	19	-	-	230	-	-	14	3	603	-	-	1,535	
PH Pirris Transmission	(2,147)	-	(56)	1,484	-	2	(8)	-	-	-	-	-	-	159	566	-	-	-	
Anillo Sur Transmission	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	
High tension rods	2,939	8	-	-	-	-	179	-	(614)	599	-	-	21	151	1,746	-	-	5,029	
Ingenio El Viejo interconnection	1,433	25	-	-	-	-	1	-	208	273	-	-	1	366	324	-	-	2,631	
Río Macho S.T. modernization	2,050	-	-	-	-	-	-	-	200	1,325	-	-	22	-	1,737	-	-	5,334	
Venecia Transmission	5,255	-	-	-	-	-	-	-	3	-	-	-	-	337	-	-	-	5,595	
Subtotal, substations	17,586	472	(56)	1,484	-	2	206	110	(305)	2,057	7,028	-	628	775	10,511	-	-	-	40,498
Transmission Lines:																			
Cariblanco-Trapiche Transmission	3,019	(51)	-	-	-	16	220	36	202	-	-	-	85	305	7,690	-	-	-	11,522
Parrita Transmission	71	1	-	-	-	-	-	-	3	-	-	-	-	59	-	-	-	134	
Podís Transmission	(79)	141	-	-	1	16	2	-	-	-	-	-	-	-	-	-	-	81	
Transmisión Río Macho-San Miguel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	
Peñas Blanca-Garita Transmission	8,588	(361)	-	-	49	10	504	2,823	1,809	-	-	-	508	18	6,606	-	-	20,554	
Cóbano Transmission	3,355	-	-	-	-	-	-	-	-	-	-	173	-	2,640	-	-	-	6,168	
Siepac Transmission Lines	1,172	-	-	-	(27)	(99)	23	-	39	-	-	-	-	400	-	-	-	1,508	
Anillo Sur Transmission	95	-	-	-	-	-	-	-	-	-	-	3	-	1,004	-	-	-	1,102	
Toro San Miguel Diversion	11,595	-	-	-	-	-	-	-	-	-	-	-	-	16	-	-	-	11,611	
Subtotal, transmission lines	27,816	(270)	-	-	23	(57)	749	2,859	2,053	-	-	-	769	323	18,415	-	1	-	52,681
Geothermal Generation:																			
Las Pailas GP	(7,538)	-	-	-	-	47	1,065	-	28	-	-	-	1,422	4,977	-	-	-	-	1
Subtotal, geothermal generation	(7,538)	-	-	-	-	47	1,065	-	28	-	-	-	1,422	4,977	-	-	-	-	1
Total works in progress	41,921	202	6,594	54,370	23	715	8,734	2,979	11,912	9,337	16,547	(521)	143,586	24,015	98,525	21,241	60	3,350	443,594

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 8. Long-Term Investments

Long-term investments are detailed as follows:

		As of June 30, 2013	As of December 31, 2012
ICE:			
Investments in shares valued at cost:			
Toro III Hydroelectric Power Project Trust	¢	11,203	11,203
Empresa Propietaria de la Red, S.A.		2,872	2,872
Red centroamericana de fibras opticas S.A.		143	-
Cooperativa de Electrificación Rural		44	43
Subtotal		14,262	14,118
Long term financial investments:			
Government (External Debt Bonds)		16,908	9,780
Central Bank of Costa Rica (Bond)		3,093	1,765
Banco de San José (BAC)		1,500	500
Mutual Cartago de Ahorro y Préstamo		1,425	1,413
Costa Rican Oil Refinery (RECOPE)		751	509
Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo		666	316
Banco Hipotecario de la Vivienda (Bond)		500	500
Florida Ice and Farm Company, S.A. (FIFCO)		500	500
Instituto Nacional de Cemento		350	350
Banco Promerica		300	300
Banco Crédito Agrícola de Cartago		250	-
Banco BCT		250	-
Banco de Costa Rica		-	1,000
		26,493	16,933
Subtotal ICE		40,755	31,051
CNFL:			
Eólico Valle Central, S.A.		5,321	5,322
Empresa Propietaria de la Red, S.A.		252	253
Red Centroamericana Telecomunicaciones S.A.		10	-
Subtotal CNFL		5,583	5,575
Total long term investments - ICE Group	¢	46,338	36,626

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Toro III Hydroelectric Project Trust

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

Valle Central Wind Power Plant

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

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

The Company's capital stock amounts to US\$ 100,000.00 (one hundred thousand dollars with 00/100 gross) and is comprised of 1,000 common and nominative shares of one hundred dollars each. CNFL owns 40% of the shares and CABEI 60%. Further, the company agreed to issue 1,000 capital certificates of US\$25,688.03 (twenty-five thousand six hundred eighty-eight dollars with three cents) each, for a total of US\$ 25.7 million. Each capital certificate represents an indissoluble unit and the common share bears the same number as the capital certificate; accordingly, one may not be transferred without the other. Capital certificates do not entitle their holders to corporate or equity rights, since any right or benefit derives exclusively from shares. The amount contributed by the CNFL amounts to ¢5.321.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	As of junio 30, 2013					
								Face value	Value traded	Rate	Coupon	Net return	
BSJ bond	CRBSJ00B1608	SCR AAA	Colones	Banco BAC San José, S.A.	28-Jun-12	27-Mar-14	629	500	500	Fixed	10.85%	10.85%	
INC (HOLCIM) bond	CRINCO00B0126	AAA (cri)	Colones	Industria Nacional de Cemento	7-May-12	2-May-14	715	350	351	Variable	7.82%	10.29%	
Bond	CRBPROMB1169	SCR AA+	Colones	Banco Promérica	5-Oct-12	3-Oct-14	718	300	300	Fixed	12.50%	12.47%	
BANHVI bond	CRBANVIB0037	F1+ (cri)	Colones	Banco Hipotecario de la Vivienda -BANHVI-	15-Apr-10	7-Apr-15	1792	500	504	Variable	8.95%	10.32%	
MADAP bond	CRMADAPB2277	SCR AA+	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	13-Jan-11	9-Dec-15	1766	318	318	Variable	9.40%	9.63%	
Bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	19-Feb-13	15-Feb-16	1076	250	251	Fixed	8.75%	8.63%	
MUCAP bond	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.66%	
MUCAP bond	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.68%	
MUCAP bond	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.68%	
Bono MADAP	CRMADAPB2368	F1+ (cri)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	6-Jun-13	4-Jun-16	1078	350	351	Fixed	7.75%	7.70%	
CNFL bond	CRCFLUZB0207	AAA (cri)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	4-Oct-10	30-Sep-17	2516	400	400	Fixed	10.53%	10.51%	
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	8-Nov-12	6-Nov-17	1798	500	500	Variable	8.05%	11.25%	
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-13	15-Mar-18	1800	400	400	Fixed	8.25%	8.23%	
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-13	15-Mar-18	1800	600	600	Fixed	8.25%	8.25%	
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-11	19-Mar-14	1076	1,000	996	Fixed	8.28%	8.41%	
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-11	19-Mar-14	1076	1,000	995	Fixed	8.28%	8.46%	
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	12-Feb-13	19-Mar-14	397	406	425	Fixed	8.28%	6.75%	
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	12-Feb-13	19-Mar-14	397	100	105	Fixed	8.28%	6.75%	
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	11-Feb-13	28-Jan-15	707	160	164	Fixed	8.51%	7.22%	
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	22-Feb-13	28-Jan-15	696	500	515	Fixed	8.51%	7.12%	
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	3-Oct-12	23-Sep-15	1070	500	498	Fixed	10.58%	10.84%	
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	2-Oct-12	23-Sep-15	1071	500	498	Fixed	10.58%	10.84%	
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	4-Feb-13	23-Mar-16	1129	500	528	Fixed	8.74%	7.83%	
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	12-Feb-13	23-Mar-16	1121	500	533	Fixed	8.74%	7.53%	
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	27-Mar-13	22-Jun-16	1165	500	565	Fixed	10.58%	6.98%	
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	19-Feb-13	28-Jun-17	1569	170	185	Fixed	9.89%	7.84%	
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	1-Mar-13	28-Jun-17	1557	675	743	Fixed	9.89%	7.58%	
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	8-Feb-13	27-Sep-17	1669	500	583	Fixed	11.04%	7.74%	
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	12-Feb-13	27-Sep-17	1665	500	583	Fixed	11.04%	7.75%	
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	19-Feb-13	27-Sep-17	1658	500	584	Fixed	11.04%	7.76%	
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	4-Mar-13	24-Jan-18	1760	1,000	1,048	Fixed	8.74%	7.76%	
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	5-Mar-13	24-Jan-18	1759	1,500	1,573	Fixed	8.74%	7.57%	
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-13	24-Jan-18	1758	500	524	Fixed	8.74%	7.57%	
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-13	24-Jan-18	1758	1,000	1,048	Fixed	8.74%	7.77%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-12	28-Mar-18	1975	500	494	Fixed	11.13%	11.46%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-13	28-Mar-18	1847	165	194	Fixed	11.13%	7.88%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-13	28-Mar-18	1847	300	353	Fixed	11.13%	7.87%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-13	28-Mar-18	1847	500	588	Fixed	11.13%	7.87%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-13	28-Mar-18	1846	125	147	Fixed	11.13%	7.92%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-13	28-Mar-18	1846	286	336	Fixed	11.13%	7.90%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-13	28-Mar-18	1839	350	411	Fixed	11.13%	7.92%	
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-13	28-Mar-18	1839	500	588	Fixed	11.13%	7.92%	
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-13	26-Sep-18	1979	500	505	Fixed	7.82%	7.57%	
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-13	26-Sep-18	1979	500	505	Fixed	7.82%	7.58%	
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	11-Feb-13	27-Mar-19	2206	120	131	Fixed	9.20%	7.94%	
Central Bank bond	CRG0000B59G3	Country risk	Colones	Government	27-Mar-13	23-Dec-20	2786	500	542	Fixed	8.97%	7.88%	
Monetary stabilization bond - fixed rate	CRBCCROB3496	***	Colones	Banco Central de Costa Rica	6-Apr-11	3-Jul-13	807	1,000	1,000	Fixed	7.06%	7.91%	
Monetary stabilization bond - fixed rate	CRBCCROB3371	***	Colones	Banco Central de Costa Rica	4-Mar-11	19-Nov-14	1065	286	281	Fixed	7.47%	8.70%	
Monetary stabilization bond - fixed rate	CRBCCROB3371	***	Colones	Banco Central de Costa Rica	4-Mar-11	19-Nov-14	1065	500	491	Fixed	7.47%	8.70%	
Monetary stabilization bond - fixed rate	CRBCCROB3827	***	Colones	Banco Central de Costa Rica	4-Feb-13	9-Dec-15	1025	500	513	Fixed	8.28%	7.71%	
Monetary stabilization bond - fixed rate	CRBCCROB4080	***	Colones	Banco Central de Costa Rica	12-Feb-13	4-Sep-19	2362	395	435	Fixed	9.20%	7.98%	
Monetary stabilization bond - fixed rate	CRBCCROB4080	***	Colones	Banco Central de Costa Rica	12-Feb-13	4-Sep-19	2362	250	275	Fixed	9.20%	7.99%	
Monetary stabilization bond - fixed rate	CRBCCROB4080	***	Colones	Banco Central de Costa Rica	12-Feb-13	4-Sep-19	2362	155	171	Fixed	9.20%	7.99%	
Monetary stabilization bond - fixed rate	CRBCCROB4080	***	Colones	Banco Central de Costa Rica	12-Feb-13	4-Sep-19	2362	20	22	Fixed	9.20%	8.00%	
Total investments								e	25,431				
Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Rate	Coupon	Net return	
Bond	CRBACOB1181	AA(cri)+	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-13	29-Jan-18	1780 \$	500	504	Fixed	4.70%	4.69%	
Recopce standardized bond	CRRECOB0012	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petroleo	07-Dec-12	05-Dec-22	3598	1,000	1,017	Fixed	5.50%	5.27%	
Recopce standardized bond	CRRECOB0020	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petroleo	05-Apr-13	03-Apr-28	5398	500	500	Fixed	5.85%	5.84%	
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	11-May-09	20-Mar-14	1749	613	628	Fixed	6.55%	6.13%	
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	09-Mar-10	20-Mar-14	1451	498	557	Fixed	6.55%	4.18%	
Costa Rican external debt bond	USP3699PAAS9	***	U.S. dollars	Government	12-Jan-11	01-Aug-20	3439	20	28	Fixed	10.00%	5.12%	
Total investments								US\$	3,131				

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	As of December 31, 2012				
								Face value	Value traded	Rate	Coupon	Net return
CNFL bond	CRCFLUZB0207	AAA (cri)	Colones	CNFL	4-Oct-10	30-Sep-17	2516 ¢	400	400	Fixed	10.53%	10.51%
BANHVI bond	CRBANVIB0037	F1+ (cri)	Colones	BANHVI	15-Apr-10	07-Apr-15	1792	500	504	Variable	10.50%	10.32%
MADAP bond	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	13-Jan-11	09-Dec-15	1766	318	318	Variable	9.40%	9.63%
BCR bond	CRBCR00B2760	AA (cri)+	Colones	Banco de Costa Rica	28-Apr-11	14-Jun-13	766	1,000	1,074	Fixed	10.12%	8.14%
BSJ bond	CRBSJ00B1608	SCR AAA	Colones	BAC	28-Jun-12	27-Mar-14	629	500	500	Fixed	10.85%	10.85%
INC (HOLCIM) bond	CRINC00B0126	AAA (cri)	Colones	Instituto Costarricense del Cemento y del Concreto	7-May-12	02-May-14	715	350	351	Variable	10.35%	10.29%
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	FIFCO	8-Nov-12	06-Nov-17	1798	500	500	Fixed	11.27%	11.25%
Bond	CRBPROMB1169	SCR AA +	Colones	Banco Promerica	5-Oct-12	03-Oct-14	718	300	300	Fixed	12.50%	12.47%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.66%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.68%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual Cartago de Ahorro y Préstamo	28-Jun-12	25-Mar-16	1347	500	468	Fixed	10.50%	12.68%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	BCCR	4-Mar-11	19-Nov-14	1065	286	281	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	BCCR	4-Mar-11	19-Nov-14	1065	500	491	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3496	Country risk	Colones	BCCR	6-Apr-11	03-Jul-13	807	1,000	1,000	Fixed	7.06%	7.91%
Central Bank bond	CRG0000B45G2	Country risk	Colones	Government	12-Jan-11	27-Mar-13	795	1,000	1,061	Fixed	9.84%	8.14%
Central Bank bond	CRG0000B45G2	Country risk	Colones	Government	14-Jan-11	27-Mar-13	795	1,000	1,062	Fixed	9.84%	8.11%
Central Bank bond	CRG0000B45G2	Country risk	Colones	Government	14-Jan-11	27-Mar-13	795	300	318	Fixed	9.84%	8.16%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-11	19-Mar-14	1076	1,000	996	Fixed	8.28%	8.41%
Central Bank bond	CRG0000B62G7	Country risk	Colones	Government	23-Mar-11	19-Mar-14	1076	1,000	995	Fixed	8.28%	8.46%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	12-Jan-11	28-Jun-17	2326	1,000	1,023	Fixed	9.89%	9.45%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	3-Oct-12	23-Sep-15	1070	500	498	Fixed	10.58%	10.84%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	2-Oct-12	23-Sep-15	1071	500	498	Fixed	10.58%	10.84%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	8-Oct-12	23-Mar-16	1245	500	465	Fixed	8.74%	11.36%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-12	28-Mar-18	1975	500	494	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	24-Oct-12	28-Mar-18	1954	1,000	994	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B93G2	Country risk	Colones	Government	24-Oct-12	21-Dec-22	3657	1,000	1,011	Fixed	11.50%	11.97%
Total investments								¢	16,454			

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Rate	Coupon	Net return
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	11-May-09	20-Mar-14	1749	613	628	Fixed	6.55%	6.13%
Costa Rican external debt bond	USP3699PEM51	***	U.S. dollars	Government	09-Mar-10	20-Mar-14	1451	498	557	Fixed	6.55%	4.18%
Costa Rican external debt bond	USP3699PAA59	***	U.S. dollars	Government	12-Jan-11	01-Aug-20	3439	20	28	Fixed	10.00%	5.12%
Recope standardized bond	CRRECOPB0012	AAA (cri)	U.S. dollars	RECOPE	07-Dec-12	05-Dec-22	3598	1,000	1,017	Fixed	5.50%	5.27%
Total investments								US\$	2,131			

*** Not rated according to SUGEVAL information

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Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 9. Cash Due from Banks

Cash due from banks is detailed as follows:

Banks	As of June, 30 2013	As of December 31 2012
ICE Group		
Public and private entities	¢ 4,873	8,262
Total ICE Group	¢ 4,873	8,262

Note 10. Notes and Accounts Receivable

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

	As of June 30, 2013		As of December 31, 2012	
	Long-term	Short-term	Long-term	Short-term
ICE:				
Loan to autonomous entities	¢ 7,036	-	7,075	-
Private people	-	958	-	799
Others	88	77	120	100
Subtotal ICE	7,124	1,035	7,195	899
CNFL:				
Central Valley wind power project -				
Principal	1,451	201	1,579	203
In legal collections	-	108	-	108
Payment arrangements	-	72	-	67
Other	4	12	6	15
Subtotal CNFL	1,455	393	1,585	393
Total Group ICE	¢ 8,579	1,428	8,780	1,292

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Loan to Autonomous Entities.

- (1) Payment arrangement for accounts receivable from the 911 Emergency System by ICE:

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

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

In addition, ICE granted a loan to Empresa Propietaria de la Red (EPR) to repay loan IDB No. 1908 for ¢2.251, which corresponds to the two main items related to autonomous entities.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Accounts receivable services rendered	As of June 30, 2013	As of December 31, 2012
ICE:		
Private people	¢ 67,662	48,387
Electric cooperatives and municipal companies of electric distribution	14,748	9,768
Operators and suppliers of services	5,614	9,808
Telephone administrations	6,903	9,441
Public offices	6,803	5,750
Selling of devices (terminals)	599	243
Subtotal ICE	102,329	83,397
CNFL:		
Electric services consumers	26,262	18,274
Electric services government	1,306	864
Electric services	652	491
Subtotal CNFL	28,220	19,629
RACSA:		
Clients	2,578	3,141
Others	2,036	1,565
Accounts under judicial collection	1,802	1,006
Foreign lines	507	793
Government of Costa Rica	391	87
Accounts under payment settlement	1	1
Subtotal RACSA	7,315	6,593
Total Group ICE	¢ 137,864	109,619

(Continues)

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Accounts receivable not commercial	As of June 30, 2013	As of December 31, 2012
ICE:		
Judicial and administrative collection	¢ 38,789	38,291
Private people (1)	25,770	30,268
Government tax	4,601	4,315
Other	2,374	3,384
Toro III (2)	951	3,214
Employees	477	251
Subtotal ICE	72,962	79,723
CNFL:		
I.N.S. Cote Plant indemnity	2,001	2,036
Fiscal credit sales tax	1,648	1,367
Commercial transactions receivable	1,343	1,343
Other services rendered	971	2,192
Covenants, services cleared and others	837	937
Damages to electric installations	623	473
Retention 2% income tax	424	614
Accounts receivable various	296	301
Funds of savings and loans	200	200
Advance payment sales tax	116	85
Various services government	109	135
Officers	12	16
Social interest electricity services	-	10
Bounced checks	-	3
Subtotal CNFL	8,580	9,712
RACSA:		
Accounts receivable - others	34	1,177
Advance payment income tax	70	154
Advance payments to suppliers	7	-
Interests receivable	-	2
Subtotal RACSA	111	1,333
Total Group ICE	¢ 81,653	90,768

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

(1) Private Individuals

An invoice receivable from the Ministry of the Environment, Energy and Telecommunications (MINAET) is registered; such invoice is for the release of frequency bands, which are related to the termination process of the concessions to use Sub-Band E of 850 Mhz (frequency bands) for ¢3,381, advance payment to individuals for ¢6.267, which correspond to advance payments made to suppliers, receivables for uncharged services for ¢2.079 which correspond to the services provided by the different Strategic Business Units and advance payments to purchase fuel for plants amounting to ¢3.117.

