

Instituto Costarricense de Electricidad y Subsidiaries

Consolidated Financial Statements
September, 2012

Group ICE

ICE
RACSA
CNFL
CRICRSA



Dirección de Finanzas
Proceso Contable

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

Consolidated Balance Sheet

(In millions of colones)

As of September 30, 2012 and December 31, 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Property, machinery and equipment:		
Operating assets - cost	€ 2.642.558	2.487.342
Accumulated depreciation of operating assets - cost	(878.364)	(764.040)
Operating assets - revalued	2.589.957	2.598.101
Accumulated depreciation of operating assets - revalued	(1.502.305)	(1.448.815)
Other operating assets - cost	363.438	322.862
Accumulated depreciation of other operating assets - cost	(197.761)	(169.662)
Other operating assets - revalued	86.921	88.063
Accumulated depreciation of other operating assets - revalued	(57.887)	(56.499)
Other operating assets under finance leases - cost	27.550	27.550
Accumulated depreciation of other operating assets under finance leases - cost	(1.383)	(922)
Other operating assets under finance leases - revalued	1.191	1.191
Accumulated depreciation of other operating assets under finance leases - revalued	(39)	(13)
Construction work in progress	678.111	501.919
Materials in transit for investment	170.034	175.416
Inventory for investment	153.098	143.341
Total property, machinery and equipment, net	<u>4.075.119</u>	<u>3.905.834</u>
Long-term assets:		
Long-term investments	20.750	20.271
Notes receivable	2.387	2.538
Accounts receivable	4	4
Total long-term assets	<u>23.141</u>	<u>22.813</u>
Current assets:		
Banks	3.858	7.952
Temporary investments	246.555	140.060
Valuation of investments	293	1.323
Restricted funds	2.658	7.146
Receivables for services rendered	109.171	100.000
Non-trade receivables	87.215	165.407
Allowance for doubtful accounts	(38.273)	(37.066)
Institutional receivables	5.790	5.803
Notes receivable	3.650	2.879
Operating inventory	61.483	90.572
Allowance for valuation of inventory	(5.762)	(7.311)
Materials and equipment held in custody	8.930	5.178
Materials in transit for operations	6.113	18.581
Prepaid expenses	26.991	24.960
Total current assets	<u>518.672</u>	<u>525.484</u>
Other assets:		
Non-operating assets - cost	54.339	51.996
Accumulated depreciation of non-operating assets - cost	(605)	(396)
Non-operating assets - revalued	14.288	14.280
Accumulated depreciation of non-operating assets - revalued	(5.957)	(5.859)
Service agreements	2.499	13.916
Project design and execution	90.656	78.918
Technical service centers	15.705	252
Amortizable items	8.047	8.155
Absorption of amortizable items	(3.291)	(3.047)
Intangible assets	72.287	61.734
Absorption of intangible assets	(37.740)	(27.962)
Securities received as guaranty deposits	5.220	4.719
Valuation of financial instruments	1.891	5.828
Guarantee and Savings Fund (restricted fund)	167.436	150.204
Transfer to Guarantee and Savings Fund	591	1.242
Operating inventory	21.498	20.282
Deferred income tax	1.233	-
Total other assets	<u>408.097</u>	<u>374.262</u>
	€ <u>5.025.029</u>	<u>4.828.393</u>

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

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

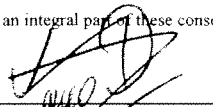
Consolidated Balance Sheet


(In millions of colones)

As of September 30, 2012 and December 31, 2011

	<u>2012</u>	<u>2011</u>
<u>Liabilities and Equity</u>		
Long-term liabilities:		
Securities payable	c 844.618	601.546
Loans payable	635.078	662.329
Obligations derived from credit	4.078	28.040
Security deposits	58.107	58.614
Accounts payable	53.855	44.288
Total long-term liabilities	<u>1.595.736</u>	<u>1.394.817</u>
Short-term liabilities:		
Securities payable	27.008	30.500
Loans payable	132.425	176.574
Accounts payable	120.074	122.762
Accrued finance expenses payable	26.582	16.070
Prepaid income	6.989	2.425
Deposits from private individuals or companies	7.383	6.553
Legal provisions	1.000	1.000
Accrued expenses for employer obligations	51.585	37.525
Total short-term liabilities	<u>373.046</u>	<u>393.409</u>
Other liabilities:		
Valuation of financial instruments	21.578	20.239
Accounts payable	2.419	2.491
Legal provisions	39.482	41.095
Guarantee and Savings Fund (restricted fund)	167.437	150.204
Deferred income tax	1.388	-
Total other liabilities	<u>232.304</u>	<u>214.029</u>
Equity:		
Paid-in capital	46.788	46.090
Development reserve	1.459.538	1.461.922
Asset revaluation reserve	1.176.929	1.188.155
Result of valuation of financial instruments	(18.549)	(18.583)
Legal reserve	8.696	8.696
Project development reserve	71	71
Forest development reserve	798	734
Restricted earnings from capitalization of stake in subsidiary	62.380	62.380
Retained earnings	77.992	72.301
Minority interest	4.422	4.372
Total excess of income over expenses	4.878	-
Total equity and minority interest	<u>2.823.943</u>	<u>2.826.138</u>
	<u>c 5.025.029</u>	<u>4.828.393</u>
Memoranda accounts	<u>c 237.957</u>	<u>209.538</u>

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Jesus Orozco Delgado
Head of Financial Planning
Department

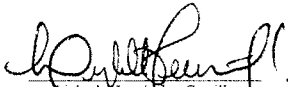

Lizbeth Hernández Castillo
Accounting Management Process Coordinator

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
(San José, Costa Rica)
Consolidated Statement of Changes in Equity
For the periods ended as of September 30, 2012 and December 31, 2011
(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, 2010, adjusted	€ 45 678	1 333 312	(11 843)	1 367 531	8 522	71	651	62 380	77 329	4 171	2 887 802
Donations for the year	412	-	-	-	-	-	-	-	-	-	412
Asset revaluation for the year	-	89 060	-	-	-	-	-	-	-	-	89 060
Appropriation to legal reserve	-	-	-	-	176	-	-	-	(176)	-	-
Prior period adjustments	-	(125 363)	-	3 832	-	-	-	-	-	-	(121 531)
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	83	-	(83)	-	-
Deficit for the period, net	-	-	-	(11 771)	-	-	-	-	(11 094)	-	(22 865)
Realization of asset revaluation reserve	-	(117 761)	-	102 330	-	-	-	-	15 431	-	-
Realization of asset revaluation reserve in subsidiaries	-	9 028	-	-	-	-	-	-	(9 028)	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	(6 624)	-	-	-	-	-	-	-	(6 624)
<i>Investments</i>	-	-	(116)	-	-	-	-	-	-	-	(116)
Appropriation to minority interest	-	(121)	-	-	(2)	-	-	-	(78)	201	-
Balance at December 31, 2011, adjusted	46 090	1 188 155	(18 583)	1 461 922	8 696	71	734	62 380	72 301	4 372	2 826 138
Adjustments due to homologation with ICE policies	-	(2 479)	-	-	-	-	-	-	11 097	-	8 618
Balance at December 31, 2011, adjusted	46 090	1 185 676	(18 583)	1 461 922	8 696	71	734	62 380	83 398	4 372	2 834 756
Donations for the year	698	-	-	-	-	-	-	-	-	-	698
Asset revaluation for the year	-	(2 404)	-	-	-	-	-	-	-	-	(2 404)
Deficit for the period, net	-	-	-	-	-	-	-	-	(10 743)	-	(10 743)
Deficit for the period net, minority interest	-	-	-	-	-	-	-	-	(64)	-	(64)
Prior period adjustments	-	-	-	(2 384)	-	-	-	-	-	-	(2 384)
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	64	-	(64)	-	-
Deficit for the period net, ICE	-	-	-	4 878	-	-	-	-	-	-	4 878
Realization of asset revaluation reserve	-	(6 246)	-	-	-	-	-	-	5 417	-	(829)
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	34	-	-	-	-	-	-	-	34
Assets retirement during the period	-	(223)	-	-	-	-	-	-	223	-	-
Appropriation to minority interest	-	125	-	-	-	-	-	-	(175)	50	0
Balance at September 30, 2012	€ 46 788	1 176 929	(18 549)	1 464 416	8 696	71	798	62 380	77 992	4 422	2 823 943

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


 Jesús Orozco Delgado
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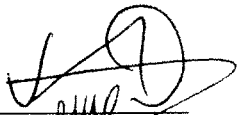
Consolidated Statement of Profit or Loss


(In millions of colones)

For the periods ended as of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Electricity services	€ 478.673	462.712
Telecom services	396.393	400.240
Institutional services	1.605	1.661
Total operating revenues	<u>876.671</u>	<u>864.613</u>
Operating costs:		
Operation and maintenance	173.504	176.945
Operation and maintenance of leased equipment	121.497	140.121
Depreciation of operating assets	172.282	153.837
Supplemental services and purchases	84.169	64.972
Production management	61.700	54.753
Technical service center	13.215	7.787
Total operating costs	<u>626.367</u>	<u>598.415</u>
Gross profit	<u>250.304</u>	<u>266.198</u>
Operating expenses:		
Administrative	62.287	68.239
Marketing	153.998	122.610
Preliminary studies	16.904	15.708
Preinvestment studies	4.648	3.467
Other operating expenses	2.326	2.414
Total operating expenses	<u>240.163</u>	<u>212.438</u>
Operating profit (deficit)	<u>10.141</u>	<u>53.760</u>
Other income:		
Finance income	18.866	8.896
Foreign exchange differences	49.873	4.746
Other income	52.236	47.908
Total other income	<u>120.975</u>	<u>61.550</u>
Other expenses:		
Interest	66.006	35.643
Commissions	18.210	1.833
Foreign exchange differences	12.184	8.792
Other expenses	38.318	30.450
Total other expenses	<u>134.718</u>	<u>76.718</u>
Profit (deficit) before tax and minority interest	<u>(3.602)</u>	<u>38.592</u>
Tax and minority interest:		
Deferred tax	(105)	73
Minority interest	64	14
Profit (deficit), net	<u>€ (3.643)</u>	<u>38.679</u>

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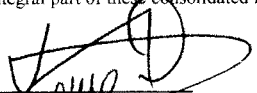

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES
(San José, Costa Rica)

Consolidated Statement of Cash Flows
For the periods as of ended September 30, 2012 and 2011
(In millions of colones)

	<u>2012</u>	<u>2011</u>
Sources (uses) of cash:		
Operating activities:		
Profit (deficit), net	¢ (3.643)	38.679
Items not requiring (providing) cash:		
Depreciation	198.095	168.870
Legal provisions	8.890	4.437
Bonus	13.548	13.151
School salary	12.517	11.824
Accumulated vacations	11.909	10.487
Allowance for doubtful accounts	2.709	6.736
Allowance for valuation of inventory	14	39
Absorption of amortizable and intangible items	7.412	7.414
Litigation	250	509
Foreign exchange differences	(40.698)	495
Minority interest	(64)	(14)
Deferred tax	105	(73)
Valuation of financial instruments	6.340	-
Cash provided by operations	221.027	223.875
Cash provided by (used for) changes in:		
Committed temporary investments	33	(521)
Notes and accounts receivable	67.565	(23.156)
Operating inventory	36.242	(34.988)
Other assets	17.145	(1.106)
Accounts payable	6.807	46.072
Security deposits	(507)	(63.246)
Other liabilities	(18.650)	(22.426)
Cash provided by operating activities	326.019	163.183
Financing activities:		
Increase in securities payable	288.953	297.598
Amortization of securities payable	(30.757)	(27)
Increase in loans payable	313.617	41.722
Amortization of loans payable	(362.935)	(143.989)
Increase in obligations derived from credit	(23.962)	32.579
Net cash provided by financing activities	184.914	227.883
Investing activities:		
Increase in long-term investments	764	(10.556)
Additions to property, machinery and equipment	(371.889)	(365.642)
Increase in other assets	(37.376)	(45.697)
Net cash used in investing activities	(408.501)	(421.895)
Increase (decrease) in cash and cash equivalents	102.432	(30.828)
Cash and cash equivalents at beginning of the year	146.872	191.061
Cash and cash equivalents at end of the year	¢ 249.304	160.232

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


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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

September 30, 2012

(with figures corresponding to year 2011)

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 providing energy, internet, and telephone (basic, landlines, and mobile) services.

Such activities, such as those performed by its subsidiaries, 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). Its subsidiary, CNFL, is subject to the regulations set forth by the General Comptroller of the Republic (CGR) and articles 57 and 94 of Law 8131 for Management and Public Budgets, the Regulatory Entity for Public Services (ARESEP), as well as to the framework contained in the General Internal Control Law and the Law Against Corruption and Illicit Enrichment, among others.

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

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

Compañía Nacional de Fuerza y Luz, S.A

Compañía Nacional de Fuerza y Luz, S.A. (CNFL) is a corporation created under Law Number 21 of April 8, 1941, referred to as “Electrical Contract”, amended by Law Number 4977 of May 19, 1972 and current until August 8, 2008.

The main objective is to provide energy services to the domestic market, and its main energy supplier is ICE.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Radiográfica Costarricense, S.A.

Radiográfica Costarricense, S.A. (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, 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. (CRICRSA) was created through Law Number 47 of July 25, 1921. Its main activity 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.

Note 2. Basis for the Preparation of the Interim Consolidated Financial Statements

(a) Statement of Compliance

The attached interim consolidated financial statements correspond to a period of nine months, ending on September 30, 2012, and they were prepared in accordance with the accounting principles contained in the ICE's Manual of Accounting Policies for interim financial information, accepted by the National Accounting Department of the Ministry of Finance of the Republic of Costa Rica, governing body for the National Accounting Subsystem. These consolidated financial statements do not include all the information or additional details required in the preparation of complete audited annual consolidated financial statements. Therefore, they should be read jointly with the consolidated financial statements for the year ending December 31, 2011, for their correct interpretation. The aforementioned manual of policies takes 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.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

- If and only if it is expressly stated in ICE's Manual of Accounting Policies. This means that its application is allowed only if the applicable IFRS to be used is explicitly and specifically contained in the manual.

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

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

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

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

The comparison of the interim consolidated financial statements is referred to semesters ending on June 30, 2012 and 2011, except the consolidated balance sheet comparing data as of June 30, 2012 with data as of December 31, 2011.

The interim consolidated financial statements were authorized for issuance by ICE's Management on December 10, 2012.

(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.

In the preparation of these interim consolidated financial statements, significant judgments made by ICE Group's Management in the application of accounting policies and the main sources of uncertainty in the estimation were the same as those applied to the consolidated financial statements for the year ended December 31, 2011.

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 any other future period affected, or ICE Group's equity, in relation to the account being affected.

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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 Guidelines

The accounting policies applied by ICE Group in preparing the interim consolidated financial statements corresponding to the semester ended September 30, 2012 are the same ones applied by ICE Group in preparing their consolidated financial statements as of December 31, 2011 and for the year then ended, except for the following:

(a) Annual Accounting Policies not Applied for Interim Periods

ICE's accounting policies contain a series of rules that regulate the accounting practices for ICE Group and that mainly focus on accounting practices applied for an accounting term, which for ICE Group corresponds to one calendar year term from January 1st to December 31st.

Some of the accounting policies must be strictly applied for the annual term, as established in practice, given the complexity of the monthly or quarterly processing implicit in the calculation to determine or update values.

The accounting practices for interim terms are detailed below, which differ from the annual practices performed at yearend.

(i) *Property, Machinery, and Equipment:*

In order to strengthen internal control of the institution with regards to transaction records, important guidelines were issued concerning property, machinery and equipment, such as the following:

Guidelines for the control of works in process.

Guidelines for the process of disposing of operating assets.

These directives or guidelines aim at increasing the level of detail contained in the documentation supporting the transaction records, complementing the existing Accounting Practices and other guidelines that have been issued in previous terms.

(ii) *Revaluation of Assets:*

ICE Group's accounting policies regarding the revaluation of assets state that said updating of the value of the assets and their respective depreciation are performed annually. Therefore, the accompanying interim consolidated financial statements do not include the effect from revaluations since the last annual period filed.

The balances of operating assets and other operating assets and their accumulated depreciation as of December 31 of the previous year are revalued annually using indexes established by ICE Group for each type and significant component of the asset.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

In addition, the adjustments of realization of the reserve for revaluation of assets towards the development reserve, originating from the depreciation of revalued assets, are performed as part of the yearend procedures and are not performed during interim terms.

If, according to the expert's criterion, it is considered that revaluations are unnecessary, but that due to previous policies, the asset revaluation has been applied, the competent technical areas should conduct a study to define if it is appropriate to maintain or adjust the revaluated value of assets.

(iii) Allowance for Valuation of Inventory in Warehouses:

Pursuant to the provisions contained in the policy for the allowance for the valuation of inventory, the amount for the allowance for the valuation of inventory – operation must be periodically reviewed to guarantee coverage of potential obsolescence, impairment or shortage.

The final process of performing the accounting record to update this allowance includes a series of comprehensive tasks executed by the Logistics and Institutional Resources Management, in coordination with the Logistics Management Directorate. These tasks involve all of ICE Group's departments, since inventory is kept throughout the country and is performed on a yearly basis. Therefore, allowance is not reviewed or modified during interim terms.