(2) Toro III

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

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

Allowance for doubtful accounts	As of December 31, 2011	Used	Recoveries	Expense	As of December 31, 2012	Used	Recoveries	Expense	As of June 30, 2013
ICE									
Receivables for services rendered and non-trade receivables	33,333	(4,807)	909	3,207	32,642	(346)	192	1,687	34,175
Subtotal ICE	33,333	(4,807)	909	3,207	32,642	(346)	192	1,687	34,175
CNFL									
Receivables for services rendered and non-trade receivables	2,296	(1,282)	-	780	1,794	(157)	-	164	1,801
Subtotal CNFL	2,296	(1,282)	-	780	1,794	(157)	-	164	1,801
RACSA									
Receivables for services rendered and non-trade receivables	1,437	-	-	(257)	1,180	-	-	-	1,180
Subtotal RACSA	1,437	-	-	(257)	1,180	-	-	-	1,180
Total ICE Group	¢ 37,066	(6,089)	909	3,730	35,616	(503)	192	1,851	37,156

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 11. Operating Inventory

Operating inventories according to location are as follows:

	As of June 30, 2013	As of December 31, 2012
<u>ICE:</u>		
San José	24,620	40,102
Limón	21,080	23,483
Puntarenas	14,278	17,758
Guanacaste	12,416	6,825
Alajuela	5,202	5,203
Cartago	3,569	7,649
Subtotal ICE	81,165	101,020
Reclassification to inventory for investment and other assets	(49,790)	(59,271)
Total ICE	31,375	41,749
<u>CNFL:</u>		
San José	4,569	5,157
Subtotal CNFL	4,569	5,157
<u>RACSA:</u>		
San José	219	240
Subtotal RACSA	219	240
Total ICE Group	36,163	47,146

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

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Allowance for Valuation of Stock at Warehouses

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

	As of December 31,						As of June 30, 2013
	2011	Used	Expenses	2012	Used	Expenses	
ICE:							
Allowance for valuation of inventory ¢	7,236	(2,324)	1,015	5,927	(584)	-	5,343
Sub total ICE	7,236	(2,324)	1,015	5,927	(584)	-	5,343
CNFL:							
Allowance for valuation of inventory	75	(175)	149	49	(18)	17	48
Sub total CNFL	75	(175)	149	49	(18)	17	48
Total ICE Group ¢	7,311	(2,499)	1,164	5,976	(602)	17	5,391

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

Materials and equipment held in custody	As of June 30,	As of December 31,
	2013	2012
ICE:		
Terminals and other devices ¢	3,814	3,016
Spare parts not in warehouse custody	262	951
Subscriber identification cards	225	(19)
Telephones for the disabled	6	6
Total ICE Group ¢	4,307	3,954

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 12. Short Term Investments

Short term investments are detailed as follows:

								As of June 30, 2013			
		Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months				
ICE Electricity											
Uncommitted:											
<i>Available-for-sale</i>											
	Colones	Banco Nacional de Costa Rica	Investment funds	¢ 4,159	-	3.54%-3.72%	Demand				
		Banco de Costa Rica	Investment funds	820	-	4.16%-4.65%	Demand				
		National Insurance Institute (INS)	Investment funds	2,235	-	3.80%-4.28%	Demand				
		Repurchase operations	Repurchase operations	4,462	4,476	4.8%-5.27%	Jun 2013 to Jul 2013				
		SAFI BAC San José	BAC SAN JOSÉ Liquidez C ND	50	-	2.97%	Demand				
		Scotiabank de Costa Rica	Investment funds	1,494	-	3.80%	Demand				
	U.S. dollars	Banco de Costa Rica	Investment funds	3,458	-	1.58%	Demand				
		Banco Internacional de Costa Rica	Overnight	14,972	-	0.20%	Demand				
		Banco de Soluciones BANSOL de Costa Rica, S.A.	Term certificate of deposit	1,251	1,273	5.76%	May 2013 to Nov 2013				
		Banco Lafise	Term certificate of deposit	1,001	1,018	5.54%	May 2013 to Nov 2013				
<i>Held-to-maturity</i>											
	Colones	Banco de Costa Rica	Term certificate of deposit	1,847	1,847	3.75%	Jun 2013 to Jul 2013				
		Banco Central de Costa Rica	Electronic term deposit	1,088	1,088	2.10%	Jun 2013 to Jul 2013				
		Banco Nacional de Costa Rica	Short-term investment	21,982	21,982	3.75%-4.00%	Jun 2013 to Jul 2013				
		Banco Improsa	Term certificate of deposit (over the counter)	500	509	3.15%	May 2013 to Aug 2013				
	U.S. dollars	Banco Internacional de Costa Rica -Miami	Term certificate of deposit (over the counter)	16,014	16,295	2.50%-2.75%	May 2013 to Nov 2013				
		Scotiabank de Costa Rica	Term certificate of deposit	2,502	2,546	3.53%	May 2013 to Nov 2013				
Subtotal ICE Electricity				¢	77,835						
ICE Telecom											
Committed:											
<i>Held-to-maturity</i>											
	U.S. dollars	Banco de Soluciones BANSOL de Costa Rica, S.A.	Term certificate of deposit (over the counter)	1,100	1,120	5.10%	May 2013 to Nov 2013				
Uncommitted:											
<i>Available-for-sale</i>											
	Colones	Banco Nacional de Costa Rica	Investment funds	1,024	-	3.54%-3.72%	Demand				
		Banco Nacional de Costa Rica	Term certificate of deposit	4,100	4,100	5.52%-6.35%	May 2013 to Abril 2014				
		Banco de Costa Rica	Investment funds	5,355	-	4.16%-4.65%	Demand				
		Banco de Costa Rica	Term certificate of deposit	4,932	4,932	5.91%-10.05%	Jul 2012 to Febr 2014				
		Government	Fixed-rate Central Bank bond	1,500	1,500	5.82%-6.10%	May 2013 to Aug 2014				
		National Insurance Institute (INS)	Investment funds	1,526	-	3.80%-4.28%	Demand				
		Banco Popular y de Desarrollo Comunal	Investment funds	1	-	3.92%	Demand				
		Banco Popular y de Desarrollo Comunal	Term certificate of deposit	2,535	2,535	6.06%-8.33%	Feb 2013 to Mar 2014				
		Banco Popular y de Desarrollo Comunal	Short-term bonds	1,000	1,000	11.91%	Oct 2012 to Jul 2013				
		Banco Central de Costa Rica	Monetary Stabilization Bond	3,996	4,100	5.77% - 6.29%	Feb 2013 to Dic 2013				
		Banco Central de Costa Rica	Fixed-rate Monetary Stabilization Bond	1,000	1,000	6.25%	Feb 2013 to Jul 2013				
		Banco Crédito Agrícola de Cartago	Term certificate of deposit	2,860	2,860	5.87%-10.67%	Jul 2012 to Apr 2013				
		SAFI BAC San José	BAC SAN JOSÉ Liquidez C ND	50	-	2.97%	Demand				
		Repurchase operations	Repurchase operations	22,853	22,968	4.94%-5.50%	May 2013 to Jun 2013				
		Scotiabank de Costa Rica	Investment funds	318	-	3.80%	Demand				
		Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	Bond	310	310	10.27%	Feb 2013 to Set 2013				
		Banco Lafise	Term certificate of deposit (global bond)	1,000	1,000	10.99%	Nov 2012 to Nov 2013				
		Mutual Cartago de Ahorro y Préstamo	Mortgage participation certificate	250	250	12.00%	Aug 2012 to Aug 2013				
	U.S. dollars	Banco de Costa Rica	Investment funds	4,558	-	1.58%	Demand				
		Government	Fixed-rate Central Bank bond \$	500	509	3.46%-3.51%	Oct 2012 to Aug 2013				
		Banco Internacional Costa Rica	Overnight Tele. # 104600328 BICSA \$	2,191	-	0.20%	Demand				
		Banco Popular y de Desarrollo Comunal	Term certificate of deposit	500	509	3.49%	Mar 2013 to Sept 2013				
		Banco Crédito Agrícola de Cartago	Bond	255	255	3.68%	Feb 2013 to Jan 2014				
		Repurchase operations	Repurchase operations	145	148	1.90%-4.61%	Jun 2013 to Jul 2013				
		Fideicomiso de Titularización Cariblanco	Caribbean Securitization Trust	616	627	3.88% - 4.45%	Dec 2012 to Sept 2013				
<i>Held-to-maturity</i>											
	Colones	Banco Nacional de Costa Rica	Short-term investment	2,612	2,613	3.75%	Jun 2013 to Jul 2013				
		Banco de Costa Rica	Term certificate of deposit	752	752	3.75%	Jun 2013 to Jul 2013				
		Banco CMB (Costa Rica) S.A.	Term certificate of deposit	2,000	2,000	6.36%	May-13 to Aug -13				
		BANHVI	Term certificate of deposit	2,350	2,350	8.74%	Jan 2013 to Jan 2014				
		BAC San José	Term certificate of deposit	3,206	3,206	6.04% - 6.25%	May 2013 to Jun 2014				
	U.S. dollars	Banco Internacional de Costa Rica	Term deposit - BICSA, Miami branch	1,001	1,018	2.00%	Mar 2013 to Sept 2013				
Subtotal ICE Telecom					76,396						
Subtotal ICE					154,231						
CNFL:											
<i>Mantenido al vencimiento</i>											
	U.S. dollars	Banco Nacional de Costa Rica - Dólares	Term certificate of deposit	500	-	1.35%	92 Días				
Subtotal CNFL					500						
CRICRSA											
	Colones	BN Sociedad de Fondos de Inversión, S.A.	Investment funds	15	-	-	Demand				
Subtotal CRICRSA					15						
Total ICE Group				¢	154,746						

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(In millions of colones)

				As of December 31, 2012			
	Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months	
ICE Electricity							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	¢	2	-	6.66%-6.90%	Demand
		Banco de Costa Rica		2	-	6.29%-7.13%	Demand
		National Insurance Institute (INS)		2	-	5.66%	Demand
	U.S. dollars	Banco de Costa Rica		16	-	1.92%	Demand
		Banco Internacional de Costa Rica		15,491	-	0.20%	Demand
<i>Held-to-maturity</i>	Colones	Banco Central de Costa Rica		173	173	3.04%	Dec 2012 to Jan 2013
		Banco Nacional de Costa Rica		18,941	18,941	6.00%	Dec 2012 to Jan 2013
	U.S. dollars	Banco de Costa Rica		153	153	2.49%-2.50%	Dec 2012 to Jan 2013
Subtotal ICE Electricity			¢	34,780			
ICE Telecom							
Committed:							
<i>Held-to-maturity</i>	U.S. dollars	Scotiabank		1,120	1,120	3.80%	Nov 2012 to May 2013
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica		468	-	6.66%-6.90%	Demand
		Banco Nacional de Costa Rica		7,615	7,615	8.89%-10.53%	Jan 2012 to May 2013
		Banco de Costa Rica		533	-	6.29%-7.13%	Demand
		Banco de Costa Rica		3,000	3,000	9.00%-10.05%	Oct 2011 to Jul 2013
		Banco de Costa Rica		880	887	9.39%-10.89%	May 2012 to Jul 2013
		Government		8,731	9,000	8.64%-9.14%	May 2012 to Jun 2013
		National Insurance Institute (INS)		73	-	5.66%	Demand
		Banco Popular y de Desarrollo Comunal		2	-	5.52%	Demand
		Banco Popular y de Desarrollo Comunal		995	1,000	11.91%	Oct 2012 to Jul 2013
		BCCR		971	1,000	8.73%	May 2012 to May 2013
		Banco Crédito Agrícola de Cartago		1,400	1,400	10.45%-10.67%	Jul 2012 to Oct 2013
		Repurchase operations		23,401	23,714	3.30%-8.11%	Nov 2012 to May 2013
		Scotiabank		56	-	5.56%	Demand
		CABEI		500	500	9.42%	Jun 2012 to Dec 2012
		Banco Lafise, S.A.		1,000	1,000	10.99%	Nov 2012 to Nov 2013
		Mutual Cartago de Ahorro y Préstamo		250	250	12.00%	Aug 2012 to Aug 2013
	U.S. dollars	Banco de Costa Rica		9	-	1.92%	Demand
		Government		509	509	3.46%-3.51%	Oct 2012 to Aug 2013
		Banco de Costa Rica		518	519	3.10%	Aug 2012 to Feb 2013
		Banco Internacional de Costa Rica		5,588	5,588	0.20%	Demand
		Banco Crédito Agrícola de Cartago		255	255	3.90%	May 2012 to May 2013
		Repurchase operations		9,680	9,729	2.50%-3.90%	Nov 2012 to Feb 2013
		Mutual Cartago de Ahorro y Préstamo		509	509	3.77%	Oct 2012 to Apr 2013
		Cariblanco Securitization Trust		322	321	4.44%-4.45%	Dec 2012 to Sep 2013
<i>Held-to-maturity</i>	Colones	Banco Nacional de Costa Rica		8,415	8,415	6.00%	Dec 2012 to Jan 2013
		BANHVI		2,245	2,245	8.56%	Jul 2012 to Jan 2013
		Banco de Soluciones Bansol de Costa Rica, S.A.		500	500	10.00%	Nov 2012 to May 2013
	U.S. dollars	Banco de Costa Rica		8,148	8,148	2.76%	Dec 2012 to Jan 2013
		Banco Internacional de Costa Rica		1,018	1,018	2.00%	Sep 2012 to Mar 2013
		Banco CMB (Citibank)		10,185	10,185	4.00%	Dec 2012 to Feb 2013
		Banco Lafise, S.A.		2,037	2,037	3.75%	Oct 2012 to Jan 2013
Subtotal ICE Telecom			¢	100,933			
Subtotal ICE				135,713			
CNFL:							
<i>Held-to-maturity</i>	Colones	Banco Nacional de Costa Rica		59	-	7.26%	45 days
	U.S. dollars	BCCR		102	-	2.96%	1 month
		Government		356	-	3.15%	1 month
		Government		106	-	2.91%	1 month
		Government		107	-	2.92%	1 month
		Government		300	-	3.10%	1 month
		Government		560	-	3.15%	1 month
		Government		145	-	3.06%	1 month
		Banco de Costa Rica - USS		96	-	3.61%	1 month
		Government		204	-	3.38%	1 month
		Banco de Costa Rica - USS		509	-	1.75%	17 days
Subtotal CNFL				2,544	-		
RACSA:							
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica		200	200	5.35%	Nov 2012 to Jan 2013
		Banco de Costa Rica		200	200	5.60%	Dec 2012 to Jan 2013
Subtotal RACSA				400			
CRICRSA:							
<i>Available-for-sale</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.		14	-	-	-
Subtotal CRICRSA				14	-		
Total ICE Group			¢	138,671	-	-	-

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(In millions of colones)

Valuation of Investments

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

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

As of June 30, 2013 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of ¢683 (¢906 in December 2012), which is presented as part of the entry “Results of the Valuation of Financial Instruments”, in the equity section.

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(In millions of colones)

Note 13. Restricted Use Funds

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

Restricted funds	As of Junio 30, 2013	As of December 31, 2012
<u>ICE:</u>		
Guarantees received from third parties:		
In U.S. dollars, account No. 164475-0	¢ 610	540
In U.S. dollars, account No. 192916-0	217	292
In colones, account No. 192915-1	151	162
In colones, account No. 58166-6	85	84
Subtotal ICE	1,063	1,078
<u>CNFL:</u>		
Specific purpose funds		
BCR Platinum - Bonds	8,199	1
BCR Platinum (¢) - Cash for payments of ICE services	215	3,764
BNCR Gold - Cash for amortization of short-term debt	110	5,210
Subtotal CNFL	8,524	8,975
Total ICE Group	¢ 9,587	10,053

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Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 14. Prepaid Expenses

Prepaid expenses are detailed as follows:

Prepaid expenses		As of June 30, 2013	As of December 31, 2012
<u>ICE:</u>			
Mobile terminals and devices (4)	¢	28,002	22,825
Use agreements (1)		16,098	19,000
Fuel (3)		15,460	15,460
U-500 insurance policy, net (2)		9,387	4,128
All-risk insurance policy - construction		5,026	606
Canon		79	-
Sundry policies		15	24
Stationery		-	377
Subtotal ICE		74,067	62,420
<u>CNFL:</u>			
U-500 insurance policy, net		1,085	209
Sundry policies		670	228
Subtotal CNFL		1,755	437
<u>RACSA:</u>			
Yellow pages		3,074	2,253
U-500 insurance policy, net		179	59
Other		64	31
Vacation		25	47
National Insurance Institute (INS) - vehicles		-	4
Subtotal RACSA		3,342	2,394
Total ICE Group	¢	79,164	65,251

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(In millions of colones)

		As of June 30, 2013	As of December 31, 2012
ICE:			
Opening balance	¢	4,128	
Amount of premium		10,757	10,114
Amortization of premium		(5,498)	(5,986)
Subtotal ICE		9,387	4,128
CNFL:			
Opening balance		209	
Amount of premium		1,441	1,046
Amortization of premium		(565)	(837)
Subtotal CNFL		1,085	209
RACSA:			
Opening balance		59	
Amount of premium		209	307
Amortization of premium		(89)	(248)
Subtotal RACSA		179	59
Total ICE Group	¢	10,651	4,396

(1) **Use Agreements**

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

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

(3) Fuels

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

(4) Mobile Terminals and Devices

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

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

(5) Telephone Book

This item includes an adjustment as a deferred expense for a vacation allowance amounting to ¢15 for RACSA's staff, until income from the telephone book are generated as of 2013.

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

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of June 30 2013	As of December 31 2012
ICE:				
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative and technical buildings (central offices, blocks A - B, and block C (Procurement Department), PySA building, and Power Control Center), warehouses, telephone exchanges, shelters, base stations, electricity agencies, telephone agencies, 0 Comprehensive Customer Service Center (CAIC), power generation centers, power transformers, autotransformers, and mobile transformers.	€ 3.133.978	3.191.787
02 01 INS 613 00	Construction and assembly works all-risk insurance. Covers tremors, earthquakes, volcanic eruptions, cyclones, hurricanes, hail, tempests, windstorms, floods, water overflow, seaquake, mud silting, testing period, civil liability, adjacent property, and debris removal.	Project to expand Cachi	64.319	65.506
G-9312	Construction and assembly works all-risk basic liability insurance. Covers direct damage as a result of earthquake, volcanism, seaquake, tempest, cyclone, rising floodwaters, flood, landslide, extended maintenance, and debris removal	Toro III Hydroelectric Project	-	61.046
0201 TRC 0196	Construction and assembly works all-risk basic direct damage, earthquake, volcanism, seaquake, tempest, cyclone, rising floodwaters, flood, landslide, extended maintenance, and debris removal. Civil liability, delay in start-up, transportation, sabotage, and terrorism	Reventazón Hydroelectric Project	508.657	-
Local Transportation for Mobile Terminals	Means of transportation risks (covers loss of transported goods on route); accidents in the means of transportation as a result of: accidental fall on curbs, cliffs, precipices, rivers, lagoons, and oceans, collision and/or accident of the means of transportation against a fixed or moving object, animals, or people, fire, lightning, cyclones, earthquakes, tremors, overturn or fall of container, collision against moving or fixed objects, animals, or people provided they are fastened to the chassis or platform. This insurance was underwritten in December 2012.	Mobile terminals transported on ICE's vehicles to different points of sale for marketing purposes	35.350	-
0201INC0004621 Customs Warehouse and Bonded Warehouse	Covers direct physical damage, recovery value (of fixed assets), assault, automatic coverage for new goods, errors and omissions, loading and unloading, replacement of accounting books, technical and professional fees, automatic reinstatement of insured amount in the event of loss (not applicable to catastrophic risk or robbery), extraordinary expenses, reconstruction of electronic files, multiple location, fire extinguishment expenses, goods in custody, and control of the insured good.	Goods imported by ICE and in custody of the bonded warehouse	1.753	2.551
0101CGM7800 (55000)	Covers inland, maritime, and air transport of materials acquired by ICE through temporary import and/or export permits issued worldwide, as follows: A. All risk, C: Named-risk, D: War; and E: Strike.	All imported materials	1.761	1.028
02 01 EQE-0000335-00 Electronic Equipment All Risk LIDAR	Covers all risks of loss or damage under an R coverage called Direct Damage to Electronic Equipment, as well as the collision and/or overturn of a vehicle transporting insured assets (mobile or portable equipment) .	LIDAR electronic equipment and vehicle where it is installed	473	482
AUM-052	Covers vehicles for personal use assigned to ICE's senior management, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Senior management vehicles	34	151

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

CNFL:

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of June 30 2013	As of December 31 2012
U-500 Ahora ING-008	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative buildings, hydroelectric power plants, and substations. Amount insured expressed in U.S. dollars.	289.463	255.665
AUM-144	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons, C: Umbrella liability for damages to third party property.	CNFL's vehicle fleet.	6.594	5.622
Maritime 11955	Maritime Cargo Insurance	Imports.	1.455	1.450
AUM-172	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Vehicles (insurable interest)	167	166
FCP-0000041-00	Comprehensive Insurance		50	50
EQC-3868	Contractor's Equipment Insurance.	Forklifts and tractors.	50	50

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RACSA:

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of June 30 2013	As of December 31 2012
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; and civil liability.	RACSA's central buildings (Buildings A, B, and C located at the intersection of Avenida 5 and Calle 1) and the office furniture and equipment, and electronic and telecommunications equipment contained therein; inventories in warehouses it (supplies and electronic and telecommunications equipment); and the RACSA-ZURQUI Teleport buildings (located in Calle Blancos) and their contents.	74.750	75.198
AUM-0502-06 - RACSA	Covers company vehicles, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision and/or overturn; F: Robbery and/or theft; and H: Additional risks.	Vehicle fleet.	183	203
EQE 0009580 Electronic Equipment- RACSA	Mobile and/or portable equipment all-risk insurance, as follows: E: Risks of loss or damage to mobile and/or portable equipment and R: Direct damage to electronic equipment and collision and/or overturn of a vehicle transporting insured assets.	Sales force laptops.	28	28
Collective Traveler OCI0001137-RACSA	Covers personal accident (death, loss of limb(s), total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), daily costs of a hospital stay, lost luggage, and lost passport.	Employees traveling abroad.	25	26
INC-0256115-17 Fire - RACSA	Insurance against accidental fire or billing strike, sundry risks, flood, landslide, and convulsions of nature.	El Cerrito Farm storehouse.	28	28
EQC- 0004970 Contractor Equipment- RACSA	Insurance against: E: Direct damage including losses to the equipment caused by collision, accidental overturn, accidental fire, lightning strike, and transport of the equipment by other means; and L: Combined Single Limit Civil Liability.	El Cerrito Farm tractor.	10	10

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Note 15. Service Agreements

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

Contracts for services	As of June 30, 2013	As of December 31, 2012
ICE:		
Reventazón Hydroelectric Project	10,750	-
Toro III Hydroelectric Project	2,106	8,410
Others	257	345
Total Group ICE	13,113	8,755

(1) Reventazón Hydroelectric Project

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

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

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

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

(2) Toro III Hydroelectric Project

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

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

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resource management to develop the infrastructure works necessary to generate energy, which will be later leased to ICE and JASEC for their operation.

The sum of ¢2.106 as of June 2013 (¢8.410 in December 2012), corresponds to the balance pending for reimbursement by the trust for the construction costs and the technical services rendered by ICE.