(iv) Update of Balances in Foreign Currency:

ICE performs transactions in foreign currency, and the accounting records for these transactions must be done in the functional currency, using the corresponding exchange rate for the immediately previous closing year, according to ICE Group's policies.

The balances of monetary items in foreign currency as of yearend will be converted according to the current exchange rate in force for such date, as issued by the Central Bank of Costa Rica.

For interim terms, an update of balances in foreign currency is performed according to the exchange rate in force at closing of the interim term, based on the accounts that were used for the immediately previous closing year, including all the most relevant entries subject to be updated.

(v) Disposal of Assets:

Disposal of assets is performed at different times during the term or at the end of each year, according to the complexity of the analysis and the components to be disposed of, as well as the nature of the business. Frequent disposals in the interim financial information correspond to the items recorded in other operating assets and non-operating assets.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

For productive assets, the disposal periods have a longer term for determination due to the exhaustive analysis process involved; thus, as a result of the nature and volume of assets of ICE Group, there could be situations where determination of assets to be disposed of at the institutional asset system level and, therefore, the accounting level, is performed at yearend.

(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 Sep, 30	up to Dec. 31
		2012	2011
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%

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
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(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>2010</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>2011</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>Up to September, 30 2012</u>	
ICE electricity:										
Hydraulic generation	¢	180.953	389.092	(668)	(106)	569.271	3.895	(369)	-	572.797
Thermic generation		74.141	2.203	(122)	540	76.762	9.388	(947)	(175)	85.028
Substations		89.320	17.179	(7)	(9)	106.483	6.090	330	(8)	112.895
Transmission lines (1)		63.037	15.304	-	(44)	78.297	32.435	154	-	110.886
Distribution lines (4)		124.888	7.739	(1.529)	(12)	131.086	14.722	(416)	-	145.392
Public lighting		2.881	51	-	-	2.932	196	-	-	3.128
Geothermic generation		110.556	41.874	-	-	152.430	4.482	-	-	156.912
Aeolian generation		7.363	1.007	(972)	-	7.398	221	(22)	-	7.597
Solar generation		1.873	-	-	-	1.873	-	-	-	1.873
Micro generation - Hydraulic plant		166	-	-	-	166	-	-	-	166
Control, communication and infrastructure equipment (5)		5.673	-	-	-	5.673	10.523	-	-	16.196
Subtotal ICE electricity	¢	660.851	474.449	(3.298)	369	1.132.371	81.952	(1.270)	(183)	1.212.870
ICE telecommunications:										
Transportation (3)	¢	453.313	38.798	(12.274)	27	479.864	22.830	(116)	-	502.578
Access (2)		280.025	75.349	(13.294)	2	342.082	29.286	26	(65)	371.329
Civil and electromechanics (6)		168.375	11.570	(901)	(35)	179.009	10.319	53	-	189.381
Platforms		27.880	35.440	(31)	(181)	63.108	4.433	100	-	67.641
Subtotal ICE telecommunications	¢	929.593	161.157	(26.500)	(187)	1.064.063	66.868	63	(65)	1.130.929
Subtotal ICE	¢	1.590.444	635.606	(29.798)	182	2.196.434	148.820	(1.207)	(248)	2.343.799

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>2010</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>2011</u>	Additions	Withdraw and transfers	Adjust. and reclassif...	<u>Up to September, 30 2012</u>
<u>CNFL:</u>									
Lands	¢ 3.219	-	-	54	3.273	63	-	-	3.336
Improvements to lands	5.720	446	-	-	6.166	-	-	(43)	6.123
Buildings	10.574	1.349	-	(54)	11.869	36	-	-	11.905
Plants	49.486	244	-	-	49.730	89	-	-	49.819
Distribution	81.941	11.196	(413)	-	92.724	4.606	(233)	-	97.097
Transmission	2.022	-	-	-	2.022	-	-	-	2.022
Substations	13.110	335	-	-	13.445	44	-	-	13.489
Service connections	15.161	2.016	(78)	-	17.099	1.320	(47)	-	18.372
Equipment for road lighting	3.654	371	(187)	-	3.838	18	(20)	122	3.958
Public lighting	4.790	916	-	-	5.706	734	-	-	6.440
General equipment	21.402	3.884	(921)	-	24.365	843	(570)	(59)	24.579
Communication system	412	221	-	-	633	42	-	-	675
Subtotal CNFL	¢ 211.491	20.978	(1.599)	-	230.870	7.795	(870)	20	237.815
<u>RACSA:</u>									
Lands	¢ 203	-	-	-	203	-	-	-	203
Building	763	5	-	-	768	-	-	-	768
Communication equipment	37.127	549	(1.555)	-	36.121	894	(947)	-	36.068
General equipment	6.486	71	(93)	(130)	6.334	1.100	(141)	-	7.293
Submarine cable - Maya I	4.227	2.605	-	-	6.832	-	-	-	6.832
Submarine cable - Arcos I	2.447	2	-	-	2.449	-	-	-	2.449
Submarine cable - Costa Rican pacific coast	7.331	-	-	-	7.331	-	-	-	7.331
Subtotal RACSA	¢ 58.584	3.232	(1.648)	(130)	60.038	1.994	(1.088)	-	60.944
Total Group ICE	¢ 1.860.519	659.816	(33.045)	52	2.487.342	158.609	(3.165)	(228)	2.642.558

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Year 2012:

(1) Electricity - Transmission Lines

As of September 2012, there are additions for ¢32,435, mainly in the extension of the CACHÍ-MOÍN Transmission Line, specifically in the transmission structure components for the sum of ¢24,899, conductors for ¢5,117, and fiber optics cable for ¢1,086.

(2) Telecommunications -Access

As of September 30, 2012, the operating assets of the Telecommunications sector shows additions for the sum of 29,286, corresponding mainly to the following components: copper network, for the sum of ¢20,287, multiservice access platforms for ¢4,487 and equipment for network terminal for the sum of ¢3,055.

(3) Telecommunications - Transportation

The Telecommunications sector shows an increase of ¢22,831 in the transportation component, as a result of the capitalizations made, especially in the transmission component for ¢11.160, fiber optics cable for ¢6,838, switches for ¢3.340, and distributors for ¢2,188.

(4) Electricity - Transmission Lines

As of accounting close of September 2012, in the transmission line group, capitalizations are made in the civil work component, distribution and public lighting, for the sum of ¢5,961, and regarding the electric work component, distribution and lighting for ¢8,461.

(5) Energy – Communication Control Equipment and Infrastructure

The Energy sector makes improvements to the trunked radio network improvements for the sum of de ¢10,510, out of which ¢5,450 corresponds to the Energy Control Center located in Sabana Norte, among other capitalizations applied in different locations.

(6) Civil and Electromechanical

An increase for additions amounting to ¢10.319 is recognized, with an increase in the civil works and electromechanical components for ¢4,711 and ¢5,608, respectively.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICITY AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

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

Depreciation accumulated cost	Plants, substations, lines, stations and other									
	Up to December 31					2011	Depreciation	Withdraw and transfers	Adjust. and reclassify	Up to September, 30 2012
	2010	Depreciation	Withdraw and transfers	Adjust. and reclassify	2011					
ICE electricity:										
Hydraulic generation	¢	51.280	7.189	(373)	-	58.096	11.151	(123)	-	69.124
Thermic generation		13.445	3.404	40	7	16.896	2.819	(226)	-	19.489
Substations		20.674	4.346	(3)	58	25.075	3.903	30	-	29.008
Transmission lines		7.897	2.745	-	-	10.642	1.838	21	-	12.501
Distribution lines		35.337	9.195	(557)	-	43.975	7.524	(230)	-	51.269
Public lighting		1.947	127	-	-	2.074	60	-	-	2.134
Geothermic generation		32.771	3.752	-	-	36.523	4.152	-	-	40.675
Aeolian generation		2.275	363	(100)	-	2.538	331	(8)	-	2.861
Solar generation		410	82	-	-	492	62	-	-	554
Micro generation - Hydraulic plant		7	6	-	-	13	4	-	-	17
Control, communication and infrastructure equipment		2.203	926	-	-	3.129	782	-	-	3.911
Subtotal ICE electricity	¢	168.246	32.135	(993)	65	199.453	32.626	(536)	-	231.543
ICE telecommunications:										
Transportation	¢	197.955	38.952	(11.303)	-	225.604	31.684	(41)	-	257.247
Access		108.773	38.633	(12.915)	-	134.491	24.724	-	-	159.215
Civil and electromechanics		95.349	11.460	(880)	-	105.929	8.746	5	-	114.680
Platforms		10.719	7.105	(79)	-	17.745	9.018	(8)	-	26.755
Subtotal ICE telecommunications	¢	412.796	96.150	(25.177)	-	483.769	74.172	(44)	-	557.897
Subtotal ICE	¢	581.042	128.285	(26.170)	65	683.222	106.798	(580)	-	789.440

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

Depreciation accumulated cost	Plants, substations, lines, stations and other Up to December 31									
	<u>2010</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to September, 30 2012</u>	
<u>CNFL:</u>										
Improvement to lands	¢ 743	136	-	-	879	100	-	1	980	
Buildings	1.549	218	-	-	1.767	159	-	14	1.940	
Plants	6.798	1.293	-	-	8.091	886	-	-	8.977	
Distribution	15.469	3.068	(127)	-	18.410	1.889	(76)	-	20.223	
Transmission	276	68	-	-	344	50	-	-	394	
Substations	2.298	471	-	-	2.769	297	-	-	3.066	
Service connections	2.743	553	(23)	-	3.273	426	(14)	-	3.685	
Equipment for road lighting	660	147	(181)	-	626	77	(20)	120	803	
Public lighting	665	171	-	-	836	152	-	-	988	
General equipment	9.194	2.202	(772)	1	10.625	1.080	(456)	691	11.940	
Communication systems	66	14	-	-	80	16	-	-	96	
Subtotal CNFL	¢ 40.461	8.341	(1.103)	1	47.700	5.132	(566)	826	53.092	
<u>RACSA:</u>										
Building	¢ 187	25	-	-	212	18	-	-	230	
Communication equipment	24.309	3.791	(1.123)	-	26.977	2.604	(940)	-	28.641	
General equipment	1.652	576	(81)	-	2.147	436	(140)	-	2.443	
Submarine cable - Maya I	1.171	247	-	-	1.418	287	-	-	1.705	
Submarine cable - Arcos I	668	110	-	-	778	82	-	-	860	
Submarine cable - Costa Rican pacific coast	1.097	489	-	-	1.586	367	-	-	1.953	
Subtotal RACSA	¢ 29.084	5.238	(1.204)	-	33.118	3.794	(1.080)	-	35.832	
Total Group ICE	¢ 650.587	141.864	(28.477)	66	764.040	115.724	(2.226)	826	878.364	

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

The revaluated operating assets are detailed as follows:

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other Up to December 31								
	<u>2010</u>	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2011</u>	Withdraw and transfers	Adjust. and reclassif.	<u>Up to September, 30 2012</u>	
ICE electricity:									
Hydraulic generation	¢ 1,081,373	62,780	(12,296)	(4)	1,131,853	(4,008)	-	1,127,845	
Thermic generation	80,788	8,043	(317)	66	88,580	(1,164)	-	87,416	
Substations	140,585	11,459	(19)	-	152,025	(199)	-	151,826	
Transmission lines	83,958	6,331	-	-	90,289	-	-	90,289	
Distribution lines	229,872	17,617	(3,341)	(23)	244,125	(861)	-	243,264	
Public lighting	4,118	332	-	-	4,450	-	-	4,450	
Geothermic generation	283,331	20,191	-	-	303,522	-	-	303,522	
Aeolian generation	3,859	576	-	-	4,435	(11)	-	4,424	
Solar generation	1,222	157	-	-	1,379	-	-	1,379	
Micro generation hydraulic plants	(2)	-	-	-	(2)	-	-	(2)	
Control, communication and infrastructure equipment	6,587	610	-	-	7,197	-	-	7,197	
Subtotal ICE electricity	¢ 1,915,691	128,096	(15,973)	39	2,027,853	(6,243)	-	2,021,610	
ICE telecommunications:									
Transportation	¢ 47,136	-	(8,750)	-	38,386	(303)	-	38,083	
Access	147,061	-	(5,457)	-	141,604	-	-	141,604	
Civil and electro mechanics	80,104	4,971	(473)	-	84,602	-	-	84,602	
Platforms	42	-	(42)	-	-	-	-	-	
Subtotal ICE telecommunications	¢ 274,343	4,971	(14,722)	-	264,592	(303)	-	264,289	
Subtotal ICE	¢ 2,190,034	133,067	(30,695)	39	2,292,445	(6,546)	-	2,285,899	

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

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other Up to December 31								
	<u>2010</u>	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2011</u>	Withdraw and transfers	Adjust. and reclassif.	<u>Up to September, 30 2012</u>	
<u>CNFL:</u>									
Lands	¢	14.018	816	-	-	14.834	-	-	14.834
Improvement to lands		6.842	595	-	-	7.437	-	(2)	7.435
Buildings		16.488	1.261	-	37	17.786	-	3	17.789
Plants		61.301	5.460	-	-	66.761	-	2	66.763
Distribution		110.789	9.051	(1.413)	-	118.427	(709)	(1)	117.717
Transmission		1.360	163	-	-	1.523	-	(1)	1.522
Substations		18.267	1.353	-	-	19.620	-	-	19.620
Service connections		26.516	2.078	(213)	-	28.381	(119)	-	28.262
Public lighting		10.345	915	(245)	-	11.015	(55)	134	11.094
General equipment		6.049	-	(503)	-	5.546	(298)	(1)	5.247
Communication system		200	30	-	-	230	-	-	230
Subtotal CNFL	¢	272.175	21.722	(2.374)	37	291.560	(1.181)	134	290.513
<u>RACSA:</u>									
Lands		11	-	-	-	11	-	-	11
Buildings		2.287	-	-	-	2.287	-	-	2.287
Communication equipment		10.819	-	(630)	-	10.189	-	(441)	9.748
General equipment		1.670	-	(61)	-	1.609	-	(110)	1.499
Subtotal RACSA	¢	14.787	-	(691)	-	14.096	-	(551)	13.545
Total Group ICE	¢	2.476.996	154.789	(33.760)	76	2.598.101	(7.727)	(417)	2.589.957

In June 2012, the Telecommunications Sector makes adjustments to the revaluated assets of the sector, for an amount of ¢740,568. As a result of the change in the revaluation policy that defines network elements, they are not subject to revaluation, based on the following technical criteria:

- Technological change
- Dropping market prices

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICITY AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- Equipment with greater capacity and versatility
- Obsolete equipment

In compliance with the current accounting standard, when treating the adjustment as a change in the accounting policy, its effect should be taken retrospectively to the historical financial statements of the sector, reversing the accounts both of the balance sheet and income statement, and in the latter, specifically the depreciation expense corresponding to 2011 for the sum of ¢31,816.

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

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2010</u>	Depreciation	Revaluation	Withdraw and transfers	Adjust. and reclassify	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to September, 30 2012</u>
ICE electricity:										
Hydraulic generation	¢ 585.698	27.502	30.921	(7.092)	-	637.029	20.946	(2.662)	-	655.313
Thermic generation	47.133	1.613	3.158	(120)	1	51.785	2.092	(639)	-	53.238
Substations	85.216	4.658	5.230	(12)	(13)	95.079	3.868	(164)	-	98.783
Transmission lines	56.921	2.875	2.364	-	-	62.160	1.986	-	-	64.146
Distribution lines	131.860	8.014	8.226	(2.024)	118	146.194	6.643	(530)	-	152.307
Public lighting	3.930	26	276	-	-	4.232	20	-	-	4.252
Geothermic generation	94.236	9.268	6.510	-	-	110.014	7.478	-	-	117.492
Aeolian generation	1.241	199	178	-	-	1.618	177	(5)	-	1.790
Solar generation	349	47	38	-	-	434	41	-	-	475
Control, communication and infrastructure equip	4.918	386	354	-	-	5.658	357	-	-	6.015
Subtotal ICE electricity										
Subtotal ICE electricidad	¢ 1.011.502	54.588	57.255	(9.248)	106	1.114.203	43.608	(4.000)	-	1.153.811
ICE telecommunications:										
Access	¢ 35.465	3.216	-	(8.162)	-	30.519	239	(203)	-	30.555
Civil and electromechanics	101.817	6.959	-	(5.416)	-	103.360	5.641	5	-	109.006
Platforms	49.784	3.665	2.422	(496)	-	55.375	2.167	2	-	57.544
Subtotal ICE telecommunications	11	32	-	(42)	-	1	(1)	-	-	-
Subtotal ICE telecomunicaciones	¢ 187.077	13.872	2.422	(14.116)	-	189.255	8.046	(196)	-	197.105
Subtotal ICE	¢ 1.198.579	68.460	59.677	(23.364)	106	1.303.458	51.654	(4.196)	-	1.350.916

(Continues)