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Note 16. Design and Planning of Project Implementation

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

	As of Jun 30, 2013	As of December 31, 2012
El Diquís Hydroelectric Project	68,663	68,902
Borinquen Geothermic Project	18,121	15,252
Transmission Lines	7,231	5,328
Las Pailas II Geothermic Project	4,178	3,823
Trasmission efforts of South Centra	3,701	-
Others	1,507	1,468
Total ICE Group	103,401	94,773

(3) El Diquís Hydroelectric Project (El Diquís (PHED)):

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

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

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

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

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

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

(4) Borinquén Geothermal Project:

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

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

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Note 17. Non Operating Assets

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

<u>Cost</u>	As of December 31,							<u>As of June 30, 2013</u>
	<u>2011</u> (Restructured)	Additions	Retirements and transfers	<u>2012</u>	Additions	Retirements and transfers		
ICE:								
Land	¢ 21,728	754	(368)	22,114	396	16	22,526	
Buildings	4,290	-	315	4,605	-	-	4,605	
Land and rights of way	19,166	2,652	(166)	21,652	610	(1,486)	20,776	
Artwork and collector's items	82	-	(59)	23	-	-	23	
Substations	3,036	-	(1,073)	1,963	-	-	1,963	
Subtotal ICE	48,302	3,406	(1,351)	50,357	1,006	(1,470)	49,893	
CNFL:								
Land	937	45	-	982	-	-	982	
Buildings	283	-	(148)	135	-	-	135	
Hydroelectric plants	674	-	-	674	-	-	674	
General equipment	899	-	-	899	-	-	899	
Other assets	146	-	-	146	-	-	146	
Subtotal CNFL	2,939	45	(148)	2,836	-	-	2,836	
RACSA :								
Surco Tico, S.A.- Forestry project	755	86	-	841	-	-	841	
Subtotal RACSA	755	86	-	841	-	-	841	
Total Group ICE	¢ 51,996	3,537	(1,499)	54,034	1,006	(1,470)	53,570	
<u>Accumulated depreciation:</u>	As of December 31,							<u>As of June 30, 2013</u>
	<u>2011</u> (Restructured)	Additions	Retirements and transfers	<u>2012</u>	Additions	Retirements and transfers		
ICE:								
Land	¢ 61	213	146	420	115	-	535	
Artwork and collector's items	22	-	(22)	-	0	-	-	
Substations	120	63	-	183	31	-	214	
Sub total ICE	203	276	124	603	146	-	749	
CNFL:								
Land and rights of way	26	9	-	35	2	-	37	
Buildings	52	5	-	57	1	-	58	
Hydroelectric plants	100	17	-	117	10	-	127	
General equipment	2	-	-	2	-	-	2	
Other assets	13	1	-	14	1	-	15	
Subtotal CNFL	193	32	-	225	14	-	239	
Total Group ICE	¢ 396	308	124	828	160	-	988	

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<u>Revaluation</u>	<u>As of December 31,</u>							<u>As of June 30, 2013</u>
	<u>2011</u> (Restructured)	<u>Revaluation</u>	<u>Retirements and transfers</u>	<u>2012</u>	<u>Revaluation</u>	<u>Retirements and transfers</u>		
ICE:								
Land	¢ 2,425	899	(38)	3,286	-	-	-	3,286
Buildings	161	202	277	640	-	-	-	640
Land and rights of way	634	-	6	640	-	(57)	-	583
Substations	86	48	-	134	-	-	-	134
Subtotal ICE	3,306	1,149	245	4,700	-	(57)	-	4,643
CNFL:								
Land	2,932	146	-	3,078	-	-	-	3,078
Buildings	719	12	(100)	631	-	-	-	631
Hydroelectric plants	7,178	196	-	7,374	-	-	-	7,374
General equipment	1	-	-	1	-	-	-	1
Other assets	144	13	-	157	-	-	-	157
Subtotal CNFL	10,974	367	(100)	11,241	-	-	-	11,241
Total Group ICE	¢ 14,280	1,516	145	15,941	-	(57)	-	15,884

<u>Accumulated depreciation - revaluation</u>	<u>As of December 31,</u>							<u>As of June 30, 2013</u>
	<u>2011</u> (Restructured)	<u>Revaluation</u>	<u>Retirements and transfers</u>	<u>2012</u>	<u>Revaluation</u>	<u>Retirements and transfers</u>		
ICE:								
Buildings	¢ 94	19	128	241	16	-	-	257
Land and rights of way	-	-	6	6	-	-	-	6
Substations	3	6	-	9	2	-	-	11
Subtotal ICE	97	25	134	256	18	-	-	274
CNFL:								
Land	195	18	-	213	2	-	-	215
Buildings	542	16	-	558	1	-	-	559
Land and rights of way	4,982	203	-	5,185	49	(4)	-	5,230
General equipment	1	-	-	1	-	-	-	1
Other assets	42	5	-	47	1	-	-	48
Subtotal CNFL	5,762	242	-	6,004	53	(4)	-	6,053
Total Group ICE	¢ 5,859	267	134	6,260	71	(4)	-	6,327

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

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Note 18. Intangible Assets

Intangible assets with finite life are detailed as follows:

Intangible assets	As of June 30, 2013	As of December 31, 2012
Licenses, systems and applications		
Opening balance	¢ 72,104	61,717
Additions	6,508	22,308
Transfers	155	(533)
Retirements	(1,441)	(11,389)
Adjustments	(401)	-
Subtotal cost ICE Group	76,925	72,103
Amortization of intangible assets		
	2013	2012
Licenses, systems and applications		
Opening balance	40,586	27,962
Additions	498	1,069
Amortization - expenses	6,232	14,505
Adjustments	(71)	(57)
Transfers	(77)	(530)
Retirements	(41)	(2,582)
Subtotal amortization ICE Group	47,127	40,367
Net total ICE Group	¢ 29,798	31,736

Amortization Method

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

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Note 19. Guarantee and Savings Fund (Restricted Fund)

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

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

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

	As of June 30, 2013		As of December 31, 2012	
	Amount	%	Amount	%
ICE:				
Electricity	¢ 68,339	39%	65,990	39%
Telecom	94,623	54%	91,371	54%
Corporate	12,266	7%	11,844	7%
Subtotal ICE	¢ 175,228	100%	169,205	100%
RACSA:				
RACSA Guarantee and Savings Fund	2,395	100%	3,065	100%
Subtotal RACSA	2,395	100%	3,065	100%
Total ICE Group	¢ 177,623	100%	172,270	100%

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

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Note 20. Amortizable Items

Amortizable items are detailed as follows:

Cost	Term	Method	As of December 31, 2011	Liquidation	Increase	As of December 31, 2012	Liquidation	Increase	As of June 30, 2013
Projects									
Miravalles III Geothermal Project	180 months	Straight line	176	-	-	176	-	-	176
Electriona Belén Hydroelectric Project	480 months	Straight line	573	-	-	573	-	-	573
Investment transaction costs:									
Investment transaction costs	30 days	Effective interest	2	(5)	3	0	(1)	7	6
Investment transaction costs	60 days	Effective interest	-	(33)	50	17	(24)	15	8
Investment transaction costs	90 days	Effective interest	-	-	23	23	(23)	-	-
Investment transaction costs	120 days	Effective interest	-	(1)	11	10	(11)	-	(1)
Investment transaction costs	More than 180 days	Effective interest	361	(205)	62	218	(157)	1,060	1,121
Sub total, investment and project transaction costs			1,112	(244)	149	1,017	(216)	1,082	1,883
Financing agreement fees:									
A bonds	120 months	Effective interest	296	-	-	296	-	-	296
B bonds	120 months	Effective interest	358	-	-	358	-	-	358
Citibank	120 months	Effective interest	378	-	-	378	-	-	378
CABEI No. 1856	180 months	Effective interest	143	-	-	143	-	-	143
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	644	-	-	644	-	-	644
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	975	-	-	975	-	-	975
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	1,532	-	-	1,532	-	-	1,532
INS Title 1	60 months	Effective interest	90	-	-	90	-	-	90
INS Title 2	60 months	Effective interest	9	-	-	9	-	-	9
INS Title 3	36 months	Effective interest	305	(305)	-	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	834	-	-	834	-	-	834
M & T Bank	84 months	Effective interest	56	-	-	56	-	-	56
Scotiabank tranche A	36 months	Effective interest	157	-	-	157	(157)	-	-
Scotiabank tranche B	60 months	Effective interest	157	-	-	157	-	-	157
BNP Paribas A	60 months	Effective interest	33	-	-	33	-	-	33
BNP Paribas B	60 months	Effective interest	115	-	-	115	-	-	115
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	57	-	-	57	-	-	57
Deutsche Bank Trust Company Americas	12 months	Effective interest	1	-	-	1	-	-	1
M & T Bank N°2	60 months	Effective interest	88	-	-	88	-	-	88
Nordea Export & Project Finance No.2	60 months	Effective interest	213	-	-	213	-	-	213
International issue of bonds 2043	120 months	Effective interest	-	-	-	-	(4)	166	162
International issue of bonds	120 months	Effective interest	602	-	343	945	-	-	945
Sub total, financing agreement fees			7,043	(305)	343	7,081	(161)	166	7,086
Total amortizable items - Cost - ICE Group			8,155	(549)	492	8,098	(377)	1,248	8,969

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Absorption Amortizable Items	Term	Method	As of December 31, 2011	Amortizations	Liquidation	As of December 31, 2012	Amortizations	Liquidation	As of June 30, 2013	
Projects										
Miravalles III Geothermal Project	180 months	Straight line	137	12	-	149	6	-	155	
Electriona Belén Hydroelectric Project	480 months	Straight line	286	15	-	301	7	-	308	
Investment transaction costs:										
Investment transaction costs	30 days	Effective interest	3	1	(3)	1	4	-	5	
Investment transaction costs	60 days	Effective interest	-	23	(12)	11	7	(15)	3	
Investment transaction costs	90 days	Effective interest	-	14	(1)	13	-	(13)	-	
Investment transaction costs	120 days	Effective interest	-	4	(1)	3	-	(4)	(1)	
Investment transaction costs	More than 180 days	Effective interest	200	108	(169)	139	109	(118)	130	
Sub total, investment and project transaction costs			626	177	(186)	617	133	(150)	600	
Financing agreement fees:										
A bonds	120 months	Effective interest	220	80	-	301	23	-	324	
B bonds	120 months	Effective interest	257	-	-	257	20	-	277	
Citibank	120 months	Effective interest	193	49	-	242	22	-	264	
CABEI No. 1856	180 months	Effective interest	32	8	-	40	4	-	44	
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	138	40	-	178	23	-	201	
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	179	58	(5)	232	28	(5)	255	
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	379	118	-	497	57	(4)	550	
INS Title 1	60 months	Effective interest	53	18	-	71	10	-	81	
INS Title 2	60 months	Effective interest	6	2	-	8	1	-	9	
INS Title 3	36 months	Effective interest	274	31	(305)	-	-	-	-	
Nordea Export & Project Finance No.1	60 months	Effective interest	404	169	-	573	86	-	659	
M & T Bank	84 months	Effective interest	15	8	-	23	4	-	27	
Scotiabank tranche A	36 months	Effective interest	102	55	-	157	14	(186)	(15)	
Scotiabank tranche B	60 months	Effective interest	57	31	-	88	16	-	104	
BNP Paribas A	60 months	Effective interest	8	6	-	14	3	-	17	
BNP Paribas B	60 months	Effective interest	27	23	-	50	12	-	62	
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	11	11	-	22	6	-	28	
Nordea Export & Project Finance No.2	12 months	Effective interest	45	41	-	86	21	-	107	
Citibank N°2	12 months	Effective interest	-	-	(14)	(14)	-	-	(14)	
M & T Bank N°2	12 months	Effective interest	17	17	-	34	9	-	43	
International issue of bonds	120 months	Effective interest	3	59	-	62	36	-	98	
Sub total, financing agreement fees			2,421	824	(324)	2,921	395	(195)	3,121	
Total amortizable items - Cost - ICE Group			€ 3,047	1,001	(510)	3,538	528	(345)	3,721	

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(In millions of colones)

Note 21. Securities Payable (Bonds)

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

Securities payable	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2013	Long-term	Short-term			
	2011	Amortization	Foreign exchange differences	Disbursements										
ICE:														
Internal debt:														
INS Security No. 1	¢	12,388	-	(217)	-	¢	12,171	-	(210)	-	¢	11,961	-	11,961
INS Security No. 2		1,230	-	(22)	-		1,208	-	(21)	-		1,187	-	1,187
INS Security No. 3		30,500	30,500	-	-		-	-	-	-		-	-	-
Series A1 bonds		50,000	-	-	-		50,000	-	-	-		50,000	50,000	-
Series A2 bonds		6,328	-	-	-		6,328	-	-	-		6,328	6,328	-
Series B1 bonds		38,874	-	(683)	-		38,192	-	(659)	-		37,533	37,533	-
Series B2 bonds		25,917	-	(455)	-		25,462	-	(440)	-		25,022	25,022	-
Series A2 bonds - 2010		28,426	-	-	-		28,426	-	-	-		28,426	28,426	-
Series B3 bonds - U.S. dollars (Electricity)		38,875	-	(683)	-		38,192	-	(659)	-		37,533	37,533	-
Series A3 bonds - colones		20,000	-	-	-		20,000	-	-	-		20,000	20,000	-
Series E1 bonds - U.S. dollars (Electricity)		30,357	-	(533)	-		29,824	-	(515)	-		29,309	29,309	-
Series A4 bonds - Telecom		10,000	-	-	-		10,000	-	-	-		10,000	10,000	-
Series A5 bonds - Electricity		20,000	-	-	-		20,000	-	-	-		20,000	20,000	-
Series A2 bonds -Electricity		15,246	-	-	-		15,246	-	-	-		15,246	15,246	-
Series E1 bonds - Electricity		8,518	-	(150)	-		8,369	-	(145)	-		8,224	8,224	-
Series A6 bonds - Electricity		18,756	-	-	-		18,756	-	-	-		18,756	18,756	-
Series E2 bonds - Electricity		64,791	-	(1,138)	-		63,654	-	(1,099)	-		62,555	62,555	-
Series F1 bonds		-	-	(301)	17,155		16,853	-	(290)	-		16,563	16,563	-
Series F3 bonds - U.S. dollars (Electricity)		-	-	-	5,627		5,627	-	-	-		5,627	5,627	-
Series F4 bonds - U.S. dollars (Telecom)		-	-	(273)	15,550		15,277	-	(264)	-		15,013	15,013	-
Series F4 bonds - U.S. dollars (Electricity)		-	-	(1,320)	75,158		73,838	-	(1,274)	-		72,564	72,564	-
Subtotal internal debt - ICE	¢	420,206	30,500	(5,773)	113,489	¢	497,422	-	(5,576)	-	¢	491,847	478,699	13,148

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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(In millions of colones)

Securities payable	As of December 31,								As of June 30, 2013	Long-term	Short-term
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements			
ICE:											
External debt:											
A bonds - Credit Suisse First Boston	€ 20,733	-	(364)	-	€ 20,369	-	(351)	-	€ 20,018	-	20,018
B bonds - Credit Suisse First Boston	31,100	-	(546)	-	30,554	-	(528)	-	30,026	-	30,026
International bond issue	129,583	-	(4,550)	129,583	254,615	-	(4,395)	-	250,220	250,220	-
International bond issue 2013 (1)	-	-	-	-	-	-	(4,395)	254,615	250,220	250,220	-
Other:											
Premium Series A1 bonds	151	7	-	-	144	10	-	-	134	134	-
Premium Series A2 bonds	90	2	-	-	87	4	-	-	83	83	-
Premium Series B1 bonds	161	11	-	-	149	6	-	-	143	143	-
Premium Series B2 bonds	376	77	-	-	299	40	-	-	259	259	-
Series A2 bonds - 2010	8	-	-	-	8	1	-	-	7	7	-
Series B3 bonds - U.S. dollars (Electricity)	1,216	81	-	-	1,135	42	-	-	1,093	1,093	-
Premium Series A3 bonds (Electricity)	4	-	-	-	4	1	-	-	3	3	-
Premium Series E1 bonds (Electricity)	195	17	-	-	178	9	-	-	169	169	-
Premium Series E1 bonds - U.S. dollars (Electricity)	4	-	-	-	4	-	-	-	3	3	-
Premium Series A6 bonds - colones (Electricity)	1	-	-	-	1	-	-	-	1	1	-
Premium Series F3 bonds - U.S. dollars (Electricity)	-	-	-	3	3	-	-	-	3	3	-
Premium international bond issue - ICE	-	287	-	6,479	6,192	255	-	-	5,937	5,937	-
Premium Series F4 bonds - U.S. dollars (Telecom)	-	2	-	176	174	3	-	-	171	171	-
Premium Series F4 bonds - U.S. dollars (Electricity)	-	1	-	117	116	2	-	-	114	114	-
Discounts:											
Series A2 bonds - 2010	(612)	(17)	-	-	(595)	(21)	-	-	(574)	(574)	-
Series A3 bonds (Electricity)	(94)	(6)	-	-	(88)	(4)	-	-	(84)	(84)	-
Series A4 bonds (Telecom)	(25)	(3)	-	-	(20)	(2)	-	-	(18)	(18)	-
Series A2 bonds (Electricity)	(440)	(13)	-	-	(427)	(12)	-	-	(415)	(415)	-
Series E2 bonds - U.S. dollars (Electricity)	(207)	(10)	-	-	(198)	(6)	-	-	(192)	(192)	-
Series F1 bonds	-	(23)	-	(244)	(221)	(15)	-	-	(206)	(206)	-
Series F4 bonds - U.S. dollars	-	(2)	-	(188)	(186)	(3)	-	-	(183)	(183)	-
Series International bonds 2013	-	-	-	-	-	-	-	(4,178)	(4,178)	(4,178)	-
Subtotal external debt - ICE	€ 182,244	411	(5,460)	135,926	€ 312,298	311	(9,669)	(4,178)	€ 552,754	502,710	50,044
Standardized commercial paper											
Standardized commercial paper Series C1, C2 and D1 (6)	-	27,068	-	27,147	78	78	-	-	-	-	-
Subtotal short-term securities payable - ICE	-	27,068	-	27,147	78	78	-	-	-	-	-
Subtotal securities payable - ICE	€ 602,450	57,979	(11,233)	276,562	€ 809,798	389	(15,245)	(4,178)	€ 1,044,601	981,409	63,192
CNFL:											
Internal debt:											
Series A bonds	-	-	-	-	-	-	-	-	-	-	-
Series B1 bonds	14,996	-	-	4	15,000	-	-	-	15,000	15,000	-
Series B2 bonds	14,600	-	-	-	14,600	-	-	-	14,600	14,600	-
Series B3 bonds	-	-	-	12,000	12,000	-	-	-	12,000	12,000	-
Series B4 bonds (2)	-	-	-	-	-	-	-	-	10,300	10,300	-
Subtotal CNFL	29,596	-	-	12,004	41,600	-	-	-	51,900	51,900	-
Total ICE Group	€ 632,046	57,979	(11,233)	288,566	€ 851,398	389	(15,245)	(4,178)	€ 1,096,501	1,033,309	63,192

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(In millions of colones)

The characteristics of these debt bonds are detailed as follows:

Creditor	Instrument	Currency	Securities payable				Contract date	Maturity date	As of June	As of
			Interest rate	Type of rate	Load	30, 2013			December 31, 2012	
ICE:										
Bonos colones:										
Series A1 bonds	Standardized bonds	Colones	12.25%	Variable	-	30-Sep-09	30-Sep-21	50,000	50,000	
Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	6,328	6,328	
Series A2 bonds - 2010	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	28,426	28,426	
Series A2 bonds - 2011	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	15,246	15,246	
Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	20,000	20,000	
Series A4 bonds	Standardized bonds	Colones	10.87%	Fixed	-	14-Dec-10	14-Dec-17	10,000	10,000	
Series A5 bonds	Standardized bonds	Colones	11.70%	Variable	-	16-Dec-10	16-Dec-25	20,000	20,000	
Series A6 bonds	Standardized bonds	Colones	12.15%	Variable	-	11-Aug-11	11-Aug-23	18,756	18,756	
Series F3 bonds	Standardized bonds	Colones	13.50%	Variable	-	3-Apr-12	3-Apr-23	5,627	5,627	
Premium Series A1 bonds	Standardized bonds	Colones	12.25%	Variable	-	30-Sep-09	30-Sep-21	134	144	
Premium Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	84	87	
Premium Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	7	8	
Premium Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	3	4	
Premium Series A6 bonds	Standardized bonds	Colones	12.15%	Variable	-	11-Aug-11	11-Aug-23	1	1	
Premium Series F3 bonds	Standardized bonds	Colones	13.50%	Variable	-	3-Apr-12	3-Apr-23	3	3	
Discount Series A2 bonds	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	(574)	(595)	
Discount Series A2 bonds - 2011	Standardized bonds	Colones	12.00%	Variable	-	6-Nov-09	6-Nov-24	(414)	(427)	
Discount Series A4 bonds	Standardized bonds	Colones	10.87%	Fixed	-	14-Dec-10	14-Dec-17	(18)	(20)	
Discount Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20	(84)	(88)	
Bonds in U.S. dollars:										
International bonds	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-Nov-11	10-Nov-21	129,769	129,769	
International bonds	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-May-12	10-Nov-21	120,451	124,846	
International bonds 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	-	15-May-13	14-May-43	250,220	-	
Credit Suisse First Boston	Series B bonds	U.S. dollars	6.45%	Fixed	-	3-Feb-04	3-Feb-14	30,026	30,554	
Credit Suisse First Boston	Series A bonds	U.S. dollars	7.10%	Fixed	-	1-Dec-03	10-Dec-13	20,018	20,369	
Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21	37,533	38,192	
Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16	25,022	25,462	
Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22	37,533	38,192	
Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	29,309	29,824	
Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	8,224	8,369	
Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24	62,555	63,654	
Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19	16,563	16,853	
Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	87,577	89,115	
Premium Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21	143	149	
Premium Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16	259	299	
Premium Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22	1,093	1,136	
Premium Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	169	178	
Premium Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20	3	3	
Premium international bond issue	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-Nov-11	10-Nov-21	5,937	6,192	
Premium series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	285	291	
Discount Series International bonds - 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	-	15-May-13	14-May-43	(4,178)	-	
Discount Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24	(192)	(198)	
Discount Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19	(206)	(221)	
Discount Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27	(183)	(186)	
Securities:										
INS	Security No. 3	Colones	13.75%	Variable	0.75%	6-Mar-09	6-Mar-12	-	-	
INS	Security No. 1	U.S. dollars	2.75%	Variable	0.75%	11-Nov-08	12-Nov-13	11,961	12,171	
INS	Security No. 2	U.S. dollars	2.75%	Variable	0.75%	11-Nov-08	28-Nov-13	1,188	1,208	
Standardized commercial paper:										
Standardized commercial paper	Commercial paper	Colones	Zero Coupon	-	-	8-Mar-12	8-Dec-12	-	78	
Sub total ICE								1,044,601	809,798	
CNFL:										
Bonds in U.S. dollars:										
Series B3 bonds	Standardized bonds	Colones	BDR + 3.21%	Variable	-	25-Jan-12	25-Jan-27	12,000	12,000	
Series B2 bonds	Standardized bonds	Colones	BDR + 3.27%	Variable	-	28-Jun-11	28-Jun-23	14,600	14,600	
Series B1 bonds	Standardized bonds	Colones	11.45%	Fixed	-	30-Sep-10	30-Sep-17	15,000	15,000	
Series B4 bonds	Standardized bonds	Colones	TBP + 3.43%	Variable	-	16-May-13	16-May-33	10,300	-	
Subtotal CNFL								51,900	41,600	
Total ICE Group								€ 1,096,501	851,398	

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(In millions of colones)

Issue of bonds - ICE

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

In millions of colones									
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium bond issue	Discount on bond issue
A1	30-Sep-09	30-Sep-21	Base deposit rate + 1.75%	¢	50,000	50,000	-	¢ 134	-
A2	6-Nov-09	6-Nov-24	Base deposit rate + 1.75%		50,000	50,000	-	91	160
A3	3-Nov-10	3-Nov-20	11,41% fixed		20,000	20,000	-	3	84
A4	14-Dec-10	14-Dec-17	10,87% fixed		10,000	10,000	-	-	18
A5	16-Dec-10	16-Dec-25	Base deposit rate + 2.20%		20,000	20,000	-	-	-
A6	11-Aug-11	11-Aug-23	Base deposit rate + 2.15%		50,000	18,756	31 244	1	-
F3	3-Apr-12	3-Apr-23	Base deposit rate + 3%		50,000	5,627	44 373	3	0
				¢	250,000	174,383	75,617	¢ 232	263

Millones de dólares									
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance	Premium bond issue	Discount on bond issue
B1	17/11/2009	17-Nov-21	7,65% fixed	US\$	75	75	-	US\$ 143	-
B2	20-May-10	20-May-16	5,71% fixed		50	50	-	259	-
B3	24-Jun-10	24-Jun-22	7,18% fixed		75	75	-	1,093	-
E1	14-Feb-11	12-Nov-20	5,98% fixed		75	75	-	172	-
E2	12-Dec-11	12-Dec-24	7,61% fixed		125	125	-	-	192
F1	13-Feb-12	13-Feb-19	5,97% fixed		100	33	67	-	206
F4	7-Sep-12	7-Sep-27	7,61% fixed		175	175	-	285	183
				US\$	675	608	67	US\$ 1,952	582

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

CNFL Subsidiary:

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

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(In millions of colones)

Note 22. Notes Payable

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

	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2013	Long-term	Short-term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements								
ICE												
Internal debt:												
Tranche V												
Purchase of non-restructured debt - Tranche V	¢ 802	229	(10)	-	563	113	(7)	-	443	221	222	0.9
Subtotal Tranche V	802	229	(10)	-	563	113	(7)	-	443	221	222	US\$ 0.9
Banco Nacional de Costa Rica (B.N.C.R.)	34,275	1,050	-	-	33,226	611	-	-	32,615	30,040	2,575	65.2
Parallel cooperation	13	13	-	-	-	-	-	-	-	-	-	-
Sub-total	34,288	1,063	-	-	33,226	611	-	-	32,615	30,040	2,575	US\$ 65.2
Scotiabank												
Scotiabank - Tranche A	12,958	-	(228)	-	12,731	-	(220)	-	12,511	10,634	1,877	25.0
Scotiabank - Tranche B	11,107	3,670	(163)	-	7,275	1,819	(94)	-	5,362	1,787	3,575	10.7
Subtotal Scotiabank	24,065	3,670	(390)	-	20,005	1,819	(314)	-	17,873	12,421	5,452	US\$ 35.7
BCR Trust - Telecom building	25,787	1,199	-	-	24,588	749	-	-	23,839	22,415	1,424	47.6
Supplier credit (1)	5,345	6,278	(509)	29,571	28,128	3,313	(602)	10,034	34,247	26,988	7,259	68.4
Subtotal internal debt	90,287	12,439	(909)	29,571	106,510	6,605	(923)	10,034	109,017	92,085	16,932	US\$ 217.8
External debt												
CABEI:												
CABEI No. 1599	64,964	9,995	(965)	-	54,005	54,005	-	-	-	-	-	-
CABEI No. 1856	49,174	4,683	(781)	-	43,710	43,710	-	-	-	-	-	-
CABEI No. 1962	33,692	1,379	(592)	-	31,721	31,721	-	-	-	-	-	-
CABEI Restructuring	17,364	3,758	(239)	-	13,367	2,037	(195)	-	11,135	6,944	4,191	22.3
CABEI No. 1516 - Moñ III Thermal Plant	6,797	2,266	(80)	-	4,451	4,451	-	-	-	-	-	-
Subtotal CABEI	¢ 171,991	22,080	(2,656)	-	147,254	135,924	(195)	-	11,135	6,944	4,191	US\$ 22.3

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

	As of December 31,								As of June 30, 2013	Long- term	Short- term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements				
European Investment Bank (BEI)	€ 4,910	2,381	(44)	-	2,485	1,223	(22)	-	1,240	-	1,240	2.5
IDB:												
IDB No. 598	2,277	569	(43)	-	1,665	277	(57)	-	1,331	781	550	2.7
B.I.D. 463/SF C.R.	-	-	-	-	-	-	-	-	-	-	-	-
IDB No. 1931 A/OC-CR Conversion - Tranche B	101,074	15,550	(1,502)	-	84,023	7,638	(1,319)	-	75,066	60,053	15,013	150.0
IDB No. 1931 A/OC-CR Conversion - Tranche A	84,941	7,386	(1,362)	-	76,194	3,628	(1,253)	-	71,313	64,182	7,131	142.5
IDB No. 1908/OC-CR (2)	34,211	(240)	(1,197)	33,739	66,993	-	(1,304)	8,521	74,210	74,210	-	148.3
Subtotal IDB	222,503	23,265	(4,104)	33,739	228,873	11,543	(3,930)	8,521	221,920	199,226	22,694	US\$ 443.4
BNP Paribas:												
BNP Paribas loan A	1,921	274	(29)	(1,617)	-	-	-	-	-	-	-	-
BNP Paribas loan B	5,176	1,466	(78)	-	3,632	726	(50)	-	2,856	1,428	1,428	5.7
Subtotal BNP Paribas	7,097	1,740	(107)	(1,617)	3,632	726	(50)	-	2,856	1,428	1,428	US\$ 5.7
Nordea:												
Nordea Export & Project Finance	9,955	3,982	(105)	-	5,868	1,956	(68)	-	3,844	-	3,844	7.7
Nordea Export & Project Finance	3,892	965	(60)	-	2,867	478	(42)	-	2,347	1,407	940	4.7
Subtotal Nordea	13,847	4,947	(165)	-	8,735	2,434	(110)	-	6,191	1,407	4,784	US\$ 12.4
M & T Bank												
M&T Bank	3,214	643	(45)	-	2,526	316	(38)	-	2,172	1,862	310	4.3
M&T No. 2	2,245	557	(35)	-	1,654	276	(22)	-	1,356	813	543	2.7
Subtotal M&T Bank	5,459	1,199	(80)	-	4,179	592	(60)	-	3,528	2,675	853	US\$ 7.0
Otros Acreedores:												
Andean Development Corporation (CAF)	49,673	4,319	(796)	-	44,558	2,122	(733)	-	41,703	37,533	4,170	83.3
Citibank	16,368	4,056	(251)	-	12,061	2,010	(174)	-	9,877	5,926	3,951	19.7
Japan Bank for International Cooperation	96,234	6,637	(10,932)	-	78,665	2,835	(10,945)	-	64,885	58,477	6,408	129.7
Natexis Banque	200	177	-	-	24	24	-	-	-	-	-	0.0
Hong Kong Shanghai Bank Corp. (HSBC) Panamá	8,293	2,073	(109)	-	6,111	1,018	(89)	-	5,004	3,002	2,002	10.0
Cisco Systems Capital Corporation	667	441	(4)	-	222	222	-	-	-	-	-	0.0
Cisco Systems (3)	20,096	307	(380)	1,796	21,204	1,597	(340)	102	19,369	16,601	2,768	-
CABEL No. 2076 (4)	-	-	(268)	26,412	26,145	-	(657)	11,932	37,420	37,420	-	74.8
Multibank INC.	-	-	-	1,617	1,617	539	(18)	-	1,060	530	530	2.1
BID N° 2747 - CCLIP (5)	-	-	-	-	-	-	(40)	2,293	2,253	2,253	-	-
Subtotal other creditors	191,531	18,010	(12,741)	29,825	190,606	10,367	(12,996)	14,327	181,571	161,742	19,829	US\$ 0.7
Subtotal external debt	617,338	73,624	(19,896)	61,947	585,765	162,809	(17,363)	22,848	428,441	373,422	55,019	US\$ 856.1
Total ICE - Long-term loans payable	€ 707,626	86,062	(20,805)	91,518	692,276	169,414	(18,286)	32,882	537,458	465,507	71,951	US\$ 1,074.0

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

	As of December 31,				2012	As of June 30, 2013			Long-term	Short-term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements		Amortization	Foreign exchange differences	Disbursements			
Short-term loans payable - ICE:											
Internal debt:											
Scotiabank (6)	15,959	54,846	3	56,570	17,685	20,818	-	3,133	-	-	0.0
Subtotal internal debt	€ 15,959	54,846	3	56,570	17,685	20,818	-	3,133	-	-	US\$ 0.0
External debt:											
BNP Paribas	-	5,183	-	5,183	-	-	-	-	-	-	-
Citibank No.1 (7)	10,367	20,733	-	10,367	-	7,638	-	7,638	-	-	-
Honk Kong Shanghai Bank Corp. (HSBC)	15,032	26,953	-	11,922	-	-	-	-	-	-	-
Bladex (8)	8,293	65,310	-	57,016	-	41,757	(158)	50,923	9,008	9,008	18.0
Global Bank Corporation	5,183	20,733	-	15,550	-	-	-	-	-	-	-
Mercantil Commercebank (9)	15,550	46,650	-	37,720	6,620	13,240	(149)	15,277	8,508	8,508	17.0
Banco Aliado de Panamá	-	18,142	-	18,142	-	-	-	-	-	-	-
Banco de San José (BAC)	3,300	6,600	-	3,300	-	-	-	-	-	-	-
Subtotal external debt	57,725	210,304	-	159,200	6,620	62,635	(307)	73,838	17,516	-	US\$ 35.0
Total short-term loans payable - ICE	73,684	265,150	3	215,769	24,306	83,453	(307)	76,971	17,516	-	17,516
Total internal debt - ICE	106,246	67,285	(907)	86,140	124,195	27,423	(923)	13,167	109,017	92,085	16,932
Total external debt - ICE	675,063	283,927	(19,896)	221,147	592,385	225,444	(17,670)	96,686	445,957	373,422	72,535
Total debt - ICE	€ 781,309	351,212	(20,802)	307,287	716,580	252,867	(18,593)	109,853	554,974	465,507	US\$ 1,109.0

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2013	Long-term	Short-term	2013 (in U.S. dollars)	
	2011	Amortization	Foreign exchange differences	Disbursements									
CNFL:													
External debt:													
Instituto Crédito Oficial (Spain)	¢	13,266	-	(233)	-	13,034	320	(225)	-	12,489	11,849	640	25.0
Deutsche Bank, Sociedad Anónima Española		4,643	1,290	(94)	-	3,259	640	(57)	-	2,562	1,281	1,281	5.1
Kreditanstalt für Wiederaufbau loan 1		9,615	1,348	(171)	-	8,096	663	(140)	-	7,293	5,967	1,326	14.6
Kreditanstalt für Wiederaufbau loan 2		4,186	483	(75)	-	3,628	238	(62)	-	3,328	2,853	475	6.7
BICSA - Line of credit		7,775	6,046	(201)	-	1,528	-	(26)	-	1,502	-	1,501	3.0
BCR Balsa Inferior		-	-	-	31,550	31,550	-	-	8,878	40,428	40,428	-	80.8
BICSA Balsa Inferior		-	-	65	6,046	6,111	-	(106)	-	6,005	6,005	-	12.0
Banco Nacional de Desarrollo Económico y Social de Brasil		-	-	-	-	-	-	-	3,350	3,350	3,350	-	-
Subtotal external debt - CNFL	¢	39,485	9,167	(709)	37,596	67,205	1,861	(616)	12,228	76,957	71,733	5,223	US\$ 147.1
Subtotal CNFL	¢	39,485	9,167	(709)	37,596	67,205	1,861	(616)	12,228	76,957	71,733	5,223	US\$ 147.1
RACSA:													
External debt:													
Control Electrónico, S.A. (CESA)		5,475	5,314	(156)	-	5	5	-	-	-	-	-	-
BICSA		1,037	-	(8)	-	1,029	-	(20)	-	1,009	-	1,009	2.1
Guaranteed Financing Agreement		1,973	-	-	-	-	-	7	-	7	-	7	0.0
Loan conversion		-	-	148	-	148	-	(29)	-	119	119	-	0.3
Subtotal external debt - RACSA	¢	18,109	16,717	(210)	-	1,182	5	(42)	-	1,135	119	1,016	US\$ 2.4
Total internal debt - ICE Group		106,246	67,285	(907)	86,140	124,195	27,423	(923)	13,167	109,017	92,085	16,932	248.2
Total external debt - ICE Group		675,063	283,927	(19,896)	221,147	660,772	227,309	(18,328)	96,686	445,957	373,422	72,535	- 1,320.4
Total debt - ICE Group	¢	838,903	377,096	(21,722)	344,883	784,967	254,732	(19,251)	122,081	633,066	537,359	95,707	US\$ 1,568.6

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

General features of debt (in millions of U.S dollars, as indicated)																		
Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (june 2013)	Accumulated disbursed amount (2012)	Currency	Guarantee	Financing			
Loans payable - ICE:																		
ICE Electricity																		
Internal debt:																		
Restructured debt - Tranche V	21-May-89	21-May-15	25	-	25	Half-yearly	6.75%	Fixed	6.75%	-	4	4	4	US\$	Government	Restructuring of debt with commercial banks		
Parallel cooperation	1-Jul-09	1-Jun-12	3	-	3	Monthly	0.69%	Fixed	-	-	-	48	€	ICE	Recognition of investment in telecom equipment (DIURSA)			
Banco Nacional de Costa Rica	25-Aug-10	31-Aug-25	15	-	15	Quarterly	BDR + 2.75%	Var.	2%	35,000	35,000	35,000	€	ICE	Investment in transmission projects			
Commercial banks:																		
Scotiabank - Tranche A	18-Dec-09	22-Dec-17	8	3	5	Quarterly	3M LIBOR + 3.50%	Var.	-	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks		
Scotiabank - Tranche B	18-Dec-09	22-Dec-14	5	2	3	Half-yearly	3M LIBOR + 3.75%	Var.	-	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks		
External debt:																		
European Investment Bank (BEI)	30/11/1993	25/11/2013	20	5	14.5	Half-yearly	6.32%	Fixed	2%	-	50	50	50	US\$	Government	Execution of Electrical Development Project III		
Multilateral organizations:																		
CABEI:																		
CABEI No. 1599	17-Mar-03	25-Apr-18	15	5.5	9.5	Half-yearly	6.40% - Bank policy	Var.	3%	0,0075	172	172	172	US\$	ICE	Construction of and equipment for Pirrís Hydroelectric Power Plant		
CABEI 2005 Prepayment	21-Oct-05	21-Oct-15	10	2	8	Quarterly	8.50%	Fixed	2%	-	55	55	55	US\$	ICE	Loan prepayment IDB No. 200, 535, and 572 (partial)		
CABEI No. 1856	12-Apr-07	11-May-22	15	3	12	Half-yearly	7.68% - Bank policy	Var.	3%	-	110	108	108	US\$	ICE	Expansion of and maintenance to national electricity system 2007		
CABEI No. 1516 - Moín III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	7.68% - Bank policy	Var.	-	-	12	12	12	US\$	ICE	Acquisition of Moín III Thermal Power Plant		
CABEI No. 1516 - Moín III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	6.35% - Bank policy	Var.	-	-	21	21	21	US\$	ICE	Acquisition of Moín III Thermal Power Plant		
CABEI No. 1962	19-Jun-09	19-Jun-24	15	3	12	Half-yearly	6.40% - Bank policy	Var.	0,0075	-	65	62	65	US\$	ICE	Programa de Obras Eléctricas 2008 - 2009		
CABEI No. 2076	13-Feb-12	27-Nov-28	16	4	12	Half-yearly	6.40%	Fixed	30%	0,0025	140	51	-	US\$	ICE	Expansion of Cachi Hydroelectric Power Plant to increase capacity from 100 MW to 160 MW		
IDB:																		
IDB No. 463/SF-CR	13-Apr-76	13-Apr-11	35	8	27	Half-yearly	2.00%	Fixed	2%	0,005	-	-	-	US\$	Government	Rural electrification with cooperatives (various currencies)		
IDB No. 598	9-Sep-80	9-Sep-15	35	8	27	Half-yearly	2.00%	Fixed	2%	0,005	35	8	26	S-JPY-EURO	Government	National Rural Electrification Project (various currencies)		
Conversion IDB No. 1931 A/OC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	6M LIBOR + 3.625%	Var.	2%	0,005	159	159	159	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse - Electricity and Telecom		
Conversion IDB No. 1931 A/OC-CR - Tranche B	10-Jul-08	15-Feb-18	9.7	3	6.6	Half-yearly	6M LIBOR + 3.00%	Var.	2%	0,005	196	196	196	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse - Electricity and Telecom		
IDB No. 1908/OC-CR CLIPP	25-May-09	25-May-34	25	5	20	Half-yearly	6M LIBOR + 0.80%	Var.	-	-	250	80	80	US\$	Government	Electricity Development Program 2008-2011		
IDB N° 2747	31-Oct-12	15-Oct-37	25	20	20	Half-yearly					250	-	-	US\$				
Bilateral organizations:																		
Andean Development Corporation (CAF)	9-Apr-08	9-Apr-23	15	3	12	Half-yearly	6M LIBOR + 1.70%	Var.	2%	-	100	88	100	US\$	ICE	Studies for or construction of Toro III, Diquís, Pacuare, and Pirrís Projects		
Japan Bank for International Cooperation	9-Apr-01	20-Apr-26	25	7	18	Half-yearly	2.2%	Fixed	2%	-	206	164	164	JPY	Government	Pirrís Hydroelectric Project		
Commercial banks:																		
Cibank	14-Dec-05	19-Dec-15	10	1	9	Half-yearly	8.25% - Bank policy	Var.	-	-	75	75	75	US\$	ICE	Loan prepayment 572		
M&T Bank No. 1	16-Dec-09	30-Sep-16	7	-	7	Half-yearly	6M LIBOR + 2.15%	Var.	-	-	9	9	9	US\$	ICE	Cost of equipment (steel sheeting, tunnel and surge tank - Toro III Hydroelectric Power Plant)		
M&T Bank No. 2	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	-	10	5	5	US\$	ICE	Projects executed by UEN PySA		
BNP Paribas - loan A	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	-	5	US\$	ICE	Sundry projects			
Muhbank INC	17-Aug-12	20-Jun-15	3	-	3	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	3	3	-	US\$	ICE	Sundry projects		
BNP Paribas - loan B	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	6M LIBOR + 1.15%	Var.	1%	-	16	14	14	US\$	ICE	Sundry projects		

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

General characteristics of the debt (amount in million dollars and colones, according to the indication)																	
	Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (march 2013)	Accumulated disbursed amount (2012)	Currency	Guarantee	Financing	
ICE Telecom																	
Internal debt:																	
Restructured debt - Tranche V	21-May-89	21-May-15	25	-	25	Half-yearly	6.75%	Fixed	7%	-	1	1	1	US\$	Government	Restructuring of debt with commercial banks	
BCR Trust - Telecom building	22-Apr-10	22-Jul-22	12	-	12	Monthly	BDR + 3.75%	Var.	-	-	28	28	28	€	ICE	Securitization of property - ICE	
External debt:																	
Multilateral organizations:																	
Conversion IDB No. 1931 A/OC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	6M LIBOR + 3.625%	Var.	2%	-	12	12	12	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse	
Conversion IDB No. 1931 A/OC-CR - Tranche B	10-Jul-08	15-Feb-18	10	3	7	Half-yearly	6M LIBOR + 3.00%	Var.	2%	-	14	14	14	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse	
Organismos bilaterales																	
Natexis Banque	09-Sep-82	30-Jun-13	31	16	15	Half-yearly	3.50%	Fixed	3%	-	4	4	4	Euros	Government	Restructuring of debt with Akatel CIT	
Commercial banks																	
Nordea Export & Project Finance No. 1	29-Jun-09	28-Feb-14	5	-	5	Half-yearly	2.51%	Fixed	-	-	37	37	37	US\$	ICE	Purchase of equipment and services from Ericsson	
Nordea Export & Project Finance No. 2	04-Nov-10	08-Dec-15	5	-	5	Half-yearly	2.51%	Fixed	-	-	10	9	9	US\$	ICE	Purchase of equipment and services from Ericsson	
Cisco Systems No. 1	15-Apr-10	06-Apr-13	3	-	3	Quarterly	3.25%	Fixed	18%	-	50	2	2	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 2 - No. 3	25-May-11	13-Sep-18	7	1	6	Quarterly	3.00%	Fixed	13%	-	56	3	3	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 4	25-May-11	13-Sep-18	7	1	6	Quarterly	3.39%	Fixed	13%	-	56	7	7	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 5 - No. 6	25-May-11	08-Oct-18	7	1	6	Quarterly	3.01%	Fixed	13%	-	56	11	11	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 7 - No. 8	25-May-11	29-Nov-18	7	1	6	Quarterly	3.04%	Fixed	13%	-	56	8	8	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 9	13-Sep-12	08-Aug-17	7	9 months	7	Quarterly	3.00%	Fixed	13%	-	7	-	-	US\$	ICE	Purchase of equipment and services from CISCO	
Cisco Systems No. 10	18-Apr-13	12-Mar-20	7	1	6	Quarterly	3.00%	Fixed	-	-	13	-	-	US\$	-		
ECI Telecom (provider credit)	16-Mar-11	01-Jun-16	5	-	5	Quarterly	4.95%	Fixed	-	-	11	-	-	US\$	ICE	Expansion and modernization of DWDM network	
ECI Telecom 2 (provider credit)	08-Dec-11	11-Nov-16	5	-	5	Quarterly	4.95%	Fixed	-	-	4	4	4	US\$	ICE	Installation of network equipment and training	
ECI Telecom 3 (provider credit)	26-Feb-13	31-Jan-18	5	-	5	Quarterly	4.95%	Fixed	-	-	12	-	-	US\$	ICE	Expansion and modernization of DWDM network	
Huawei Technologies Co. LTD. (provider credit)	25-May-11	15-Jan-17	5.5	-	5.5	Half-yearly	5.45%	Fixed	-	-	60	41	41	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system	
Huawei Technologies Co. LTD. Phase I and II (provider credit)	10-Apr-12	10-Apr-17	5	-	5	Half-yearly	5.45%	Fixed	-	-	-	-	-	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system	
M&T Bank No. 2	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	-	10	9	9	US\$	ICE	Expansion of mobile telephony	
HSBC Panama	01-Nov-10	08-Nov-15	5	-	5	Quarterly	6M LIBOR + 4.95%	Var.	-	-	20	20	20	US\$	ICE	Internet services	
Loans payable - Subsidiaries																	
CNEL																	
External debt																	
Instituto Crédito Oficial (Spain)	15-Jul-02	25-Sep-32	30	10	20	Half-yearly	0.70%	Fixed	6M LIBOR + 1	0.15% management	26	26	26	US\$	Government	Underground network - San José	
Deutsche Bank, Sociedad Anónima Española	15-Jul-02	20-Apr-15	13	3	10	Half-yearly	5.86%	Fixed	8%	0.15% management	26	26	26	US\$	Government	Underground network - San José	
Kreditanstalt für Wiederaufbau (KfW) - loan 1	16-Dec-05	30-Sep-18	10	years, 9 mon	12 años 9 m	Half-yearly	3.80%	Var.	6M LIBOR + 2	0.0125	26	26	26	US\$	ICE	El Encanto Hydroelectric Project	
Kreditanstalt für Wiederaufbau (KfW) - loan 2	25-Sep-08	30-Mar-20	10	2	12	Half-yearly	3.80%	Var.	6M LIBOR + 2	0.0125	26	9.5	9.5	US\$	ICE	El Encanto Hydroelectric Project	
BICSA - Line of credit, disbursement No. 1	27-May-10	27-May-13	3	-	3	Half-yearly	5.00%	Fixed	5.00%+30% = 6.50%	0.25% superv.	26	3	3	US\$	Promissory note	Acquisition of assets, materials, and equipment and financing of Balsa Inferior Hydroelectric Project	
BICSA - Line of credit, disbursement No. 2	08-Dec-11	08-Dec-14	3	-	3	Half-yearly	4.50%	Fixed	-	0.125% superv.	26	12	12	US\$	Promissory note	Acquisition of assets, materials, and equipment and financing of Balsa Inferior Hydroelectric Project	
Banco de Costa Rica	04-Jun-12	06-Jul-32	20	2	18	Monthly	BDR + 2% & BDR + 3%	Var.	Current rate + 2.00%	3.50% formalization & 10% appraisal	26	40,428	40,428	€	Promissory note	Balsa Inferior Hydroelectric Project	
Banco Nacional de Desarrollo Económico y Social de Brasil	19-Mar-13	19-Mar-23	10	-	8	Half-yearly	3.84%	Fixed	-	1% Administration	26	-	-	US\$	Promissory note	Balsa Inferior Hydroelectric Project	
RACSA																	
External debt																	
BICSA	30-Mar-11	28-Mar-12	2.5	-	2.5	-	3.00%	Fixed	-	-	2	2	2	US\$	Promissory note	Working capital	