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

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other										
	Up to December 31										
	<u>2010</u>	Depreciation	Revaluation	Withdraw and transfers	Adjust. and reclassify	<u>2011</u>	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>Up to September, 30 2012</u>	
CNFL:											
Improvement to lands	¢	1.700	148	116	-	-	1.964	115	-	4	2.083
Buildings		6.281	294	352	-	36	6.963	266	-	36	7.265
Plants		18.121	1.731	1.228	-	-	21.080	1.195	-	-	22.275
Distribution		57.383	3.320	3.470	(1.032)	-	63.141	3.498	(535)	-	66.104
Transmission		435	55	34	-	-	524	34	-	1	559
Substations		7.924	616	402	-	-	8.942	508	-	-	9.450
Service connections		17.873	568	1.027	(157)	-	19.311	1.057	(93)	1	20.276
Equipment for road lighting		5.953	276	355	(237)	-	6.347	366	(54)	132	6.791
Public lighting		4.711	290	-	(466)	-	4.535	98	(278)	70	4.425
General equipment		65	8	7	-	-	80	6	-	(2)	84
Subtotal CNFL	¢	120.446	7.306	6.991	(1.892)	36	132.887	7.143	(960)	242	139.312
RACSA:											
Edificio	¢	1.088	91	-	(63)	-	1.116	37	-	-	1.153
Equipo de comunicación		10.529	196	-	(631)	-	10.094	65	(441)	-	9.718
Equipo general		1.183	77	-	-	-	1.260	56	(110)	-	1.206
Subtotal RACSA	¢	12.800	364	-	(694)	-	12.470	158	(551)	-	12.077
Total Grupo ICE	¢	1.331.825	76.130	66.668	(25.950)	142	1.448.815	58.955	(5.707)	242	1.502.305

In June 2012, the Telecommunications Sector makes adjustments to the revaluated assets – depreciation of the sector, for an amount of ¢632,222, out of which ¢583,750 correspond to the 2010 period, ¢31.817 to 2011 and ¢16,655 to 2012, applying the same criteria used in the revaluated cost.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICITY AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Note 5. Other Operating Assets

The other operating assets (cost) are detailed as follows:

Other assets in operation cost	Up to December 31							
	2010	Additions	Adjustments and reclassifications	Withdraw transfers	2011	Additions	Withdraw y transfers	Up to September 30, 2012
Lands	¢ 2.603	-	-	-	2.603	0	-	2.603
Land communication ways	83	1.677	-	-	1.760	0	-	1.760
Buildings	14.847	8.864	(9)	(11)	23.691	4.459	(4)	28.146
Machinery and equipment for production	2.203	67	-	(34)	2.236	20	(927)	1.329
Equipment for construction	38.860	11.291	-	(560)	49.591	19.841	1.334	70.766
Transportation equipment	73.163	6.467	(71)	(607)	78.952	2.819	(525)	81.246
Communication equipment	11.584	1.657	11	(710)	12.542	968	(811)	12.699
Furniture and office equipment	6.946	1.233	-	(232)	7.947	919	(265)	8.601
Equipment and computer programs	64.260	9.582	(18)	(7.999)	65.825	5.267	(1.841)	69.251
Sanitary equipment for laboratory and investigation	23.754	4.684	9	(743)	27.704	4.090	(521)	31.273
Educational, sport and recreational equipment and furniture	734	214	-	(85)	863	60	(279)	644
Diverse machinery and equipment	11.361	2.959	-	31	14.351	2.514	(33)	16.832
Maintenance machinery and equipment	21.419	10.379	1	(411)	31.388	3.429	(229)	34.588
Equipment for photography, video and publications	2.498	1.042	1	(137)	3.404	1.682	(1.386)	3.700
Livestock	5	1	-	(1)	5	-	(5)	0
Total Group ICE	¢ 274.320	60.117	(76)	(11.499)	322.862	46.068	(5.492)	363.438

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The accumulated depreciation of other operating assets – cost- is detailed as follows:

Depreciation accumulated - other assets in operation - cost	Up to December 31						
	<u>2010</u>	Depreciation	Withdraw and	<u>2011</u>	Depreciation	Withdraw and	<u>Up to Setember 30, 2012</u>
Buildings	3.000	376	(2)	3.374	423	(1)	3.796
Machinery and equipment for production	792	110	-	902	65	(324)	643
Construction equipment	19.531	6.609	(287)	25.853	5.957	(8)	31.802
Transportation equipment	44.659	13.042	(733)	56.968	6.365	(467)	62.866
Communication equipment	4.693	1.472	(536)	5.629	1.150	(719)	6.060
Office furniture and equipment	2.764	652	(187)	3.229	535	(132)	3.632
Equipment and computer programs	36.822	11.154	(7.793)	40.183	8.853	(1.570)	47.466
Sanitary equipment for laboratory and investigation	10.985	2.462	(584)	12.863	2.400	(425)	14.838
Educational, sport and recreational equip. and furniture	379	55	(43)	391	50	(222)	219
Diverse machinery and equipment	4.680	1.949	(165)	6.464	1.702	(91)	8.075
Maintenance machinery and equipment	8.476	4.117	(260)	12.333	4.292	(169)	16.456
Equipment for photography, video and publications	1.029	476	(35)	1.470	565	(127)	1.908
Livestock	4	-	(1)	3	-	(3)	-
Total Group ICE	137.814	42.474	(10.626)	169.662	32.357	(4.258)	197.761

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The movements of other operating assets expressed at revaluated value are detailed as follows:

Other assets in operation - revaluation	Up to December 31					
	<u>2010</u>	Revaluation	Withdraw and transfers	<u>2011</u>	Withdraw and transfers	<u>Up to September 30, 2012</u>
Lands	¢ 6.259	313	-	6.572	(1)	6.571
Buildings	41.844	2.441	(145)	44.140	1	44.141
Machinery and equipment for production	1.750	85	-	1.835	(205)	1.630
Construction equipment	9.134	1.208	(487)	9.855	(152)	9.703
Transportation equipment	12.810	1.871	(385)	14.296	(272)	14.024
Office furniture and equipment	1.964	263	(182)	2.045	(96)	1.949
Equipment y programs de computer	-	-	-	-	1	1
Sanitary equipment for laboratory and investigation	4.913	794	(470)	5.237	(333)	4.904
Educational, sport and recreational equipment and furniture	55	26	(1)	80	(35)	45
Diverse machinery and equipment	790	267	(27)	1.030	(18)	1.012
Machinery and equipment for maintenance	2.276	561	(82)	2.755	(26)	2.729
Equipment for photography, video and publications	144	79	(5)	218	(6)	212
Total Group ICE	¢ 81.939	7.908	(1.784)	88.063	(1.142)	86.921

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The accumulated depreciation corresponding to other revaluated operating assets is the following:

Deprec. accumulated others assets in operat. - revaluation	Up to December 31							
	<u>2010</u>	Depreciation	Revaluation	Withdraw and transfers	<u>2011</u>	Depreciation	Withdraw and transfers	<u>Up to September 30, 2012</u>
Buildings	¢ 22.920	901	1.085	(86)	24.820	719	-	25.539
Machinery and equipment for production	899	100	22	-	1.022	74	(63)	1.033
Construction equipment	8.780	181	349	(487)	8.824	324	(151)	8.997
Transportation equipment	11.819	520	718	(379)	12.678	671	(271)	13.078
Communication equipment	(0)	(9)	-	(1)	(10)	(2)	13	1
Office furniture and equipment	1.674	98	82	(171)	1.683	72	(90)	1.665
Equipment and computer programs	1	-	-	-	1	-	1	2
Sanitary equipment for laboratory and investigation	4.327	172	238	(459)	4.279	219	(324)	4.174
Educational, sport and recreational equipment and furniture	50	1	13	(1)	63	2	(33)	32
Diverse machinery and equipment	640	64	81	(26)	759	84	(19)	824
Maintenance machinery and equipment	2.105	80	131	(78)	2.237	161	(20)	2.378
Equipment for photography, video and publications	119	14	24	(4)	143	27	(6)	164
Total Group ICE	¢ 53.326	2.122	2.743	(1.692)	56.499	2.351	(963)	57.887

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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 September 30</u>		<u>Up to December 31</u>	
		2012		2011
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:

<u>Accumulated depreciation</u>	<u>Up to December 31</u>		<u>Up to September 30</u>	
		2011	Depreciation	2012
Buildings	¢	760	380	1.140
Office furniture and equipment		162	81	243
Total Group ICE	¢	922	461	1.383

On January 29, 2010, Banco de Costa Rica (BCR) and ICE agreed to use a structure called “Securitization Trust”, which consists in 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 September 30, 2012 and 2011, 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.

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INSTITUTO COSTARRICENSE DE ELECTRICITY AND SUBSIDIARIES

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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 execute the object of the Trust agreement.

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INSTITUTO COSTARRICENSE DE ELECTRICITY AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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Note 7. Movement of the Construction Works and Other Construction Works:

Other works in progress									
Works in progress and other works in construction	Up to Dec 31, 2011	Additions	Capitalizations	Interests capitalized to work	Adjustments and reclassifications	Reclassifications to inventory	External audit adjustment	Up to Sep 30, 2012	
ICE									
Reventazón Hydroelectric Project (1)	€ 109,328	82,510	-	4,840	6,105	-	-	-	202,783
P.E.S.S.O (2)	34,258	6,303	(69)	480	-	-	-	-	40,972
Expansion of mobile telephone service (3)	19,742	8,730	(647)	274	(44)	(4)	-	-	28,051
Expansion and modernization of the system (4)	8,709	28,882	(11,132)	368	48	(30)	-	-	26,845
Cachi Hydroelectric Project (5)	14,127	8,761	-	574	3,127	-	-	-	26,589
Data center (6)	10,119	15,914	-	125	(4)	(1)	-	-	26,153
Network development (7)	15,965	8,428	(5,390)	607	-	(199)	-	-	19,411
Peñas Blancas-Garita transmission line (8)	14,980	3,388	-	553	114	-	-	-	19,035
High tension rods (9)	17,012	1,885	(540)	832	(215)	(4)	-	-	18,970
Creation and restoration of civil and metal structures (10)	14,528	1,031	(1,450)	39	384	-	-	-	14,532
Fiber optics of advanced connectivity (FOCA) (11)	12,426	11,059	(19,136)	-	10,339	(697)	-	-	13,991
Continuous quality improvement (Distribution) (12)	10,547	4,248	(2,031)	575	4	(277)	-	-	13,066
Logic security management system for RAI (13)	10,932	583	(2)	16	867	-	-	-	12,396
Río Macho-Moín transmission line (14)	34,889	10,005	(31,044)	2,231	(4,291)	-	-	-	11,790
Technical services for distribution projects	11,856	4,306	(6,815)	724	729	(19)	-	-	10,781
Cariblanco-Trapiche transmission line	4,223	3,343	-	363	1,521	-	-	-	9,450
Toro San Miguel Deviation	8,346	-	-	-	-	-	-	-	8,346
Advanced mobile services	133	7,736	(555)	-	(4)	(30)	-	-	7,280
Podá transmission line	4,433	3,280	-	241	(1,976)	-	-	-	5,978
Río Macho Hydroelectric Project	2,778	1,881	(5)	112	810	-	-	-	5,576
Sustainability and growth of the telecommunication sector income	6,781	4,252	(5,984)	-	(69)	(61)	-	-	4,919
Improvements in transportation networks	6,019	6,608	(8,517)	9	469	(119)	-	-	4,469
Coronado transmission	1,110	3,309	-	13	-	-	-	-	4,432
Cóbano transmission	2,912	786	-	71	579	-	-	-	4,348
Energy transformation	2,160	1,892	-	52	29	(2)	-	-	4,131
Río Macho t.s. modernization	2,345	1,553	-	102	21	(3)	-	-	4,018
Las Pailas Geothermal Project	3,687	5,314	(4,290)	307	(1,315)	-	-	-	3,703
Merlink	-	14,083	(8,885)	-	(1,509)	-	-	-	3,689
Expansion of platform and renewal of technological infrastructure	3,411	237	-	21	-	-	-	-	3,669
Management of network elements	2,603	5,250	(5,115)	-	355	(21)	-	-	3,072
Miravalles Generation Center	-	2,903	-	17	-	-	-	-	2,920
Sustainability and soundproofing of the infrastructure	5,575	4,704	(7,350)	22	(53)	(36)	-	-	2,862
Arenal Hydroelectric Project	3,263	404	(1,258)	307	101	-	-	-	2,817
Corobici Hydroelectric Project	2,432	1,063	(919)	99	109	-	-	-	2,784
Improvements in electricity transportation network	3,237	2,273	(3,104)	290	39	(10)	-	-	2,725
Interconnection - Ingenio El Viejo	2,086	211	-	127	12	-	-	-	2,436
Technological infrastructure	1,722	412	(12)	186	-	-	-	-	2,308
Public lighting	1,270	413	(44)	68	-	(10)	-	-	1,697
Full customer service to corporate client	2,202	2,288	(2,778)	-	(32)	(19)	-	-	1,661
Miravalles II Geothermal Project	527	825	-	35	37	-	-	-	1,424
Tarbaca transmission line	1,127	193	-	66	-	-	-	-	1,386
Multibuoy - Pacific	1,166	216	-	-	(32)	-	-	-	1,350
Transmission system - Miravalles, extension No.8	904	292	-	48	46	-	-	-	1,290
Energy conservation	623	507	-	58	-	(30)	-	-	1,158
Guápiles Thermal Project	1,131	185	(248)	80	2	-	-	-	1,150
Various Projects	42,702	16,448	(29,559)	999	(17,562)	(123)	-	-	12,905
Sub-total ICE	460 326	288 894	(156 879)	15 931	(1 259)	(1 695)	-	-	605 318
CNFL:									
Balsa Inferior Hydroelectric Project (15)	37,973	26,904	-	-	10,077	-	(6,939)	-	68,015
Anonos Hydroelectric Project	986	498	-	-	-	-	-	-	1,484
San Buenaventura Eolic Project	548	66	-	-	-	-	-	-	614
Materials for projects	-	-	-	-	(3,757)	-	-	-	(3,757)
Others	1,546	11,663	(6,880)	-	-	-	-	-	6,329
Sub-total CNFL	41 053	39 131	(6 880)	-	6 320	-	(6 939)	-	72 685
RACSA:									
UPS units	305	-	(305)	-	-	-	-	-	-
Aerial fiber optics network	121	-	(121)	-	-	-	-	-	-
Forestry projects	-	63	-	-	-	-	-	-	63
300 Km fiber optics network	-	29	-	-	-	-	-	-	29
Virtualization of JES servers	-	58	-	-	-	-	-	-	58
Others	114	-	(156)	-	-	-	-	-	(42)
Sub-total RACSA	540	150	(582)	-	-	-	-	-	108
Total Group ICE	€ 501 919	328 175	(164 341)	15 931	5 061	(1 695)	(6 939)	-	678 111

*External audit adjustment pending of registration.

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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. Investments made during 2012 and 2011 have been financed with ICE's resources and with funds from other financing schemes subscribed by ICE. The total investment to develop this project is approximately US\$1,200 million.

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

The scope of this project consists of replacing all the current applications to latest generation that support the operations of the telecommunication business, based on the best industry practices and the TOM Model (a framework which identifies the business processes; a reference guide that classifies all the business activities of a service provider and presents them at different levels or views, a communications tool), at a cost not exceeding US\$155,2 million.

(3) Expansion of Mobile Telephone Services

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

(4) Expansion and Modernization of ICE's Carrier System

The scope of the project consists of covering the institutional needs regarding transportation, through a global study analyzing the current situation to determine the technical and strategic requirements of this project. The approximate cost amounts to US\$105 million, projected for the year 2015.

(5) 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.

This project will be financed through loan "BCIE 2076", which was signed in February 2012 between ICE and the Central American Bank for Economic Integration (CABEI), for a

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total amount of US\$140 million, at a fixed interest rate of 6.40% per annum, for a term of 16 years and up to a 4-year grace period.

(6) Internet Data Center (CDI)

The objective of this project is the construction of two world-class redundant buildings with safety features, high capacity, and minimum delay in transactions, which will house the information assets of the institution and other companies. The approximate investment is US\$108 million.

(7) Network Development

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

(8) 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).

(9) High Tension Rods

As part of reinforcements to the Transmission Network that the country must conduct to reliably and safely interconnect the Central American Electric Interconnection Project (SIEPAC), the auxiliary rod scheme must be adjusted.

Among the works comprising this project, the following substations are included: Coco, Heredia, Sabanilla, Desamparados, Alajuelita, Colorado and Turrialba, with a capacity of 138 KW, and the scheme changes include the Río Claro, Cañas and Corobicí, with 230 KW.

(10) 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.

(11) Advanced Connectivity Fiber Optics (FOCA)

The objective of this project consists of migrating part of the Fixed Access Network to a New Generation Network, based on optical solutions and multiservice nodes that provide the necessary bandwidth, transmission quality and safety.

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(12) Continuous Quality Improvement (energy distribution)

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

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

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

(14) Río Macho – Moín Transmission Line

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

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

(15) Balsa Inferior Hydroelectric Project

The Balsa Inferior Hydroelectric Project will have an installed power of 37.5 MW for an average annual production of 122 GWH. This hydroelectric project is located in Santa Rita of Florencia, canton of San Carlos, province of Alajuela.

The total investment for the development of this project is estimated approximately in US\$185 million, through a contract with the OAS-Engevix Consortium for the sum of US\$81 million for the dam/intake and powerhouse structures and with ICE for the sum of \$104 million for the construction of the remaining works of the project.