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

General features	Original currency	Interest rate	Type of interest rate	Contract date	Maturity date	Term (in days)	As of December 31, 2012	Amount disbursed (2013)	Amortization 2013	Estimated quantification - Exchange difference	As of June 30, 2013
ICE Electricity											
External debt											
Citibank	U.S. dollars	1M LIBOR + 1.35% margin = 1,5497%	Variable	17-Apr-13	17-May-13	30 days	-	6,111	6,111	-	-
Citibank	U.S. dollars	1M LIBOR + 1.33% margin = 1,5292%	Variable	24-Apr-13	24-May-13	30 days	-	1,528	1,528	-	-
Bladex	U.S. dollars	6M LIBOR + 1.55% margin = 2,0156%	Variable	14-Feb-13	13-Aug-13	180 days	-	9,166	-	(158)	9,008
Bladex	U.S. dollars	3M LIBOR + 1.48% margin = 1,7666%	Variable	28-Feb-13	29-May-13	90 days	-	12,731	12,731	-	-
Bladex	U.S. dollars	3M LIBOR + 1.48% margin = 1,76010%	Variable	18-Mar-13	17-Jun-13	91 days	-	6,620	6,620	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,4992%	Variable	24-Apr-13	24-May-13	30 days	-	4,583	4,583	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,4982%	Variable	30-Apr-13	30-May-13	30 days	-	8,148	8,148	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,49920%	Variable	10-May-13	10-Jun-13	31 days	-	6,111	6,111	-	-
Bladex	U.S. dollars	1M LIBOR + 1.30% margin = 1,49820%	Variable	8-May-13	7-Jun-13	30 days	-	3,565	3,565	-	-
Scotiabank	U.S. dollars	3M LIBOR (0.2801%) + 1.48% margin = 1.76%	Variable	19-Mar-13	17-Jun-13	90 days	10,185	-	10,185	-	-
Scotiabank	U.S. dollars	7.65% fixed	Fixed	14-Mar-13	12-Jun-13	90 days	7,500	-	7,500	-	-
Mercantil Commercebank	U.S. dollars	1.8090% fixed	Fixed	19-Dec-12	19-Mar-13	90 days	6,620	-	6,620	-	-
Scotiabank	U.S. dollars	3M LIBOR (0.3015%) + 1.48% margin = 1.7815%	Variable	25-Apr-13	25-May-13	87 days	-	1,606	1,606	-	-
Scotiabank	U.S. dollars	1M LIBOR (0.1982%) + 1.29% margin = 1.4882%	Variable	8-May-13	7-Jun-13	25 days	-	1,528	1,528	-	-
Mercantil Commercebank	U.S. dollars	1.5397% fixed	Fixed	17-Apr-13	17-May-13	30 days	-	6,620	6,620	-	-
Mercantil Commercebank	U.S. dollars	1.9959% fixed	Fixed	14-Feb-13	13-Aug-13	180 days	-	8,657	-	(149)	8,507
Total ICE							24,305	76,972	83,453	(308)	17,515

As of June 30, 2013, relevant disbursements correspond to

- (1) **i. ECI Telecom# 3:** A disbursement was made in February 2013 in the amount of US\$12,4 million, equivalent to ¢6,356 corresponding to the installation of the equipment purchased from ECI Telecom. Such financing is for a five year term, at an interest rate of 4.95% per annum.
 - ii. HUAWEI:** A disbursement was made in March 2013 for the sum of US\$7,2 million, equivalent to ¢ 3,677 million, respectively, of FASE II, for installing network SMA-3G, which will be paid in 11 semiannual payments, concluding in January 2018.
- (2) **BID 1908:** In May and June 2013, a disbursement of capitalizable interest was made for the sum of ¢372 million and of principal in the sum of USD \$16 million, at a 6m LIBOR rate of + 0.80%.
- (3) **CISCO N° 10:** In April 2013, a disbursement was made through a Service Order for the sum of US\$200 thousand, equal to ¢102 million, at a fixed rate of 3% and a term of 6 years and 3 months, to fund the project called “Expansion and Upgrading of the IP Network.”

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- (4) **CABEI 2076:** A disbursement was made in April, May, and June 2013 for the sum of US \$10.9, US \$3.8, and US \$3.6 million equivalent to ¢5.584, ¢1.939, and ¢1.862 million, respectively. Financing is at annual interest rate of 6.4%, for a 16-year term, corresponding to the expansion of the Cachi Hydroelectric Power Project.
- (5) **BID 2747:** In June 2013, a disbursement was made for the sum of US \$4.5 million, equal to ¢2.292 million, with a 10-year term, 3-month LIBOR; such funds will be used for the Electric Energy Development Program for 2012-2016.

Credit Lines

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

- (6) **Scotiabank Costa Rica:** In January and May 2013, disbursements were made in the sums of US \$3 million, equal to ¢1.607 and ¢1.527 million, respectively, with a 29 and 30-day term, 3m LIBOR rate (0.3015%) + margin 1.48%, and the other at an annual rate of 1.48820%, both for Working Capital.
- (7) **Citibank:** In April 2013, two disbursements were made for the sum of US \$12 and \$3 million, respectively, at a 1m LIBOR rate + 1.35% and 1m LIBOR + 1.33%, both with a 30-day term.
- (8) **Banco Bladex:** In February 2013, an amount of US\$18 million equivalent to ¢9,166, is disbursed bearing interest at a 6-month LIBOR rate + 1.55%, with a term of 180 days; and a disbursement of USD\$25 million, equivalent to ¢12.730 million, maturing in May 29, 2013. In March 2013, a disbursement of USD\$ 13 million is made, equivalent to ¢ 6.619 million at a 3-month LIBOR rate + 1.48%, with a term of 91 days. In April and May 2013, two disbursements of US \$16, \$ 9, \$12 and \$7 million were made, respectively, at 1-month LIBOR rate + 1.30%, with a term of 30 days, all of them to finance working capital of the ICE's Electricity Sector.
- (9) **Mercantil Commercebank:** A disbursement was made in February 2013 in the sum of USD\$ 17 million, equivalent to ¢ 8,657 million maturing in August 13, 2013. Subsequently, a disbursement was made in April 2013 for the amount of USD\$ 13 million, for a 30-day term, bearing interest at 1.5397%, and they both correspond to working capital financing.

CNFL Subsidiary:

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

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

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

(11)Banco Nacional De Desarrollo Económico Y Social de Brasil: As of June 2013, disbursements were made for ¢3.350 million corresponding to a loan agreement entered into with Banco de Desarrollo Económico y Social de Brasil, to fund the construction of Balsa Inferior Hydroelectric Plant, with a 10-year term, and a grace period of 24 months. The interest rate is 3.84% resulting from a 60-month LIBOR Rate disclosed by the Central Bank of Brazil plus 3.04%, remaining fixed until the loan is fully repaid.

Note 23. Obligations for Loans – Long Term

Obligations against Loans	As of June 30, 2013	As of December 31, 2012
<u>Other Loans</u>		
Huawei Technologies Co. Ltd. (Supplier Credits)	¢ 3,783	4,266
Total ICE Group	¢ 3,783	4,266

The obligations for loans as of June 30, 2013 corresponds to a loan to a supplier of the Telecommunications Sector, for equipment and spare parts to extend the traffic capacity of the mobile network with SMA-3G technology and also to the installation services of the SMA-3G network, phase 2.2; this is with the company denominated Huawei Technologies Co. Ltda.

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Note 24. Accounts Payable

Accounts payable are detailed as follows:

	As of June 30, 2013	As of December 31, 2012
<u>ICE:</u>		
Materials suppliers	¢ 94,867	107,655
Other creditors	23,230	22,594
Taxes	12,476	14,936
Service providers	11,125	12,630
Payroll and employee withholdings	7,452	7,724
Subsidiaries	1,347	3,229
Subtotal ICE	150,497	168,768
<u>CNFL:</u>		
Purchase of energy	-	12,909
Taxes	2,132	1,674
Employee withholdings	1,200	1,212
Other creditors	692	1,553
Accrued non-financial expenses	1,015	1,019
Lease of Valle Central Wind Power Plant	-	-
Subtotal CNFL	5,039	18,367
<u>RACSA:</u>		
Foreign lines	507	488
Other creditors	435	85
Suppliers and local institutions	1,377	2,594
Subtotal RACSA	2,319	3,167
Total ICE Group	157,855	190,302
Long-term	41,381	44,896
Short-term	¢ 116,474	145,406

(Continues)

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A detail of the principal purchase orders reclassified on the long term as of June 30 are as follows:

Purchase order No.	Supplier	As of June 30, 2013
<u>Electricity</u>		
364940	Andritz Hydro GMBH	¢ 1,758
356609	Andritz Hydro GMBH	381
362644	Andritz Hydro S.R.L. Unipersonale	14,017
362646	Andritz Hydro GMBH	15,448
363890	Sumec Complete Equipment and Engineering Co. LTD	1,545
368089	Andritz Hydro GMBH	2,190
368085	Andritz Hydro S.R.L. Unipersonale	2,376
364326	MSLI Latam Inc.	1,669
	Other Préstamo Mogote	1,997
Total ICE Group		¢ 41,381

Purchase order No.	Supplier	As of December 31, 2013
<u>Electricity</u>		
362646	Andritz Hydro GMBH	¢ 15,430
362644	Andritz Hydro S.R.L. Unipersonale	13,997
363890	Sumec Complete Equipment and Engineering Co. LTD	3,873
	Other Préstamo Mogote	2,034
364940	Andritz Hydro GMBH	1,758
362646	Andritz Hydro GMBH	1,669
356609	Andritz Hydro GMBH	380
<u>Telecom</u>		
367279	Consorcio Eci Telecom	5,755
Total ICE Group		¢ 44,896

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Note 25. Accumulated Expenses – Employer's Obligations

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

	As of June 30, 2013	As of December 31, 2012
ICE:		
Back-to-school bonus	€ 8,061	15,525
Vacation	12,776	14,159
Statutory Christmas bonus	13,142	1,494
Subtotal ICE	33,979	31,178
CNFL:		
Back-to-school bonus	2,280	4,633
Vacation	3,454	3,177
Statutory Christmas bonus	1,146	344
Fifth week salary payment	143	-
Subtotal CNFL	7,023	8,154
RACSA:		
Statutory Christmas bonus	295	43
Vacation	662	662
Subtotal RACSA	957	705
Total ICE Group	€ 41,959	40,037

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

Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
June, 2013					
Opening balance	€ 1,882	20,157	17,999	-	40,038
Expensed - investments	4,128	1,629	4,064	3,594	13,415
Expensed - operations	8,632	9,132	7,930	-	25,694
Used	(59)	(20,577)	(13,101)	(3,451)	(37,188)
Total ICE Group	€ 14,583	10,341	16,892	143	41,959

Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
December, 2012					
Opening balance	€ 1,868	18,677	15,938	1,042	37,525
Expensed - investments	8,039	3,850	7,463	8,005	27,357
Expensed - operations	18,134	16,942	16,037	-	51,113
Used	(26,160)	(19,311)	(21,441)	(9,047)	(75,959)
Total ICE Group	€ 1,881	20,158	17,997	-	40,037

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Note 26. Legal Provisions

Legal provisions are detailed as follows:

	As of June 30, 2013	As of December 31, 2012
<u>ICE:</u>		
Severance benefits	¢ 11,620	12,252
Occupational hazards	5,776	5,841
Provision for contingent liabilities	6,537	6,168
Subtotal ICE	23,933	24,261
<u>CNFL:</u>		
Severance benefits - short-term	1,000	1,000
Severance benefits - long-term	16,354	16,895
Employee Protection Law	181	184
Cash shortages and cash accounts	6	7
Provision for contingent liabilities	263	477
Subtotal CNFL	17,804	18,563
<u>RACSA:</u>		
Severance benefits	-	2
Subtotal RACSA	-	132
Total ICE Group	¢ 41,737	42,826

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The detail of the movement is presented as follows:

Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	* External Audit Adjustment	Employee Protection Law	Cash shortages and cash accounts	Total
June, 2013							
Opening balance	¢ 30,149	5,841	6,645	-	184	7	42,826
Expensed - investments	4,093	2,011	1,650	-	994	7	8,755
Expensed - operations	4,670	-	-	-	0	0	4,670
Used	(9,938)	(2,076)	(2,186)	690	(997)	(7)	(14,514)
Total ICE Group	¢ 28,974	5,776	6,109	690	181	7	41,737

*Adjust External Audit 2012, pending registration

Legal provisions	Severance benefits	Occupational hazards	Provision for contingent liabilities	* External Audit Adjustment	Employee Protection Law	Cash shortages and cash accounts	Total
December, 2012							
Opening balance	¢ 25,713	5,733	10,526	-	117	6	42,095
Expensed - investments	8,870	3,861	1,873	-	-	-	14,604
Expensed - operations	17,438	-	1,138	-	1,837	14	20,427
Used	(21,872)	(3,753)	(6,891)	-	(1,770)	(13)	(34,300)
Total ICE Group	¢ 30,149	5,841	6,645	-	184	7	42,826

Increase in ICE's Provision for Employees' Legal Benefits

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

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Note 27. Retrospective Adjustments

During the semester ended June 30, 2013, the adjustments applied retrospectively to the figures of ICE Group as a result of the issues mentioned below are detailed as follows:

	Expenses from Operating Asset Depreciation	Operating expenses - Marketing (Nota 34)	(Deficit) Surplus, net
<i>Balances as of June 30, 2012, unaudited</i>	116.097	103.442	(5.816)
<u>Accumulated effect of changes in accounting policies and adjustments from correction in periods before 2012:</u>			
From change in the recording policy for the cost of mobile terminals (1)	-	(9.758)	9.758
<i>Total effect from adjustments due to changes in accounting policies and adjustments from correction in periods before 2012</i>	-	(9.758)	9.758
<u>Accumulated effect of changes in accounting policies and adjustments from correction in the 2012 period:</u>			
A reversal of the item generated in the asset assets for the application of an accounting adjustment (2)	(2.441)	-	2.441
<i>Total effect of adjustments from changes in accounting policies and adjustments from correction in the 2012 period</i>	(2.441)	-	2.441
<i>Sub total of aforementioned adjustments</i>	(2.441)	(9.758)	12.199
<i>Balances as of June 30, 2012, adjusted</i>	113.656	93.684	6.383

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- (1) Due to a change in the accounting policy for the cost of mobile terminals marketed in post-payment plans and sold below the list price or for free. The accounting treatment consists of deferring the portion of the cost of the terminal not covered by the client during the term of the service package to have a proper ratio of income to expenses. See note 2 (e) (ii).
- (2) In April 2012, audit adjustments were made, including those having an effect on the asset accounts as of May 2012 in the asset subsidiary ledger, with an automatic entry in the accounting basis, which had to be reversed to eliminate its effect on the accounting records, which was eventually eliminated. It was until closing date in August 2012 that the reversal took place.

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Note 28. Memoranda Accounts

Memoranda accounts	As of June 30, 2013	As of December 31,2012
ICE:		
Guarantees received:		
Performance bonds	¢ 288,358	280,511
Collection agents	3,225	3,427
Bid bonds	2,090	1,649
Tenders	9	9
Subtotal	293,682	285,596
Other guarantees received:		
Sundry services	577	656
Subtotal	577	656
Guarantees issued to third parties:		
Surety	912	5,894
Subtotal	912	5,894
Subtotal ICE	¢ 295,171	292,146
CNFL:		
Contingent assets:		
Savings and loan fund	¢ 30,978	28,584
CNFL Employees Association (ASEFYL)	11,741	11,103
Performance bonds - procurement	10,713	10,578
Materials in transit	1,570	1,813
Bid bonds	901	1,194
Collection of electricity services	770	764
Materials in transit - local	420	420
Materials loan	200	248
Employee guarantees	229	194
Rental of posts	117	86
Performance bonds - labor	75	77
Guaranty deposits (electricity consumption)	74	75
ICE easement - Cote Plant	7	7
Subtotal CNFL	57,795	55,143
Contingent liabilities:		
Payment arrangements - financing of appliances	22	21
Subtotal	22	21
Subtotal CNFL	57,817	55,164
RACSA:		
Guaranty deposits	414	424
Subtotal RACSA	414	424
Total ICE Group	¢ 353,402	347,734

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Note 29. Income from Services

Income from services is detailed as follows:

	For the period ended on june 30	
	2013	2012
<u>ICE:</u>		
Telecommunication Services ¢	247,729	251,980
Electricity Services	245,127	189,058
Institutional Services	1,022	1,207
Subtotal ICE	493,878	442,245
<u>CNFL:</u>		
Electricity Services	162,956	129,132
Subtotal CNFL	162,956	129,132
<u>RACSA:</u>		
Telecommunication Services	11,951	12,027
Subtotal RACSA	11,951	12,027
Total Group ICE ¢	668,785	583,404

Regulation of Energy Services

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

Rate Adjustments

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

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

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Telecommunications Service Regulation

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

Note 30. Operating and Maintenance Costs

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

	For the period ended on June 30	
	2013	2012
<u>Thermic plant:</u>		
Garabito	¢ 52,147	47,835
Moín II	15,018	2,207
Moin III	9,930	3,002
Moín I	2,779	2,283
Pujol - Orotina Plant	2,108	1,275
Pujol - Pococi Plant	1,550	1,624
Colima	1,544	1,190
San Antonio	373	785
Barranca	175	569
Plant Portátil Barranca	-	363
Total Group ICE	¢ 85,624	61,133

The increase in the consumption of fuel is due to extremely dry weather conditions during the first half of 2013 because the flows have had a lot of deficit values and the scattered rains have not increased their levels to meet the needs of the national energy system.

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Note 31. Operation and Maintenance of Leased Equipment

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

	For the period ended on june 30	
	2013	2012
<u>ICE:</u>		
Thermic generation	¢ 68,957	48,198
Hydraulic generation	8,869	8,921
Civil and electromechanics	4,691	4,894
Access	4,261	4,436
Aeolian generation	4,549	4,322
Transportation	3,281	3,324
Platforms	2,657	2,704
Substations	3,189	2,726
Transmission lines	1,412	1,451
Sub total	101,866	80,976
Elimination of institutional services	1,239	1,361
Sub total ICE	100,627	79,615
<u>CNFL:</u>		
Aeolian generation	1,770	-
Sub total CNFL	1,770	-
Total Group ICE	¢ 102,397	79,615

The cost for operating leases of the plants mentioned in the previous chart amounts to ¢45.688 for 2013, as detailed in the following chart:

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(In millions of colones)

As indicated in the note 3 (1), ICE Group has the policy to record and classify the lease agreements for telecommunications equipment, transmission equipment, and energy generation plants as operational leases. A detail of these contracts is shown below:

Generalities of the Agreement				Amount in Millions of US Dollars											
Service Order	Supplier	Date of the Agreement	Approximate Finalization Date	Agreed Amount	Total Paid	Service Order Balance as of June 30, 2013	Paid in 2013	Number of payments	Payment amount	Value of the Purchase Option	Registered Expense during 2013	Payment Frequency	Object of the Agreement		
ICE															
323411	Consorcio ECI Telecom	29-sep-05	28-feb-14	US \$	32	28	5	3	20	2	3	€	1.653	Quarterly	Lease for fiber optic transportation systems and equipment
343012	Consorcio Huawei Technologies (1)	10-feb-09	26-mar-15		233	155	78	23	20	First stage US\$8; ssecond stage US\$4 (en miles)	23		11.876	Quarterly	3G wireless system
1691	Peñas Blancas Securitization Trust (2)	16-ago-00	16-jul-15		119	100	19	3	155	Between US\$875 and US\$725 (in thousands)	19		1.764	Monthly	Electricity infrastructure
No order	Cariblanco Securitization Trust (2)	03-jul-03	31-dic-19		304	141	164	10	147	2	8		5.271	Monthly	Lease for Cariblanco Hydroelectric Power Plant
No order	Garabito Thermal Project Trust(2)	05-nov-07	31-mar-22		743	183	560	21	142	5	213		16.218	Monthly	Lease for Garabito Thermal Plant
333059	Las Pailas Geothermal Plant (3)	07-mar-07	31-dic-23		240	24	216	9	24	8	-		4.150	Semi-annual	Lease for Las Plantas Geothermal Power Plant
351643	Junta Administradora de Servicios Electricos Municipales de Cartago JASEC (4)	14-abr-10	14-abr-22		25	2	23	1	20	Between US\$ 1 637 and US\$ 854 (in thousands)	-		492	Semi-annual	Infrastructure for Tejar Step-Down Substation, easement rights, and expansion tower sites for Río Macho transmission lines
No order	Fideicomiso P.H Toro 3 (6)	01-jun-13	30-nov-24		131	-	131	-	137	1	-		-	Monthly	Lease P.H Toro 3
Subtotal- Operating leases ICE -US dollars				US\$	1.697	633	1.064	72				€	41.424		
CNFL:															
No order	Parque Eólico Valle Central (5)	24-jun-11	26-dic-24		85	-	82	4	1	4	-		1.770	Semi-annual	Lease of Valle Central Wind Plant entered into CNFL S.A. and Eólico Valle Central S.A
Subtotal- Operating leases CNFL -US dollars				US\$	85	-	82	4	1			€	1.770		
Generalities of the Agreement				Amount in Millions of Colones											
ICE															
350702	Cooperativa de Electrificación Rural Guanacaste	16-feb-10	06-sep-21	€	87.848	20.137	67.711	2.494	138	Variable between €617 y €473	€3.541 approximately	€	2.494	Monthly	Infrastructure for electricity transmission - Liberia, Papagayo - Nuevo Colón.
Subtotal- Operating leases -colons				€	87.848	20.137	67.711	2.494				€	2.494		
Total- Operating leases -ICE Group											€	45.688			

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(1) Huawei Technologies Consortium Lease:

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

(2) Securitization Trusts:

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

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

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

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

- The objective of these contracts is to create trusts for the generation and administration of the resources necessary for the development of the projects, acting as a means to create the autonomous assets to be used in the securitization process and to obtain the resources necessary for financing the project.
- The trusted equity of each trust will be composed of:
 - a) The liquid resources collected by the trusts from the issuance and placement of debt bonds.

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- b) Tangible and intangible assets of the trustor, which are essential to the object of the contract, will be transferred as trust property to the Trust; the civil works, equipment, facilities, workshops, vehicles, equipment and materials inventory, office equipment, computer equipment, including software, licenses, and any others that have been acquired with the trust's resources for the development of the projects and for the operation and maintenance of the plants, as well as the right to use the land owned by the trustor, as required for the development of the projects, and all the intellectual information and studies produced for and during the development of the project's works in charge of the trusts.
 - c) Income from lease of plants.
 - d) Any other revenue that could be received by the trusts under normal operation.
- The trustee may only use the trust assets according to the provisions expressly contained in the trust agreements and pursuant to the instructions issued by the trustor. Both, the trustee's powers of disposal over the trust assets as well as the trustor's powers to issue instructions on such equity, are limited to the execution of those acts that are strictly necessary to fulfill the purpose of the trust.
 - The financial policy of the trust will be to allocate the funds obtained through the securitization and short-term investments to the construction of the projects, payment of debt, and to cover the operation costs of the trusts; once the previous obligations are met, all the trust assets will be fully owned by the trustor.
 - The trustor must appoint a Manager from the Execution Unit, who should be accepted by the trustee, and whom shall act as the superior, with the inherent rights and duties.
 - The trustor and the trustee agree that ICE will be hired by the Trust to assume the responsibility of the construction of the projects, through an engineering and construction agreement.
 - On the expiration date of the trust agreements, all trust assets, with no exception, delay, or any condition whatsoever, will be automatically transferred by operation of law to the trustor, who shall be ultimately be the legitimate holder.

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- The term of the trusts will be 20 years for the Peñas Blancas trust and 30 years for Cariblanco and Garabito.
- In May 2011, the President of the Republic officially opened the Garabito Thermal Plant.

(3) Las Pailas Geothermal Plant Lease:

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

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

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

- A lease is set for a term of 12 years with a purchase option for Las Pailas Geothermal Plant, starting upon the satisfactory receipt of the works by ICE.
- The amount of the lease is US\$10 (in millions) per semester, plus a maintenance fee, which ranges between US\$0.5 and US\$1 (in millions) per semester.
- The total amount of the lease in US\$240 (in millions) including lease and maintenance fees.
- At the end of the lease term, the purchase option may be executed in the amount of 15% of the total investment accrued during the construction stage.
- CABEI will invest in the construction of the plant in an amount of up to US\$130 (in millions).
- CABEI accepts that ICE will perform the construction of the plan until it is fully finished and interconnected to the National Interconnection System.
- The total accrued investment at the end of the construction stage must have been registered in US dollars and only for the following items:
 - a) Actual amount accrued of direct investment for investments executed by CABEI in the construction of the plant.
 - b) 0.75% of the direct investment by CABEI and only once upon the first disbursement made by CABEI as part of the direct investment.

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- c) 0.75% of the resources object of the estimated direct investment which use in the construction of the plant is pending.
 - d) Yield in function of the LIBOR rate at six months, plus 2.25% over the partial accrued investment created during the construction stage of the Plant.
 - e) Administrative expenses resulting from the creation and operation of the Project Management Unit to be created by CABEL, as provided for in the agreement.
- ICE agrees to lease the plant. ICE will be the “lessee” and CABEL the “lessor”.
 - The lease will start 48 months after the order to start the construction of the plant has been issued.
 - In the event that ICE does not execute the purchase option, the parties may agree to extend the lease agreement for a term up to 6 years, which requires an extension to the agreement. ICE may exercise the purchase option before expiration of the contract on an amount equal to the outstanding investment balance for CABEL.

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

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

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

(5) Lease of Eólica Valle Central Wind Plant

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

- Article 2 of section 2.8 of the agreement establishes that Eólico Valle Central, S.A. will lease the project to CNFL for a term of at least 12 years from the date on which the plant is in the conditions required to start commercial operations (December 2012). For such purposes, Eólico Valle Central, S.A. and CNFL entered into an operating lease agreement under the terms and conditions established in article 5 of the agreement.

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- Article 2.9 of the lease agreement stipulates that CNFL will be responsible for the operations, management, and maintenance of the project over the term of the lease, as part of the lessee's rights and obligations.
- The starting date of the lease is the date on which the plant's handover certificate is signed (December 26, 2012). Clause 5 of the lease agreement establishes the following in respect of lease payments to be made to Eólico Valle Central, S.A. (EVCSA):

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

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

Payments are made when the semester is due.

(6) Lease of Toro 3 Hydroelectric Plant:

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

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

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

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(In millions of colones)

Note 32. Supplementary Purchases and Services

Supplementary purchases and services are detailed as follows:

	For the period ended on june 30	
	2013	2012
<u>Telecommunications:</u>		
Telephone participation	¢ 7,362	10,254
National Traffic Operators	6,593	1,262
Channels rental	512	582
Television	479	467
Integral solutions	170	50
Total Telecommunications	15,116	12,615
<u>Electricity:</u>		
<u>Import:</u>		
Regional Operating Entity (EOR)	987	4,054
Mercado Eléctrico de El Salvador	915	2,920
Excelergy S.A de c.v.	829	1,327
Cenergica S.A de c.v.	793	-
Enel Fortuna S.A (Panamá)	615	-
Poliwatt	444	-
Others	145	247
Sub total import	4,728	8,548
<u>Cogenerators:</u>		
Unión Fenosa Generadora La Joya	5,979	6,694
Planta Eólica Guanacaste, S.A.	5,926	5,783
Hydroenergía Del General (HDG), S.R.L.	5,041	5,040
Geoenergía de Guanacaste Ltda.	3,838	4,477
Hidroeléctrica Doña Julia	2,576	2,552
Molinos de Viento Del Arenal, S.A.	2,100	2,032
Hidroeléctrica Platanar, S.A.	2,051	1,811
Plantas Eólicas, S.A.	1,954	2,308
Hidroeléctrica Zarcas, S.A.	1,567	1,611
Hidroeléctrica Río Lajas, S.A.	1,491	1,532
Ingenio Taboga, S.A.	1,405	1,486
Proyecto Hidroeléctrico Río Volcán, S.A.	1,333	1,612
Proyecto Hidroeléctrico Pedro, S.A.	1,200	1,441
Azucares el Viejo S.A	1,167	1,265
Aeroenergía S.A	627	728
Inversiones la Manguera S.A	597	586
Empresas Electricas Matamoros S.A	539	492
Hidroelectrica Venecia S.A	434	376
Hidroelectrica Caño Grande S.A.	385	382
Others	1,264	949
Sub total cogeneradores	41,474	43,157
<u>Purchases for export:</u>		
Regional Operating Entity (EOR)	5,197	2,304
Total Electricity	51,399	54,009
Total Group ICE	¢ 66,515	66,624

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Cogenerators:

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

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

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

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

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

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

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

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

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

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

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(In millions of colones)

Note 33. Administrative Expenses

Administrative expenses are detailed below:

	For the period ended	
	on June 30	
	2013	2012
<u>ICE:</u>		
Remunerations	¢ 16,650	16,661
Use of service centers	2,535	2,343
Services	1,663	1,831
Current transfers	461	579
Depreciation of other assets in operation	707	723
Materials and supplies	213	371
Others	1,210	1,239
Subtotal	23,439	23,747
Elimination of institutional services	183	190
Total ICE	¢ 23,256	23,557
<u>CNFL:</u>		
Administrative expenses	6,328	6,438
Subtotal CNFL	6,328	6,438
<u>RACSA:</u>		
Administrative expenses	10,052	10,746
Subtotal RACSA	10,052	10,746
Total Group ICE	¢ 39,636	40,742

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Note 34. Marketing Expenses

Marketing expenses are detailed as follows:

	For the period ended on June 31	
	2013	2012
	<i>(Restructurado)*</i>	
ICE:		
Services	¢ 26,216	26,466
Materials and supplies	22,657	16,351
Remunerations	24,352	23,660
Use of service centers	14,942	7,492
Current transfers	4,881	4,045
Depreciation of other assets in operation	1,895	2,018
Others	4,042	3,858
Subtotal ICE	98,985	83,890
Elimination of institutional services	907	825
Subtotal ICE	¢ 98,078	83,065
CNFL:		
Expenses consumers	10,417	10,619
Subtotal CNFL	10,417	10,619
Total Group ICE	¢ 108,495	93,684

(*) See note 27

Note 35. Pre-Investment Studies

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

	For the period ended on June 30	
	2013	2012
ICE:		
Savegre Study	¢ 1,915	1,807
Ayil Hydroelectric Project	186	798
RC 500 Study	116	111
Pocosol - Arenal Study	11	124
Mundo Nuevo Study	-	4
Others	222	71
Total Grupo ICE	¢ 2,450	2,915

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In 2013, Estudio Savegre incurred in expenses in the sum of ¢1.915 (¢1.807 in 2012), for studies regarding engineering, site feasibility, and connected works for the conduction tunnel and water intake. According to the current schedule, it is expected that these studies be ready by the year 2013.

Proyecto Ayil, through an agreement with the indigenous communities, enabled a three-year term to study the project, in relation to access roads, which would imply the construction of several bridges. Expenses correspond to ¢186 in 2013 and ¢798 in 2012.

Note 36. Supplementary Operating Expenses

Supplementary operating expenses are detailed as follows:

	For the period ended on June 30	
	2013	2012
<u>ICE:</u>		
Advance mobile services	¢ 443	177
Reventazon Hydroelectric Project	172	-
Chuscas Hydroelectric Project	198	165
Torito Hydroelectric Project	199	134
Pirris Hydroelectric Project	92	510
Balsa Inferior Hidroeléctrica Project	57	56
Transmisión Tejar	-	5
Other	54	130
Total Grupo ICE	¢ 1,215	1,177

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(In millions of colones)

Note 37. Other Interests and Other Expenses

Other interests and other expenses are detailed below:

Other products	For the period ended on June 30	
	2013	2012
ICE:		
Exchange fluctuations (2)	¢ 38,176	45,928
Construction services (1)	11,816	18,524
Interests and other financial products(3)	10,910	14,385
Other products	5,142	9,296
Subtotal ICE	¢ 66,044	88,133
CNFL:		
Exchange fluctuations	734	1,461
Financial income	153	140
Other products	897	1,565
Subtotal CNFL	¢ 1,784	3,166
RACSA:		
Exchange fluctuations	359	666
Interests and other financial products	157	130
Other products	275	182
Subtotal RACSA	¢ 791	978
Total Group ICE	¢ 68,619	92,277
<hr/>		
Other expenses	For the period ended on June 30	
	2013	2012
ICE:		
Interests and other financial expenses	¢ 52,715	59,513
Contracts of civil and electromechanical works (1)	11,959	18,318
Exchange fluctuations (2)	5,232	8,276
Other expenses	1,169	1,512
Subtotal ICE	¢ 71,075	87,619
CNFL:		
Interests and other financial expenses	755	806
Exchange fluctuations	354	338
Other expenses	782	1,280
Subtotal CNFL	¢ 1,891	2,424
RACSA:		
Interests and other financial expenses	610	632
Other expenses	42	42
Subtotal RACSA	¢ 652	674
Total Group ICE	¢ 73,618	90,717

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- (1) The construction services include invoices for advances or completion of works by contract for engineering, design, construction and other specialized services in the projects during the construction phase, such as Toro III Hydroelectric Project, Reventazón Hydroelectric Project, and Balsa Inferior Hydroelectric Project.
- (2) As of June 30, 2013, an exchange rate of ¢500,44 (¢503,85 in June 2012) for US\$1,00, respectively, was used to value the monetary assets and liabilities denominated in foreign currency.

Note 38. Tax Regulations

Tax Obligations

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

Income Tax

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

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

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Given that ICE capitalizes the entirety of its net profits obtained, it does not show any surplus, which at the same time means it does not present taxable income, and therefore, it does not generate and obligation in terms of income tax. However, for its normal transactions, the Tax Administration will withhold income tax, which is later applied as payments to the income tax account.

According to the Law on Strengthening and Modernization of Public Telecommunication Companies (Law No. 8660), ICE and its subsidiaries will be subject to payment of income and sales tax, excluding income tax on the delivery of traditional basic telephone services, when they begin to act as operators or providers of telecom and electricity services and products in competitive local markets. The other exceptions granted through Executive Order No. 449 as of April 8, 1949 and any other exemptions granted by the legal system will remain in effect (See note 42).

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

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

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

General Sales Tax

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

Given that it is a value added tax, ICE in turn pays the sales tax over goods and services it requires for the development of its economic activity. When dealing with goods and consumables that are physically incorporated to energy production and the

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telecommunication services, pursuant to article 14 of the aforementioned Law, a tax credit may be applied to the sales tax to be paid for that term.

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

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

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

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

The contribution fee is set by SUTEL on annual basis no later than November 30 of the corresponding tax year. The percentages set for this tax range between 1.5% and 3%; and the final rate will be based on SUTEL's estimates of the cost of projects to be executed during the next budget year, and the estimated income objectives for the aforementioned period. In the event that the tax rate is not set by SUTEL in a timely manner, the applicable rate of the immediately preceding tax will be used.

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

According to ICE, the date on which ICE was notified of Decision No. RT-0024-2009-MINAET-PE (March 3, 2010) granting the authorization as operator and supplier of telecom services, pursuant to Transition Provisions IV and VII of Law No. 8642, "General

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Telecommunications Law” gave rise to the taxable event. Such provisions establish that taxpayers should not pay until the corresponding authorization is issued.

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

In 2013 and 2012, the applicable rate was 1.5%, and payments therefore amounted to ¢7,168 in 2012, while in 2013 payments are made by quarter due. These expenses are presented under “Production Management Operation Costs” in the consolidated statement of profit or loss.

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

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

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

Tax to Benefit the Fire Department of Costa Rica

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

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growth of the Fire Department of Costa Rica, as a tax equivalent to one point seventy five percent (1.75%) to the monthly electric bill paid by every client or direct consumer of electric energy.

Customs Duties

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

Other Obligations

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

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

Electrical Agreement – CNFL

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

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Note 39. Institutional Financial Risk Management

Risk Management Framework

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

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

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

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

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

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

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

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

Credit Risk:

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

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

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

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

Accounts Receivable

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

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

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

Investments

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

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

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

Liquidity Risk:

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

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

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

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

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

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

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

Market Risks:

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

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

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

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

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

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

Detail	Tranche B	Tranche A	HSBC	Yens	Dollar/colón three year	Dollar/colón seven year	Dollar/colón one year	Dollar/colón one year
Hedged debt:	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project - Extension of capacity of submarine cables	JIBC-CR-P3	BID-1908	BID-1908	CITIBANK	INS título N°1
Principal amount	\$135	\$142,5	\$10	¥ 6.340	\$40	\$40	\$10	\$20
Hedged amount	\$135	\$142,5	\$10	\$69	¢20.132	¢20.132	¢5.005	¢10.020
Exchange rate	N/A	N/A	N/A	\$91	¢503,30	¢503,30	¢500,5	¢501,02
Hiring date	08/05/2008	27/01/2009	04/11/2010	18/06/2012	29/03/2011	29/03/2011	17/12/2012	19/07/2012
Hedge starting date of first payment	15/08/2008	14/01/2010	08/02/2011	22/10/2012	28/07/2011	02/05/2011	19/12/2013	20/10/2012
Hedge expiration date	15/02/2018	14/07/2023	08/11/2015	20/04/2026	28/01/2014	02/11/2017	19/12/2013	20/07/2013
Term	10 years	15 years	5 years	14 years	3 years	7 years	1 year	1 year
Base rate	Libor 6 months	Libor 6 months	Libor 3 months	-	Libor 6 months	Libor 6 months	0,51%	Libor 3 months
Spread over/under base	3,00%	3,63%	4,95%	2,20%	2,85 pb	2,95 pb	-	-
Fixed rate	4,37%	3,23%	0,95%	2,91%	Base Rate	Base Rate	10,30%	10,09%
Total Fixed rate	7,37%	6,86%	5,90%	5,11%	Base Rate + 2,85 pb	Base Rate +2,95 pb	10,30%	10,09%
Strategy	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge
Hedged risk	Interest rate	Interest rate	Interest rate	Exchange rate Yen/dollar	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón
Hedge Type	Cash flow hedge	Cash flow hedge	Cash flow hedge	Fair value hedge accounting	Fair value hedge accounting	Fair Value Hedge Accounting	Cash flow hedge	Cash Flow Hedge
Hired instrument	Interest rate swap	Interest rate swap	Interest rate swap	Cross currency swap	Non deliverable currency swap	Non deliverable currency swap	Non deliverable currency swap	Non- Delivery Currency Swap

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Capital Management

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

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

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

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

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

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

Index Debt - Capital	Up to June 30, 2013	Up to December 31, 2011 2012
Group ICE		
Total liabilities	¢ 2,283,213	2,211,393
(-) Cash and equivalent to cash	(115,381)	(122,687)
Debt, net	2,167,832	2,088,706
Total patrimony	2,937,806	2,901,297
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(12,210)	(17,481)
Capital adjusted	2,950,016	2,918,778
Index debt Group ICE	0.736	0.716

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Exposure to Credit Risk

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

Value in books of financial assets	Up to June 30, 2013	Up to December 31, 2012
Group ICE		
Banks	¢ 4,873	8,262
Transitory investments	154,746	138,671
Valuation of investments	683	906
Long term investments	46,338	36,626
Funds of restricted use	9,587	10,053
Documents and account payable	229,523	210,458
Total Group ICE	¢ 445,750	404,976

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, 2013	Up to December 31, 2012
National	¢ 223,402	199,858
External	6,121	10,600
Total by geographical region	¢ 229,523	210,458

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

By type of client	Up to June 30, 2013	Up to December 31, 2011
Private people	¢ 137,558	122,080
Toro III	951	3,214
Wind Power Project - Central Valley	1,657	1,788
Clients high, medium and low tension	27,605	23,315
Telephonic administrators	7,410	10,234
Distributing companies s	14,825	9,845
Government	16,236	13,208
Selling of devices (terminals)	599	243
I.N.S. Indemnity of Cote Plant	-	2,036
Operators and suppliers of services	5,614	9,807
Public lighting system	623	473
Others	16,443	14,216
Total by type of client	¢ 229,523	210,459

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

Issuer	ISIN	Instrument	Risk Rating
ICE			
Banco BAC San José, S.A.	00BSJ00C26U5	Certificate of time deposit (macro título)	SCR1
Banco BAC San José, S.A.	00BSJ00C36U4	Certificate of time deposit (macro título)	SCR1
Banco BAC San José, S.A.	00BSJ00C38U0	Certificate of time deposit (macro título)	SCR1
Banco BAC San José, S.A.	CRBSJ00B1608	BSJ Bond	SCR AAA
Banco BAC San José, S.A.	CRBSJ00B1640	BSJ Bond	SCR AAA
Banco BANSOL Banco de Soluciones	0NROICE00328	Certificate of time deposit (window)	SCR2
Banco BANSOL Banco de Soluciones	0NROICE00337	Certificate of time deposit (window)	SCR2
Banco BCT	CRBCT00B0143	Bond	SCR AAA
Banco Central de Costa Rica	0NROICE00354	Electronic time deposit (window)	BB
Banco Central de Costa Rica	0NROICE00355	Electronic time deposit (window)	BB
Banco Central de Costa Rica	CRBCCR0B3371	Monetary Stabilization Bond - fixed rate	BB
Banco Central de Costa Rica	CRBCCR0B3496	Monetary Stabilization Bond - fixed rate	BB
Banco Central de Costa Rica	CRBCCR0B3827	Monetary Stabilization Bond - fixed rate	BB
Banco Central de Costa Rica	CRBCCR0B4080	Monetary Stabilization Bond - fixed rate	BB
Banco Central de Costa Rica	CRBCCR0C3966	Monetary Stabilization Bond - zero coupon	BB
Banco Central de Costa Rica	CRBCCR0C3974	Monetary Stabilization Bond - zero coupon	BB
Banco Central de Costa Rica	CRBCCR0C3982	Monetary Stabilization Bond - zero coupon	BB
Banco Central de Costa Rica	CRBCCR0C4006	Monetary Stabilization Bond - zero coupon	BB
Banco CITIBANK (CMB COSTA RICA)	0NROICE00338	Certificate of time deposit (window)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C22H0	Certificate of time deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C37G0	Certificate of time deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C72H5	Certificate of time deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C88F5	Certificate of time deposit (macro título)	F1+ (cri)
Banco Crédito Agrícola de Cartago	CRBCAC0B1181	Bond	AA(cri)+
Banco Crédito Agrícola de Cartago	CRBCAC0C1222	Bond	F1+ (cri)
Banco de Costa Rica	00BCR00CGF60	Certificate of time deposit (macro título)	F1+ (cri)
Banco de Costa Rica	00BCR00CHH34	Certificate of time deposit (macro título)	F1+ (cri)
Banco de Costa Rica	00BCR00CHK96	Certificate of time deposit (macro título)	F1+ (cri)
Banco de Costa Rica	00BCR00CHL12	Certificate of time deposit (macro título)	F1+ (cri)
Banco de Costa Rica	00BPD00CP571	Certificate of time deposit (macro título)	F1+ (cri)
Banco de Costa Rica	0NROICE00346	Certificate of time deposit (window)	F1+ (cri)
Banco de Costa Rica	0NROICE00356	Certificate of time deposit (window)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	0NROICE00292	Certificate of time deposit (window)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	CRBANVIB0037	Banhvi Bond	F1+ (cri)
Banco Improsa	0NROICE00325	Certificate of time deposit (window)	SCR2
BICSA	0NROICE00046	Overnight	AA -
BICSA	0NROICE00051	Overnight	AA -
BICSA	0NROICE00052	Overnight CLIPP	AA -
BICSA	0NROICE00248	Certificate of time deposit (window)	AA -
BICSA	0NROICE00280	Overnight Cachi	AA -
BICSA	0NROICE00335	Certificate of time deposit (window)	F1+ (cri)
BICSA	0NROICE00336	Certificate of time deposit (window)	F1+ (cri)
BICSA	0NROICE00358	Overnight BID 2747	AA -
Banco Lafise	00BLAFIC93A1	Certificate of time deposit (macro título)	SCR2
Banco Lafise	0NROICE00323	Certificate of time deposit (window)	SCR2-
Banco Nacional de Costa Rica	00BNCR0C40M0	Certificate of time deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C42M6	Certificate of time deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C52M5	Certificate of time deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C89K1	Certificate of time deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C97K4	Certificate of time deposit (macro título)	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00347	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00348	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00349	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00350	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00351	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00352	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00353	Short-term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NROICE00357	Short-term instrument	F1+ (cri)