The investments performed have been financed with CNFL resources and internal debt.

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Note 8. Long-term investments

Long-term investments are detailed as follows:

	Up to Sep 30, 2012	Up to Dec 31 , 2011
<u>ICE:</u>		
Investments in shares valued at cost:		
Empresa Propietaria de la Red, S.A.	¢ 2.871	2.872
Cooperativa de Electrificación Rural	43	43
	2.914	2.915
Long term financial investments:		
Government (External Debt Bonds)	5.864	5.878
Central Bank of Costa Rica (Bond)	1.760	1.748
Banco Popular y de Desarrollo Comunal	-	1.500
Banco de Costa Rica	1.000	1.000
Junta Administrativa de Servicios Eléctricos Cartago	564	581
Banco Hipotecario de la Vivienda (Bond)	500	500
Banco de San José (BAC)	500	-
Instituto Nacional de Cemento	350	-
Banco Scotiabank de Costa Rica (Certificate)	-	259
Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	316	315
Mutual Cartago de Ahorro y Préstamo	1.408	-
	12.262	11.781
Subtotal ICE	¢ 15.176	14.696
<u>CNFL:</u>		
Eólico Valle Central, S.A.	5.322	5.322
Empresa Propietaria de la Red, S.A.	252	253
Subtotal CNFL	¢ 5.574	5.575
Total long term investments - Group ICE	¢ 20.750	20.671

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).

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As of September 30, 2012, the main characteristics of long-term financial investments are detailed as follows:

Tool	Code ISIN	Risk Qualification	Currency	Issuer	Purchase date	Expiration date	Term	Up to September 30, 2012				
								Facial Value	Agreed value	Type of rate	Coupon rate	Net Yield
Bond CNFL	CRCLUZB0207	AAA (cri)	Colones	Compañía Nacional de Fuerza y Luz	04-10-2010	30-09-2017	2516 €	400	400	Fixed	10,53%	10,51%
Bond Banhvi	CRBANVIB0037	F1+ (cri)	Colones	Banco Hipotecario de la Vivienda -BANHVI-	15-04-2010	07-04-2015	1792	500	504	Variable	10,50%	10,32%
Bond MADAP	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	13-01-2011	09-12-2015	1766	318	318	Variable	9,40%	9,63%
Bond BCR	CRBCR00B2760	AA (cri)+	Colones	Banco de Costa Rica	28-04-2011	14-06-2013	766	1.000	1.074	Fixed	10,12%	8,14%
Bond BSJ	CRBSJ00B1608	SCR AAA	Colones	Banco BAC San José, S.A.	28-06-2012	27-03-2014	629	500	500	Fixed	10,85%	10,85%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual de Ahorro y Préstamo	28-06-2012	25-03-2016	1347	500	468	Fixed	10,50%	12,66%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual de Ahorro y Préstamo	28-06-2012	25-03-2016	1347	500	468	Fixed	10,50%	12,68%
Mortgage participation certificate	CRMUCAPB1383	F1+ (cri)	Colones	Mutual de Ahorro y Préstamo	28-06-2012	25-03-2016	1347	500	468	Fixed	10,50%	12,68%
Bond INC (HOLCIM)	CRINC00B0126	AAA (cri)	Colones	Industria Nacional de Cemento	07-05-2012	05-05-2014	715	350	351	Variable	10,35%	10,29%
Title deed	CRG0000B45G2	Risk country	Colones	Government	12-01-2011	27-03-2013	795	1.000	1.061	Fixed	9,84%	8,14%
Title deed	CRG0000B45G2	Risk country	Colones	Government	14-01-2011	27-03-2013	795	1.000	1.062	Fixed	9,84%	8,11%
Title deed	CRG0000B45G2	Risk country	Colones	Government	14-01-2011	27-03-2013	795	300	318	Fixed	9,84%	8,16%
Title deed	CRG0000B62G7	Risk country	Colones	Government	23-03-2011	19-13-2014	1076	1.000	996	Fixed	8,28%	8,41%
Title deed	CRG0000B62G7	Risk country	Colones	Government	23-03-2011	19-13-2014	1076	1.000	995	Fixed	8,28%	8,46%
Title deed	CRG0000B55G1	Risk country	Colones	Government	12-01-2011	28-06-2014	2326	1.000	1.023	Fixed	9,89%	9,45%
Currency Stabilization Bond - Fixed rate	CRBCCR0B3371	Risk country	Colones	Banco Central de Costa Rica	04-03-2011	19-11-2014	1065	286	281	Fixed	7,47%	8,70%
Currency Stabilization Bond - Fixed rate	CRBCCR0B3371	Risk country	Colones	Banco Central de Costa Rica	04-03-2011	19-11-2014	1065	500	491	Fixed	7,47%	8,70%
Currency Stabilization Bond - Fixed rate	CRBCCR0B3496	Risk country	Colones	Banco Central de Costa Rica	06-04-2011	03-07-2013	807	1.000	1.000	Fixed	7,06%	7,91%
Total investments							€	11.654				

Tool	Code ISIN	Risk Qualification	Currency	Issuer	Purchase date	Expiration date	Term	Facial Value	Agreed value	Type of rate	Coupon rate	Net Yield
Private Issuance Bond -JASEC-	CRJASECB0036	***	U.S. Dollars	JASEC	13-12-2010	10-12-2012	717 US\$	1.120	1.120	Fixed	5,25%	5,25%
External debt bond - Costa Rica	USP3699PEM51	***	U.S. Dollars	Government	11-05-2009	20-03-2014	1749	613	628	Fixed	6,55%	6,13%
External debt bond - Costa Rica	USP3699PEM51	***	U.S. Dollars	Government	09-03-2010	20-03-2014	1451	498	557	Fixed	6,55%	4,18%
External debt bond - Costa Rica	USP3699PAA59	***	U.S. Dollars	Government	12-01-2011	01-08-2020	3439	20	28	Fixed	10,00%	5,12%
Total investments							US\$	2.251				

*** According to the information of SUGEVAL in not qualified

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The main characteristics of long-term financial investments for 2011 are detailed as follows:

Instrumento	Código ISIN	Calificación de Riesgo	Moneda	Emisor	Fecha de compra	Fecha de Vencimiento	Plazo	Al 31 de diciembre de 2011				
								Valor Facial	Valor transado	Tipo de tasa	Tasa cupón	Rendimiento Neto
Bono BPDC	CRBPDC0B6509	AA (cri)	Colones	Banco Popular y de Desarrollo Comunal	21-01-2011	23-06-2012	512	500	512	Fija	10,50%	9,22%
Bono BPDC	CRBPDC0B6509	AA (cri)	Colones	Banco Popular y de Desarrollo Comunal	21-01-2011	23-06-2012	512	1.000	1.022	Fija	10,50%	9,32%
Bono Banhvi	CRBANVIB0037	AA (cri)	Colones	Banco Hipotecario de la Vivienda -BANHVI	15-04-2010	07-04-2015	1.792	500	504	Variable	10,50%	10,32%
Bono MADAP	CRMADAPB2277	SCR AA +	Colones	Mutual Alajuela-La Vivienda de Ahorro y Préstamo (MADAP)	13-01-2011	09-12-2015	1.766	318	318	Variable	9,40%	9,63%
Bono BCR	CRBCR00B2760	AA (cri)+	Colones	Banco de Costa Rica	28-04-2011	14-06-2013	766	1.000	1.074	Fija	10,12%	8,14%
Título de Propiedad	CRG0000B45G2	Riesgo país	Colones	Gobierno	12-01-2011	27-03-2013	795	1.000	1.061	Fija	9,84%	8,14%
Título de Propiedad	CRG0000B45G2	Riesgo país	Colones	Gobierno	14-01-2011	27-03-2013	795	1.000	1.062	Fija	9,84%	8,11%
Título de Propiedad	CRG0000B45G2	Riesgo país	Colones	Gobierno	14-01-2011	27-03-2013	795	300	318	Fija	9,84%	8,16%
Título de Propiedad	CRG0000B62G7	Riesgo país	Colones	Gobierno	23-03-2011	19-03-2014	1.076	1.000	996	Fija	8,28%	8,41%
Título de Propiedad	CRG0000B62G7	Riesgo país	Colones	Gobierno	23-03-2011	19-03-2014	1.076	1.000	995	Fija	8,28%	8,46%
Título de Propiedad	CRG0000B55G1	Riesgo país	Colones	Gobierno	12-01-2011	28-06-2017	2.326	1.000	1.023	Fija	9,89%	9,45%
Bono Estabilización Monetaria Tasa Fija	CRBCCR0B3371	Riesgo país	Colones	Gobierno	04-03-2011	19-11-2014	1.335	286	281	Fija	7,47%	8,70%
Bono Estabilización Monetaria Tasa Fija	CRBCCR0B3371	Riesgo país	Colones	Gobierno	04-03-2011	19-11-2014	1.335	500	491	Fija	7,47%	8,70%
Bono Estabilización Monetaria Tasa Fija	CRBCCR0B3496	Riesgo país	Colones	Gobierno	06-04-2011	03-07-2013	807	1.000	1.000	Fija	7,06%	7,91%
Total inversiones								€	10.404	10.657		