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Issuer	ISIN	Instrument	Risk Rating
Banco Popular y de Desarrollo Comunal	00BPDC0C0913	Certificate of time deposit (macro título)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP019	Certificate of time deposit (macro título)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP175	Certificate of time deposit (macro título)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP233	Certificate of time deposit (macro título)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP464	Certificate of time deposit (macro título)	AA (cri)
Banco Popular y de Desarrollo Comunal	CRBPDC0B6749	Bond	AA (cri)
Banco Promérica	CRBPR0MB1169	Bond	SCR AA +
Banco Scotiabank de Costa Rica, S.A.	0NROICE00324	Certificate of time deposit (window)	F1+ (cri)
Compañía Nacional de Fuerza y Luz -CNFL-	CRCLFLUZB0207	CNFL Bond	AAA (cri)
Cariblanco Securitization Trust	CRFTCB0B0020	Bond	AAA (cri)
Florida ICE & Farm Company S.A.	CRFIFCOB0972	FIFCO Bond	SCR AAA
Government	CRG0000B55G1	Title	BB
Government	CRG0000B59G3	Title	BB
Government	CRG0000B60G1	Title	BB
Government	CRG0000B62G7	Title	BB
Government	CRG0000B63G5	Title	BB
Government	CRG0000B64G3	Title	BB
Government	CRG0000B72G6	Title	BB
Government	CRG0000B80G9	Title	BB
Government	CRG0000B81G7	Title	BB
Government	CRG0000B86G6	Title	BB
Government	CRG0000B89G0	Title	BB
Government	CRG0000B92G4	Title	BB
Government	CRG0000B97G3	Title	BB
Government	USP3699PAA59	External debt bond - Costa Rica	BB
Government	USP3699PEM51	External debt bond - Costa Rica	BB
Government	USP3699PEM51	External debt bond - Costa Rica	BB
Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	CRMADAPB2152	MADAP Bond	SCR AA +
Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	CRMADAPB2277	MADAP Bond	SCR AA +
Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	CRMADAPB2368	MADAP Bond	F1+ (cri)
Industria Nacional de Cemento	CRINC00B0126	INC Bond (HOLCIM)	AAA (cri)
Mutual Cartago de Ahorro y Préstamo	00MUCAPC3425	Mortgage certificate	F1+ (cri)
Mutual Cartago de Ahorro y Préstamo	CRMUCAPB1383	MUCAP Bond	F1+ (cri)
Refinadora Costarricense de Petróleo	CRRECOPB0012	Recope's standardized bond	AAA (cri)
Refinadora Costarricense de Petróleo	CRRECOPB0020	Recope's standardized bond	AAA (cri)
SAFI BAC San José	SAJCP\$FI	BAC San José liquidity D ND	SCR AAF 2
SAFI BAC San José	SAJCPcFI	BAC San José liquidity C ND	SCR AAF 2
SAFI Banco de Costa Rica	BCRLlcFI	BCR short term colones -Non diversified-	SCR AAF 2+
SAFI Banco de Costa Rica	BCRMXcFI	BCR MIXTO short term colones -Non diversified-	SCR AAF 3
SAFI Banco de Costa Rica	FI-000000022	BCR liquidity dollars -Non diversified-	SCR AAF 2 +
SAFI Banco de Costa Rica	FI-000000022	F.I BCR liquidity dollars	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	BNASUPERcFI	BN Superfondo colones -Non diversified-	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	FI-000000001	BN Dinerfondo colones -Non diversified-	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	FI-000000002	BN Dinerfondo colones -Non diversified-	SCR AAF 2+
SAFI Banco Popular	FI-000000006	Popular money market colones -Non diversified-	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDLASCcFI	INS liquidity colones -Non diversified-	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDLASD\$FI	INS public liquidity dollars	SCR AAF 2
SAFI SCOTIABANK	ITFCPPUSFI	F.I ND public \$ Scotiabank	SCR AAF 3
SAFI SCOTIABANK	ITFCPPUcFI	Scotia public colones -Non diversified-	SCR AAF 3

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Notes to the Interim Consolidated Financial Statements

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Exposure to Liquidity Risk

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

Liabilities	Value on Books	Expected Cash Flow	12 months or less	1-2 years	2-5 years	More than 5 years
Long Term Liabilities						
Title deeds payable	¢ 1,033,309	1,033,309	673.27	655.09	110,669	921,311
Documents payable	537,359	537,359	-	118,656.23	223,768	194,935
Accounts payable	41,381	41,381	18,736.53	17,862.36	4,782	-
Total Long Term Liabilities	1,612,049	1,612,049	19,410	137,173	339,219	1,116,246
Circulating						
Title deeds payable	63,192	63,192	63,192	-	-	-
Documents payable	95,707	95,707	95,707	-	-	-
Accounts payable	116,474	116,474	116,474	-	-	-
Total Short Term Liabilities	275,373	275,373	275,373	-	-	-
Total Group ICE	¢ 1,887,422	1,887,422	294,783	137,173	339,219	1,116,246

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

- Financing of Generation Projects and Improvements of Generation and Transmission Projects, for a total amount of US\$125 million, corresponding to the issuance of E2 Series bonds.
- Construction and equipping of the Pirrís Hydroelectric Plan, for the amount of US\$106 million, creditor CABEI 1599-P.H. Pirrís.
- Prepayment of loan OECF, IADB 796 and Credit Suisse Electricidad y Telec. for the amount of US\$142.4 million, creditor IADB 1931 Tranche A.
- Prepayment of loan OECF, IADB 796 and Credit Suisse Electricidad y Telec, for the amount of US\$149.9 million, creditor IADB 1931 Tranche B.
- Financing of Reventazón Hydroelectric Project and El Diquis Hydroelectric Project, for the amount of US\$500 million, corresponding to the issue of international bonds 2021.
- Financing to prepay the following loans: CABEI 1516, CABEI 1599, CABEI 1856, CABEI 1962 and INS #1 y #2, amounting to US\$500 million, corresponding to the International Bond Issue 2043.
- Construction of Pirrís Hydroelectric Plan, in the amount US\$129,1 million, creditor JBIC Pirrís.
- Electric Development Program, 2008 – 2011, for the sum of US\$250 million, creditor CABEI 1908 – CCLIP (this loan is under disbursement period and up to March the amount of the balance is US\$147,5 million).
- Financing of Hydroelectric and Thermal Generation Projects and Improvements to Generation and Transmission Projects for the sum of US\$145 million, corresponding to the issue of series F4 bonds.
- *Instituto Crédito Oficial Reino de España* (I.C.O), with a balance of US\$24.9 million, for CNFL's underground electric distribution network.
- Kreditanstalt Fur Wiederaufbau (KFW), with a balance of US\$21, financing for CNFL's El Encanto Hydroelectric Project.

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(In millions of colones)

- Banco de Costa Rica, with a balance of US\$80 million, financing for Balsa Inferior Hydroelectric Plant.
- Deutsche Bank S.A.E loan, with a balance of US\$5 million, for CNFL's underground electric distribution network.
- Issue of Series B-1 bonds, issue of Series B-2 bonds, issue of Series B-3 bonds, for US\$104 million, CNFL's Balsa Inferior Hydroelectric Project.
- Banco Internacional de Centro América, (BICSA), for US\$3 million, CNFL requirements and to finance PHBI.
- Banco Internacional de Centro América, (BICSA), for US\$12 million, CNFL requirements and to finance PHBI.
- Banco Nacional de Desarrollo Económico y Social de Brasil (BNDES), with a balance of US\$7, for the financing of Balsa Inferior Hydroelectric P, CNFL.
- BICSA for US\$2 million, working capital RACSA.

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

In millions of colones	Carrying value	Expected Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cross Currency Swap							
Liabilities	€ (4,645.73)	12,408	917	886	1,652	4,140	4,814
Swap							
Liabilities	(36)	316	9	65	106	136	-
Forward Staring Swap							
Liabilities	(5,333)	3,956	1,052	1,060	1,710	1,269	(1,135)
Plain Vanilla Swap							
Liabilities	(7,162)	6,722	1,500	1,422	2,080	1,720	-
Non Delivery Currency Swap 3 years							
Liabilities	(1,284)	2,262	1,125	1,137	-	-	-
Non Delivery Currency Swap 7 years							
Liabilities	(1,261)	8,396	961	1,075	2,086	4,275	-
Non Delivery Currency Swap 1 year							
Assets	(354)	477	-	477	-	-	-
Non Delivery Currency Swap 1 year Quarterly							
Liabilities	(234)	242	242	-	-	-	-

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Notes to the Interim Consolidated Financial Statements

(In millions of colones)

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

Global Characteristics of the Line of Credit				Conditions of Disbursements Made					Disbursed amount (in millions of US Dollars, according to indication)
Bank Entity	Purpose	Currency	Interest Rate	Approved amount	Date of disbursement	Maturity Date	Payoff Date	Renewal Date	
Citibank	Working capital. Opening and refinancing of letters of credit	US\$	Libor (1m) + 1.35% = 1.5497%	50	17/04/2013	17/05/2013	17/05/2013	-	12
		US\$	Libor (1m) + 1.33% = 1.5292%		24/04/2013	24/05/2013	24/05/2013	-	3
Scotiabank	Opening and refinancing of letters of credit, working capital, issue of performance bonds	Colones	Fixed rate 9.35%	60	14/12/2012	14/03/2013	-	14/03/2013	7.500
		Colones	Fixed rate 7.65%		14/03/2013	12/06/2013	12/06/2013	-	7.500
		US\$	Libor (3m) + 1.48% = 1.789%		19/12/2012	19/03/2013	-	19/03/2013	20
		US\$	Libor (3m) + 1.48% = 1.76%		19/03/2013	17/06/2013	17/06/2013	-	20
		US\$	Libor (1m) + 1.29% = 1.48820%		08/05/2013	07/06/2013	07/06/2013	-	3
BLADEX	Opening and refinancing of letters of credit and working capital	US\$	Libor (6m) + 1.55% = 2.0156%	100	14/02/2013	13/08/2013	-	-	18
		US\$	Libor (3m) + 1.48% = 1.76660%		28/02/2013	29/05/2013	29/05/2013	-	25
		US\$	Libor (3m) + 1.48% = 1.7601%		18/03/2013	17/06/2013	17/06/2013	-	13
		US\$	Libor (1m) + 1.30% = 1.4992%		24/04/2013	24/05/2013	24/05/2013	-	9
		US\$	Libor (1m) + 1.30% = 1.4982%		30/04/2013	30/05/2013	30/05/2013	-	16
		US\$	Libor (1m) + 1.30% = 1.4982%		08/05/2013	07/06/2013	07/06/2013	-	7
		US\$	Libor (1m) + 1.30% = 1.4992%		10/05/2013	10/06/2013	10/06/2013	-	12
Mercantil Commerce Bank	Working capital. Opening and refinancing of letters of credit	US\$	Libor (3m) + 1.50% = 1.8090%	30	19/12/2012	19/03/2013	19/03/2013	-	13
		US\$	Libor (6m) + 1.53 = 1.9959%		14/02/2013	13/08/2013	-	-	17
		US\$	Libor (1m) + 1.34% = 1.5397%		17/04/2013	17/05/2013	17/05/2013	-	13

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Market Risk

Exposure to Currency Risk

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

Assets	US\$		Yens		EUROS	
	June 2013	December 2012	June 2013	December 2012	June 2013	December 2012
ICE						
Material in transit for investment	128	178	7	220	90	94
Long-term investments	3	2	-	-	-	-
Notes receivable	8	19	-	-	-	-
Banks and short-term investments	117	299	-	-	-	-
Restricted use funds	2	2	-	-	-	-
Accounts receivable from services provided	19	6	-	-	-	-
Non trade accounts receivable	5	22	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	34	2	4	-	0	-
Valuation of derivative financial instruments	0	4	-	-	-	-
Total assets in foreign currency - ICE	317	534	11	220	90	94
CNFL						
Banks and short-term investments	13	18	-	-	-	-
Notes and accounts receivable	8	8	-	-	-	-
Guarantees for environmental obligations	1	2	-	-	-	-
Total assets in foreign currency - CNFL	22	27	-	-	-	-
RACSA						
Banks and short-term investments	1	1	-	-	-	-
Accounts receivable	1	2	-	-	-	-
Total assets in foreign currency - RACSA	2	2	-	-	-	-
Total assets in foreign currency - GRUPO ICE	341	564	11	220	90	94
Liabilities						
ICE						
Securities payable	1,734	1,204	-	-	-	-
Notes payable on the long and short term	866	1,103	12,830	13,820	0	-
Obligations against loans	8	8	-	-	-	-
Security deposits	1	1	-	-	-	-
Accounts payable	88	73	10	74	84	86
Accumulated financial expenses payable	31	43	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits from private individuals	2	2	-	-	-	-
Provisions	1	5	-	-	-	-
Valuation of derivative financial instruments	42	43	-	-	-	-
Total liabilities in foreign currency - ICE	2,773	2,482	12,840	13,894	84	86
Excess of liabilities on assets	2,456	1,948	12,829	13,674	(6)	(8)
CNFL						
Notes payable on the short and long term	79	76	-	-	-	-
Accumulated financial expenses payable	-	0	-	-	-	-
Total liabilities by currency	79	76	-	-	-	-
Excess of liabilities on assets	57	48	-	-	-	-
RACSA						
Notes payable on the short and long term	34	35	-	-	-	-
Security deposits	1	1	-	-	-	-
Accounts payable	3	3	-	-	-	-
Accumulated financial expenses payable	1	0	-	-	-	-
Total liabilities by currency	39	38	-	-	-	-
Excess of liabilities on assets	37	36	-	-	-	-
Total liabilities in foreign currency - ICE GROUP	2,891	2,597	12,840	13,894	84	86
Excess of liabilities on assets - ICE GROUP	2,550	2,033	12,829	13,674	(6)	(8)

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(In millions of colones)

The items in US \$ were updated to the currency exchange rate of colones versus dollars, which as of June 30, 2013, was set at ¢500,44 (¢509,23 as of December 31, 2012), respectively.

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

Currency Name	US\$ Exchange Rate	
	As of June 30 2013	As of December 31 2012
Swedish crown	6.73	6.50
Sterling pound	1.52	1.61
Swiss franc	0.95	0.91
Euro	1.30	1.32
Colones	500.44	509.23
Japanese yen	98.41	86.06

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

Sensitivity Analysis

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

	Effect in Results	
	Income	
	As of June 30 2013	As of December 31 2012
ICE		
Yens/COLÓN (10% strengthening)	(6,524)	(8,091)
EUROS/COLÓN (10% strengthening)	(429)	(563)
USD/COLÓN (10% strengthening)	122,908	99,215
Net effect - ICE	115,955	90,561
CNFL		
USD/COLÓN (10% strengthening)	2,853	2,448
Net effect - CNFL	2,853	2,448
RACSA		
USD/COLÓN (10% strengthening)	1,852	1,833
Net effect - RACSA	1,852	1,833
Net effect - ICE GROUP	120,659	94,842

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Notes to the Interim Consolidated Financial Statements

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

Exposure to Interest Rate Risk

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

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

	Note
Securities payable	21
Short term investments	12
Notes payable	22
Long term investments	8
Notes receivable	10

Sensitivity Analysis

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

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

	Effects in Results - Income	
	As of June 30	As of December 31
	2013	2012
ICE		
Short term investments (1% strengthening)	1,515	1,153
Long term financial investments (1% strengthening)	265	169
Notes receivable on the long term (1% strengthening)	147	72
Securities payable on the long term (1% strengthening)	(10,328)	(8,132)
Securities payable on the short term (1% strengthening)	-	(1)
Notes payable on the long term (1% strengthening)	(4,665)	(6,923)
Notes payable on the short term (1% strengthening)	(868)	(243)
Net effect - ICE	(13,934)	(13,905)
CNFL		
Short term investments (1% strengthening)	5	25
Securities payable (1% strengthening)	(519)	(416)
Notes payable on the long term (1% strengthening)	(736)	(672)
Net effect - CNFL	(1,250)	(1,063)
RACSA		
Short term investments (1% strengthening)	-	4
Notes payable on the long term (1% strengthening)	(10)	(10)
Net effect - RACSA	(10)	(6)
Net effect - ICE GROUP	(15,194)	(14,974)

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Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Note 40. ICE Group's Operating Segments

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

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

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

The information for these segments is detailed below:

ICE Energy Segment:

Consolidated Balance Sheet	Up to on June 30 2013	Up to December 31 2012
Properties, machinery and equipment	¢ 3,255,184	3,204,480
Investment and long term accounts receivable	24,028	352,396
Circulating assets	322,912	249,778
Other assets	303,162	263,529
Total assets	3,905,286	4,070,183
Long term liabilities	1,544,929	1,450,455
Short term liabilities	374,318	352,440
Other liabilities	135,383	132,936
Total liabilities	2,054,630	1,935,831
Patrimony	1,850,656	2,134,352
Total liabilities and patrimony	¢ 3,905,286	4,070,183

(Continues)

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Notes to the Interim Consolidated Financial Statements

(In millions of colones)

ICE Energy Segment:

Consolidated statement of income and expend.	For the period ended on June 30	
	2013	2012
Income of operation	¢ 541,090	415,338
Costs and expenses of operation	491,152	412,039
Surplus (Loss) of Operation	49,938	3,299
Other products	22,701	37,741
Other products for exchange fluctuations	35,410	42,384
Financial expenses	49,265	55,759
Other expenses	14,171	21,488
Other expenses for exchange fluctuations	4,029	6,382
Net Surplus (Loss)	¢ 40,583	(204)

ICE Telecommunications Segment:

Consolidated Balance Sheet	Up to	Up to
	on June 30 2013	December 31 2012
Furniture, machinery and equipment	¢ 987,099	1,022,882
Investment and long term accounts receivable	85,889	97,640
Circulating assets	293,264	292,424
Other assets	153,365	147,229
Total assets	1,519,616	1,560,175
Long term liabilities	200,595	210,015
Short term liabilities	108,188	114,321
Other liabilities	106,572	106,091
Total liabilities	415,354	430,427
Patrimony	1,104,262	1,129,748
Total Liabilities and Patrimony	¢ 1,519,616	1,560,175

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ICE Telecommunications Segment:

Consolidated statement of income and expenses		For the period ended on June 30	
		2013	2012
Income of operation	¢	261,984	266,454
Costs and expenses of operation		275,604	265,012
Surplus (Loss) of Operation		(13,620)	1,441
Other products		8,813	8,589
Other products for exchange fluctuations		3,859	5,671
Financial expenses		5,557	5,760
Other expenses		364	216
Other expenses for exchange fluctuations		1,623	2,297
Net Surplus (Loss)	¢	(8,492)	7,428

Eliminations between segments:

Consolidated Balance Sheet		Up to	Up to
		June 30 2013	December 31 2012
Property, machinery and equipment	¢	(11,646)	(14,644)
Investments and long term accounts receivable		(55,000)	(404,630)
Circulating assets		(127,915)	(93,276)
Other assets		(9,322)	(5,119)
Total Assets		(203,883)	(517,669)
Long term liabilities		(65,853)	(68,947)
Short term liabilities		(122,502)	(87,501)
Other liabilities		1,584	1,582
Total liabilities		(186,771)	(154,866)
Patrimony		(17,112)	(362,803)
Total liabilities and patrimony	¢	(203,883)	(517,669)

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Eliminations between segments:

Consolidated statement of income and expenditures	For the period ended	
	on June 30	
	2013	2012
Income of operation	(134,289)	(98,387)
Costs and expenditures of operation	(135,233)	(98,372)
Surplus (Loss) of Operation	945	(15)
Other products	(2,164)	(2,108)
Financial expenses	(742)	(568)
Other expenses	(584)	(552)
Other expenses for exchange fluctuations	(66)	(66)
Surplus before income tax	172	(936)
Minority interest (1.4%)	33	53
Net Surplus (Loss)	205	(884)

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

- Elimination of ICE's long term investment corresponding to subsidiaries for ¢7.559.
- Elimination of the accounts receivable for services rendered to RACSA and accounts payable to ICE for telephone and info-communication services, in the amount of ¢435.
- Interests receivable from RACSA and accounts payable to ICE for interests corresponding to the financing of V-SAT Platform ¢286.
- Elimination of account payable to RACSA for lease of areas in ICE's buildings throughout the entire country, for ¢145.
- Notes and mortgage payable to RACSA on the long term and notes receivable in the long term to eliminate the financing agreement of V-SAT platform between ICE and RACSA for ¢221.
- Notes and mortgage payable to RACSA on the long term and notes receivable on the long term to eliminate liability retranslation agreement for ¢14.586.
- Elimination of account payable to and receivable from ICE-CNFL for telephone services for an amount of ¢818.
- Elimination of notes receivable from ICE-CNFL for secured financing agreement for the sum of ¢1.380.
- Elimination of accounts payable to and receivable from ICE-CNFL for services provided, including lease of electricity poles, ducts, and other services for the sum of de ¢929.
- Elimination of accounts payable to and receivable from ICE-RACSA for mutual services, for ¢240.
- Elimination of account payable to and receivable from ICE-RACSA for renting physical space to ICE: ¢47.

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- Elimination of the effect of energy sold by ICE to CNFL for ¢39.142.
- Elimination of security deposits of RACSA for ¢8.
- Elimination of notes receivable from and payable to between ICE and CNFL for the payments originated for the settled loan of Moín III for ¢ and elimination of financial expenses payable to and interests receivable from ICE to CNFL for settled loan of Moín III for ¢28.
- Elimination of matching items of the 2011 period for ¢1.582.
- Elimination of profits in ICE invoices for the Balsa Inferior project for ¢1.625.
- Elimination of account payable to RACSA for yellow pages amounting to ¢416.
- Elimination of account payable to RACSA for Hosting services – Digital Government Project for ¢135.

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

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

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Note 41. Contingent Assets and Liabilities

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2013	As of December 31, 2012
				Provision for Lawsuits	
Contingent Assets - Lawsuits filed by ICE:					
Expropriation	Electricity	Expropriation in the amount to acquire land necessary for the Diquis Hydroelectric Power Project. A final ruling is Expropriation pending.	1,703	-	-
Expropriation	Electricity	Expropriation in the amount to acquire land necessary for the Reventazon Hydroelectric Power Project. A final ruling is pending.	800	-	-
Legal Collection	Electricity	Legak collection for outstanding bills. The transfer of the lawsuit was notified. Once the oral ruling is final N° 245 2012, which admits the lawsuit filed, the payment of interest for October 25, 2011 as of October 2012 was submitted, in the amount of €64.730.279. and fees for €41.325.589. The court ruling is pending for the payment submitted.	717	-	-
Expropriation	Electricity	Expropriation in the amount of €716 to acquire land necessary for the future Coyol de Alajuela substation. The ruling is appealed and a final decision is pending.	716	-	-
Arbitration	Telecommunications	Claim of damages for noncompliance with Public Tender No. 6378. The defendant files a plea claiming lack of competence that was taken to the First Chamber.	8,993	-	-
Precautionary measures (in accordance with article 26 of the Administrative Appeals Procedural Code)	Telecommunications	Request for precautionary measures in order to maintain the pre-judgment attachments to recover the amounts once the arbitration is resolved. The Court declared itself incompetent, therefore, it was submitted by the Court of Appeals to the First Chamber to settle the conflict of competition. The Chamber ruled that the Contentious Court had to rule on the precautionary measures. Precautionary measures were ruled to maintain the pre-judgment attachments.	5,147	-	-
Ordinary Contentious	Telecommunications	Bypass fraud, failed notice. New address is provided on 13/8/12. It was declared expired through resolution N° 668-2013 17-4-13 by the Administrative Contentious Court.	1,225	-	-
Ordinary Contentious	Telecommunications	Claim for damages resulting from sentences and agreements issued by SEC (Securities Exchange Commission) and the U.S. Department of Justice against Alcatel and Subsidiaries. This process is also a result of the forum non conveniens resolution in USA; the transfer took place and the defendants were notified.	9,000	-	-
Civil	Telecommunications	Suspended, pending the resolution of proceeding 12-002154-1027-CA, ICE requests compensation from Alcatel-Lucent S.A., its subsidiaries, and others for damages resulting from noncompliance with the Florida RICO Act and other.	500	-	-
Ordinary Contentious	Telecommunications	Judicial proceedings filed by ICE to annul ARESEP's administrative ruling, which orders ICE to refund the amounts charged to Radio Mensajes S.A. for having facilitated its platform to provide contents services. Court proceedings filed by ICE to annul the administrative resolution issued by ARESEP, which orders ICE to refund Radio Mensajes S.A. the amount of €305.137.688. (three hundred million one hundred thirty seven thousand six hundred eighty-eight colones) and pay the State a fine of €1.830.826.128. (one thousand eight hundred thirty million eight hundred twenty-six one hundred twenty-eight colones). The Executive Branch is still processing the collection of said fine. A preliminary hearing was scheduled for March 2013, to expand the lawsuit and modify the claims, which was accepted by the Court, the expansion was transferred, and the preliminary hearing is pending for August 2013.	500	-	-
Legal Collection	Electricity	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for telephone services. ICE has 12,157 proceedings as of December 31, 2012. ICS's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	2,904	-	-
Expropriations		As of June 30, 2013, there are 582 judicial for forced expropriation, in order to take possession and gain legal title to the property required for the different projects being developed. Those proceedings are related to appraisals made by ICE appraisers that were not formalized through the administrative venue, either due to legal issues or rejection of the appraisal.	7,758	-	-
Legal Collection	Telecommunications	The Legal Collection handles executive proceedings to recover unpaid debts for phone services. ICE has 14451 proceedings as of June 15, 2013. The Institutional Legal Division estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	1,692	-	-
Total contingent assets			41,655	-	-

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2013	As of December 31, 2012
				Provision for Lawsuits	
Contingent liabilities - lawsuits filed against ICE:			Brought forward	€ 41,655	-
Ordinary	Electricity	Claim filed by Hidroenergía del General HDG, requesting the readjustment of the energy purchase price due to an economic imbalance in the agreement during the construction of works; the claim was filed.	1,931	-	-
Ordinary	Corporate	Claim for damages resulting from the return of steal pipes. he claim was answered.	270	-	-
Ordinary	Electricity	Claim for reimbursement of collected fines. The claim was answered.	606	-	-
Ordinary	Electricity	Lawsuit seeking the recognition of a number of items for machinery rental. The lawsuit was answered.	1,589	-	-
Ordinary	Electricity	Lawsuit filed to lift the disqualification handed down and pay damages for lack of authorization of a tender process. The lawsuit is being answered.	7,158	-	-
Ordinary	Telecommunications	Lawsuit filed to pay damages due to contract termination; the lawsuit is being answered.	2,495	-	-
Arbitration	Electricity	The plaintiff is seeking reimbursement from ICE for penalties resulting from noncompliance with the delivery of potential energy plus damages and to declare the event that allegedly caused the noncompliance as Act of God or force majeure; it is in the stage of conclusions for April 15, 2013.	518	-	-
Arbitration	Electricity	The plaintiff alleges that, due to reasons attributable to ICE, start up of the plant's commercial operation was delayed. The claim is in the amount of US\$1,833,142 (plus interest, damages, costs, and other proven expenses). A motion for nullity filed by Hidroenergía with the First Chamber is pending.	933	-	-
Ordinary Contentious	Telecommunications	A security officer working for the subcontractor had a work-related accident at ICE facilities and is now demanding the compensation for damages. The lawsuit was answered.	1,600	-	-
Ordinary Contentious	Electricity	Lawsuit seeking the declaration of nullity of the Decree of the Public and National Interest, expropriation, and damages. Proceedings suspended due to an appeal claiming violation of constitutional rights against the Indigenous Law and its decree.	103,638	-	-
Ordinary Contentious	Electricity	The main claim seeks annulment of several administrative actions of the Electricity Management and to order ICE to submit the issue of additional costs to arbitration. An alternative claim seeks recognition of damages for the plaintiff in the amount of US \$ 7, 905, 479; an oral trial is pending.	4,026	-	-
Ad Hoc Arbitration	Electricity	The arbitration award issued on December 7, 2012 dismissed the main claims of the plaintiff and accepted the alternative claims. ICE is ordered to recognize the value of the Doka concrete forms; provisional works which amount will be determined when the judgment is executed and for the Symons concrete forms we were ordered to pay \$63 380. Astaldi is seeking for a declaration of ICE's civil liability for an alleged purchase-sale agreement, to pay the agreed-upon price plus damages for willful noncompliance as well as civil liability and payment for the Symons concrete forms.	500	500	250
Ordinary Contentious	Electricity	In this case, there was a lawsuit filed by ICE for the payment of outstanding fines and by Odebrecht for breach of contract. The First Chamber upheld the ruling issued in the second instance in favor of ICE. Both parties filed for payment of attorneys fees and costs in the execution of the judgment, claim by Odebrecht: € 1.941.889.251, and by ICE: € 974.341.603. It is in the execution of judgment.	1,942	1,942	1,942
Ordinary	Electricity	Claim of damages and loss of property value due to installation of high-voltage towers. Judgment N° 32-2012-VII by the Contentious Court annulled the ruling in the first instance N°1800-2011. Then, the Contentious Court issued ruling N° 1149-2012 of May 28, 2012, dismissing in every respect the claim of the plaintiffs and the plaintiffs are ordered to pay attorney fees and court costs. The judge upholds the lack of legal right. On June 18, 2012, we were notified about the appeal filed by the plaintiffs. ICE claims tort to the Administrative Litigation Court on June 25, 2012 by fax.	1,794	-	-
Ordinary	Electricity	As of today, we are waiting for the scheduling of the lawsuit. Through resolution of 6-6-13, an expert is appointed to issue an appraisal regarding the fees. ICE is sued by Sardimar and Inolasa for the effects of a fee adjustment of the Electricity Sector.	1,326	1,326	1,326
Ordinary Contentious	Electricity	Challenge of three official letters issued by the Procurement Department in respect of proceedings related to administrative sanctions. Ruling handed down in favor of ICE. The plaintiff filed an appeal for nullification with a higher court.	801	-	-
Ordinary Contentious	Electricity	Final ruling from the Court issued in first instance in favor of the plaintiff. A claim seeks recognition of price adjustment.	716	703	358
Ordinary	Electricity (a)	Seeking compensation for failed parallel generation project "Los Gemelos". The appeal by ICE was upheld. The plaintiffs filed an appeal that was challenged by ICE in the First Chamber on October 11, 2011. The Chamber upheld the appeal and scheduled a hearing for February 8, 2012. ICE is waiting for the vote by the First Chamber N° 174-2013, which according to the website of the Judiciary, it was dismissed and it ordered the payment of attorney fees and court costs by Anrtheus. Upon notice, costs would be paid.	509	-	-
Ordinary	Electricity	Claim for the recognition of damages caused by ICE, due to the execution of the energy purchase-sale agreement, judgment in the first and second instance favorable for the plaintiff. Appeal judgment against ICE, drafting of the complete vote is pending.	500	500	500
Ordinary	Electricity	Annulment of administrative actions and payment of demonstrable damages in execution of a judgment for removing an excavator in the Miravalles Project. The appeal for nullification with a higher court filed by the plaintiff was dismissed in May 2011, the execution of the judgment by the plaintiff is pending.	500	500	500
Subtotal - Carried forward			€ 175,007	5,471	4,875

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June	As of	
				30, 2013	December 31, 2012	
				Provision for Lawsuits		
			Brought forward	175,007	5,471	4,875
Ordinary	Telecommunications	The plaintiff claims for indemnity by ICE due to the contractual resolution in the government, pending court proceedings.	12,941	-	-	
Ordinary Contentious	Electricity	Claim dismissed in most of the aspects according to resolution of May 2011; an appeal was filed and pending resolution. The public or private property of the subsoil in Costa Rica, related to the excavation of a tunnel, is under discussion. There is a favorable ruling with respect to the allegations. However, ICE filed an appeal for nullification with a higher court in relation to environmental legislation issues.	500	-	-	
Ordinary Contentious	Telecommunications	The plaintiff requests compensation from a contractor of ICE for alleged losses as a result of breach of contract by ICE and the contractor. It is in the stage of oral trials.	33,297	-	-	
Ordinary	Telecommunications	Unfair term in a tender, through ruling N° 321-212 at 14:25 hours on February 17, 2012. The Administrative Litigation Court upholds the lack of legal right, but partially upholds the claim of the plaintiffs. The majority of the administrative actions of ICE and other are upheld. ICE is ordered to reimburse US\$379,175.25. The ruling is appealed through a pleading dated February 28, 2012, and tort is claimed on July 18, 2012 (it is added to file N° 07 000162-0163-CA).	5,433	-	-	
Ordinary Contentious	Telecommunications	Claim for alleged disruptive actions in property owned by the plaintiff. The lawsuit was answered and the hearing about proceedings accumulation was answered, a formality which was rejected by the Court through ruling 675-2012 at 9:20 hours on March 21, 2012	4,222	-	-	
Injunction with precautionary measures	Electricity	Claim for alleged disruptive actions in property owned by the plaintiff. It was partially dismissed and ICE was not ordered to pay attorney fees or damages.	500	-	-	
Injunction with precautionary measures	Electricity	Claim for alleged disruptive actions in property owned by the plaintiff. The precautionary measures were upheld through ruling of September 8, 2011. The hearing about proceedings accumulation was answered, a formality which was rejected by the Court through ruling 675-2012 of March 21, 2012.	500	-	-	
Ordinary	Telecommunications	Ruling No.014-2010-IX upheld the claim and ICE was ordered to pay for damages, attorneys fees, and court costs. The plaintiff submitted a breakdown of costs for €564 915 160. ICE objected to the amount determined. The expert's report was appealed. The judge's ruling is pending. Annulment of administrative actions and payment of damages for having disqualified the company due to breach of contract.	565	565	564	
Punitive administrative	Electricity - Telecommunications	ICE was issued assessment notices in 2005 corresponding to tax withholdings at the source (on profits, wages, and foreign remittances) for the periods from September 1999 through December 2000, for € 338 plus interest and penalties, and a general sales tax for 1.251 plus interest and penalties. Moreover, in 2006, for the periods from January 2001 through December 2003, both including, ICE was issued assessment notices corresponding to tax withholdings at the source (on profits, wages, and foreign remittances) for € 6.308 plus interest and penalties and a general sales tax for € 4.136 plus interest and penalties. At the end of 2007, the total amount of taxes for such assessment notices was paid, for the following periods 1999-2000 and 2001-2003, for € 12 033.8 million. This case is under appeal. The balance of the provision as of December 31, 2011/2010 is € 535 million for the Electricity Sector, balance plus interest for 99-2000, 2001-2003 for interest in the amount of € 14 018 and million and penalties for € 2 374 for a total of assessment of notices 99-2000 and 2001-2003 of € 28 426.2 million, record of adjustment A.E. # F-3, according to accounting opinion # 339 del 28/04/2013, adjustment from penalties and interest of previous periods for € 534.7	14,018	(598)		
Administrativo Sancionatorio	Electricity - Telecomm	On September 17, 2009, ICE was notified about the assessment notice, regarding the period of December 2007, in the general sales tax and which is in a controversy stage. The balance of the provision as of December 31, 2010, corresponding to interest and penalties for € 404.3, interest and penalties for € 220.8, plus the estimated amount of the lawsuit as indicated by the Institutional Legal Department for € 883.1; so an appeal was filed against the ruling by the Tax Administration, recording of interest for 2011 for € 128.2 million, recording of interest as of June 2012 for € 54 million, recording of interest as of December 2012 for € 76.4 million, recording of the accounting opinion #v 349 for adjustment of interest and fees as of 2007 for € (65.5)	1,701	597	728	
Administrative determinative proceedings	Telecommunications	Collection of special parafiscal contribution of Telecommunications operators and suppliers to Fonatel for 2008 and 2009. GG-ICE, through official communication 0150-0398-2010, files a formal consultation to the DGT, pursuant to 119 of the CNPT, if the parafiscal contribution set forth in Article 39 of Law Number 8642 can be applied to ICE for 2008 and 2009. Answering through official communication DGT-416-2010 dated 25-5-2010, which rejects the consultation, under article 119 of the CNPT and answers it as a pure and simple consultation, stating that for 2008 and 2009, there was a taxable event that forced ICE to pay the parafiscal contribution in both periods. ICE filed a revocation with an additional appeal before the Tax Administrative Court and requests the annulment of act N° DGT-416-2010 issued by the Tax Administration, a formality that was dismissed; therefore, the National Directorate of Large Taxpayers notifies ICE on March 18, 2013 the payment Administrative act through official communication N° PREV-DGCN-014-13 at 10:00 hours on March 12, 2013.	7,984	-	-	
Procedimiento Administrativo	Telecommunications	Start of the administrative proceedings of the assessment notice for the adjustment of the reserve tax on the radio frequency spectrum for the 2012 budget period. ICE challenges the administrative actions through Official Letter No. 094-197-2012 dated October 31, 2012, requesting to nullify assessment notice No. SRCST-TC-108-2012 and suspend the current administrative proceedings until a ruling is issued by the Board of Directors of ARESEP with respect to the concomitant appeal and annulment filed by ICE against agreement No. 002-018-2012	1,099	-	-	
Judgment execution	Corporate	The plaintiff executed the vote by the Constitutional Court N° 2011-6571- at 11:18 hours on May 20, 2011 (file N° 10-012160-0007-CO), against ICE. The plaintiff seeks the compensation for damages due to the violation of the constitutional right of privacy and intimacy. The lawsuit was notified to ICE on March 22, 2013. The hearing of the trial took place on June 19, 2013, a written ruling is pending	1,002	501	-	
Total contingent assets and liabilities -ICE (See note 26)			258,770	6,536	6,168	

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2012	As of December 31, de 2012
			Provision for Lawsuits (See note 26)		
Contingent Assets - Lawsuits filed against CNFL:					
	Electricity	Lawsuit against an insurance provider to recover amounts invested to correct damages caused by a landslide that were not covered by the insurance policy. The insurance agency deposited 78% of the amount chimed with the Court, which was booked as an account receivable. A favorable judgment was handed down by the Court in the second instance. The claim against INS amounts to €4,485 million (US\$ 8 million). In March 2012, INS deposited a partial amount of € 2.054 million (\$ 4 million).	€ 1,134	-	-
Total contingent assets - CNFL			€ 1,134	-	-

Contingent Liabilities - Lawsuits filed against CNFL:					
Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of June 30, 2012	As of December 31, de 2012
Ordinary	Electricity	Lawsuit filed against CNFL by the minority shareholders as a result of a donation authorized by the Legislative Assembly for Fundación de Consejo de la Tierra Los Hermanos, S.A. As of December 31, 2010, no judgment had been issued and no costs assessed.	€ 1,386	-	-
Ordinary	Electricity	CNFL deposited funds as payment of indemnity for flooding of a property near Lake Cote in connection with a hydroelectric power project. The plaintiff (Rufea, S.A.) is disputing the amount deposited. In June 2012, the amount of €230 million was paid. A provision of €199 million was established for attorneys fees, court costs, and interest.	200	72	200
Ordinary	Electricity	The plaintiff (Vega Fonseca Wendy) files a lawsuit against CNFL and CONAVI alleging that the lighting of the Florencio del Castto Highway did not meet the respective regulations; consequently, her husband died in a car accident.	445	-	-
Ordinary	Electricity	Refusal by CNFL to recognize a claim in relation to execution of the contract for the construction, design, and start-up of operations of a hydroelectric power plant. (Consorcio Hydrocote S.A.).	1,528	15	144
Ordinary	Electricity	Counterclaim filed against CNFL for the requested collection from a third party of fines rested to the underground electrification project in San Jose and for the delays in the review and approval of engineering plans. No judgment has been issued and no costs assessed.	4,801	-	-
Ordinary	Electricity	Counterclaim filed against CNFL for the requested collection from a third party of 15 claims filed during the underground electrification project in San Jose. No judgment has been issued and no costs assessed.	5,090	-	-
Ordinary	Electricity	The plaintiff (Ghella Spa Costa Rica) is requesting an extension to the execution term, nullity of certain actions taken by CNFL, reversal of withholdings for fines, and reimbursement of those amounts plus statutory interest.	359	-	-
Ordinary	Electricity	The purpose of this lawsuit is to nullify the limits established in Addendum No. 01 to the contract for the design, construction, fitting, and start-up of a hydroelectric power project and the annexes thereto for recognition of price adjustments. Accordingly, CNFL must pay the plaintiff (Ghella Spa Costa Rica) based on those price adjustments.	18,332	-	-
Ordinary	Electricity	The plaintiff (Grupo Corporativo Saret) filed for precautionary measures against CNFL as a result of execution of the performance bond and collection of fines. A formal complaint was also filed to collect indemnity for consequential damages, lost profits, and lost opportunity.	13,878	-	-
Ordinary	Electricity	Lawsuit filed on the grounds of civil tort liability for damages (Ortiz Mongragan Cesar).	275	166	133
		Lawsuit filed by Banco de San José for a change of voltage that caused damages to computer equipment and lighting. Provision for ruling 2608-2012. (Banco de San José)		10	
Total contingent liabilities - CNFL			€ 46,294	263	477

Proceeding	Sector	Nature and current status	Estimated Amount of Lawsuit	As of June 30, 2013	As of December 31, de 2012
			Provision for Lawsuits (see note 26)		
Contingent liabilities - Lawsuits filed against RACSA:					
Ordinary contentious	Telecommunications	Ordinary, administrative, and civil proceedings of the Ministry of Finance seeking payment for alleged damages caused by RACSA. The plaintiff filed an appeal for annulment with a higher court	€ 3,225	-	-
Labor and ordinary contentious	Telecommunications	Several minor ordinary, administrative, and labor proceedings, which are in different stages.	61	-	-
Ministry of Finance	Telecommunications	DGT seeks the collection of sales tax in connection with Internet services provided in 2008. Precautionary measures and a claim were filed.	7,186	-	-
Ministry of Finance	Telecommunications	Fines were imposed as a result of the previous proceedings (2008). An appeal was filed with the Administrative Tax Court	605	-	-
Ministry of Finance	Telecommunications	Collection of sales tax in connection with Internet services provided in the 2009-2010 periods. An appeal was filed with the Administrative Tax Court.	1,191	-	-
FONATEL	Telecommunications	Administrative claim. Appeal dismissed by the Administrative Tax Court.	1,463	-	-
Total contingent liabilities RACSA			€ 13,731	-	-

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Note 42. General Telecommunications Law

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

The objectives defined by this Law are:

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

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

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

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

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

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

Other important matters contained in this Law are the following:

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

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subparagraph 13) of article 6 of this Law, and they will be freely negotiated among the carriers, based on the methodology established by SUTEL.

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

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

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

Number Portability

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

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

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Note 43. 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.
- 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.

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

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

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

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

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

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

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Note 44. Water Law and National Electric Service Law

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

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

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

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

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

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

Judgment No. 115-2011-VI pronounced by the Court for Contentious Administrative Proceedings at 15:15 hours of May 13, 2011. In the operative part of the Judgment, the Court for Contentious Administrative Proceedings resolved in Item 3, Now Therefore, that, "3) (...) *In this regard, ICE and JASEC are instructed a): In the future, prior to developing or executing other hydroelectric power projects to hold the concession for use of water referred to in Article 17 of the Water Law (...).*"

ICE filed an appeal for review of Judgment 115-2011-VI in June 2011 on the grounds, inter alia, that Article 16 of Law No. 8723, filling the legal vacuum created by repeal of Law No. 258, clearly stated that Law No. 8723 was not applicable to ICE. To date, this appeal is pending for resolution by the First Chamber of the Supreme Court of Justice.

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Note 45. Law on the Public Services Regulatory Authority

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

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

Note 46. Framework Law on Concession for Utilization of Hydraulic Power for Hydroelectric Generation

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

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

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

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

Note 47. Regulations for Concessions for the Provision of Electric Energy, Executive Order Number N°30065 MINAE of November 28, 2001 and in force according to Sinalevi as of January 15, 2002.

In accordance with the preamble of Decree Number 30065, Law Number 7593 on the Public Services Regulatory Authority allows the Government, through the Ministry of the

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Environment and Energy, to grant public service concessions for the supply of electric energy provided the conditions set forth in Article 13 of said law are met.

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

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

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

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

Note 48. Law on the Framework Agreement for Electricity Market in Central America

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

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

Note 49. Law on the Second Protocol to the Framework Agreement for Regional Electricity Market

Law No. 9004 on the Second Protocol to the Framework Agreement for Regional Electricity Market provides that as an additional commitment to making National Electricity Market (MEN)

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and Regional Electricity Market (MER) work properly, governments in the area should take "(...) the necessary actions to gradually align national regulations with those of the region, allowing for regulatory coexistence of the regional market and national markets for smooth operation of the MER".

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

Note 50. Regulations and Regulatory Alignment for the National Electricity Market and the Electricity Market in Central America.

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

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

Note 51. Electricity Services Regulations – Decree No. 29847-MP-MINAE-MEIC

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

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

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

Note 52. Subsequent Events

Notes Payable

- 1) **Credit Line with Scotiabank:** In July 2013, two disbursements were made in the amount of US \$11 million, with an 83-day term, annual rate of 1.5231%, no fees and interest is paid on a monthly basis and the principal at maturity, the other is for the amount of US \$15 million, with a 63-day term, annual rate of 1.35889%, no fees and interest is paid on a monthly basis and the principal at maturity.
- 2) **Credit Line with Bladex:** In July 2013, a disbursement is made in the amount of US \$8 million, with a 74-day term, 3m LIBOR interest rate (0.26760%) + 1.20% p.a= 1.46760%.

Rates

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

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