Instrumento	Código ISIN	Calificación de Riesgo	Moneda	Emisor	Fecha de compra	Fecha de Vencimiento	Plazo	Valor Facial	Valor transado	Tipo de tasa	Tasa cupón	Rendimiento Neto
Bono Deuda Scotiabank	CRSCOTIB0989	AAA (cri)	US\$	Banco Scotiabank de Costa Rica, S.A.	21-05-2010	21-05-2012	724	US\$ 500	500	Fija	3,15%	3,09%
Bono Emisión Privada - JASEC -	CRJASECB0036	***	US\$	Junta Administradora de Servicios Eléctricos Cartago (JASEC)	13-12-2010	10-12-2012	717	1.120	1.120	Fija	5,25%	5,25%
Bono deuda externa Costa Rica	USP3699PEM51	***	US\$	Gobierno	11-05-2009	20-03-2014	1.749	613	628	Fija	6,55%	6,13%
Bono deuda externa Costa Rica	USP3699PEM51	***	US\$	Gobierno	09-03-2010	20-03-2014	1.451	498	557	Fija	6,55%	4,18%
Bono deuda externa Costa Rica	USP3699PAA59	***	US\$	Gobierno	12-01-2011	01-08-2020	3.439	20	28	Fija	10,00%	5,12%
Total inversiones								US\$	2.751	2.833		

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Note 9. Notes and Accounts Receivable

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

	Up to Sep 30, 2012		Up to Dec 31, 2011	
	Long-term	Short-term	Long-term	Short-term
ICE:				
Individuals	€ -	3.241	-	2.621
Power cooperatives and municipal power distribution companies	116	79	183	81
Receivable payment arrangement	-	121	-	94
Employees	-	15	-	15
Credit to autonomous entities	2.265	-	2.347	-
Sub total ICE	€ 2.381	3.456	2.530	2.811
CNFL:				
Payment agreements	-	81	-	40
Judicial transactions	-	108	-	24
Employees	6	3	8	4
Moín III Thermal Power Plant - Interest	-	2	-	-
Sub total CNFL	€ 6	194	8	68
Total Grupo ICE	€ 2.387	3.650	2.538	2.879

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The accounts receivable for services rendered and accounts receivable for non-commercial services are detailed as follows:

Accounts receivable services rendered		Up to Sep 30, 2012	Up to Dec 31, 2011
<u>ICE:</u>			
Private people	¢	49.056	44.717
Telephone administrations		6.939	5.977
Electric cooperatives and municipal companies of electric distribution		8.258	8.551
Selling of devices (terminals)		3.647	4.750
Public offices		4.896	3.738
Operators and suppliers of services		7.315	4.651
Fixed services to private people		966	972
Sub total ICE	¢	81.077	73.356
<u>CNFL:</u>			
Electric services consumers		19.915	18.529
Electric services government		766	537
Electric services		556	484
Sub total CNFL	¢	21.237	19.550
<u>RACSA:</u>			
Clients	¢	2.835	2.676
Others		1.889	1.566
Foreign lines		780	1.463
Accounts under judicial collection		1.265	1.274
Government of Costa Rica		87	114
Accounts under payment settlement		1	1
Sub total RACSA	¢	6.857	7.094
Total Group ICE	¢	109.171	100.000

(Continues)

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Accounts receivable not commercial	Up to Sep 30, 2012	Up to Dec 31, 2011
ICE:		
Private people (1)	¢ 21.242	55.966
Toro III (2)	9.807	55.941
Judicial and administrative collection	38.171	35.931
Other	4.245	2.317
Government tax	3.405	3.936
Employees	153	174
Sub total ICE	¢ 77.023	154.265
CNFL:		
I.N.S. Cote Plant indemnity	2.012	4.146
Covenants, services cleared and others	1.565	1.292
Fiscal credit sales tax	1.228	1.562
Accounts receivable various	487	879
Damages to electric installations	439	884
Other services rendered	911	656
Retention 2% income tax	492	635
Commercial transactions receivable	996	393
Funds of savings and loans	200	200
Various services government	611	109
Advance payment sales tax	85	78
Officers	14	18
Bounced checks	8	8
Sub total CNFL	¢ 9.048	10.860
RACSA:		
Advance payment income tax	128	174
Accounts receivable - others	997	88
Interests receivable	-	19
Advance payments to suppliers	19	1
Sub total RACSA	¢ 1.144	282
Total Group ICE	¢ 87.215	165.407

- (1) For 2012, there is a decrease in the advance payments to individuals, which results in a decrease of non-commercial accounts receivable due to less fuel purchases.
- (2) Starting in 2011, invoices were recorded for work progress regarding a construction agreement kept with the Securitization Trust PH Toro III. These invoices have a 30-day term and do not bear interests.

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Note 10. Short-Term Investments

Short-term investments are detailed as follows:

				Up to September 30, 2012				
		Issuer	Type of financial tool	Balance	Facial value	Yield rate	Validity in months	
ICE-Electricity								
Not committed								
<i>Available for selling</i>	Colones	Banco Nacional de Costa Rica	Investment Funds	€ 3.313	-	6,22%-6,41%	At sight	
		Banco de Costa Rica	Investment Funds	5.811	-	6,17%-7,04%	At sight	
		Instituto Nacional de Seguros	Investment Funds	4.809	-	6,66%	At sight	
	U.S. Dollars	Banco de Costa Rica	Investment Funds	11.858	-	2,01%	At sight	
		Banco Internacional de Costa Rica	Overnight	11.359	-	0,20%	At sight	
		Instituto Nacional de Seguros	Investment Funds	10.067	-	1,41%	At sight	
		Scotiabank de Costa Rica	Investment Funds	4.781	-	1,50%	At sight	
		Scotiabank de Costa Rica	Investment Funds	2.771	-	1,50%	At sight	
		Banco Lafise	Term Deposit Certificate	1.510	1.555	2,80%	Sept 2012 to Oct 2012	
	Colones	Banco Nacional de Costa Rica	Investment Funds	25.418	-	1,81%-1,96%	At sight	
		Banco de Costa Rica	Term Deposit Certificate	2.517	2.592	1,38%	Sept 2012 to Oct 2012	
	<i>Kept at expiration</i>	Colones	Banco Nacional de Costa Rica	Term Short Investment	4.861	4.861	6,00%	Sept 2012 to Oct 2012
			Banco Scotiabank de Costa Rica, S.A.	Term Deposit Certificate	6.040	6.220	1,50%	Sept 2012 to Oct 2012
Banco Nacional de Costa Rica			Term Deposit Certificate	18.622	19.178	1,30%-1,75%	Sept 2012 to Oct 2012	
U.S. Dollars		Banco Nacional de Costa Rica	Term Short Investment	10.066	10.367	1,25%-1,90%	Sept 2012 to Nov 2012	
		BAC San José	Term Deposit Certificate	5.033	5.183	2,00%	Sept 2012 to Oct 2012	
Total Electricity				€ 128.836				
ICE-Telecommunications								
Committed								
<i>Available for selling</i>	U.S. Dollars	Banco Nacional de Costa Rica	Term Deposit Certificate	1.107	1.140	1,93%	May 2012 to Nov 2012	
Not committed								
<i>Available for selling</i>	Colones	Banco Nacional de Costa Rica	Investment Funds	3.956	-	5,69%-5,90%	At sight	
		Banco Nacional de Costa Rica	Term Deposit Certificate	8.000	8.000	8,57%-10,53%	Jan 2012 to May 2013	
		Banco de Costa Rica	Investment Funds	8.661	-	5,59%-6,73%	At sight	
		Banco de Costa Rica	Term Deposit Certificate	4.200	4.200	8,17%-10,05%	Oct 2011 to Jul 2013	
		Banco de Costa Rica	Commercial paper (Macro-title)	2.849	2.887	8,38%-10,89%	Jan 2012 to Jul 2013	
		Government	Property title macro zero coupon	9.437	9.900	8,45%-9,14%	May 2012 to Jun 2013	
		Instituto Nacional de Seguros	Investment Funds	2.997	-	5,77%	At sight	
		Banco Popular	Investment Funds	2.632	-	5,59%	At sight	
		Banco Popular	Term Deposit Certificate	500	500	9,90%	May 2012 to Nov 2012	
		Banco Popular	Commercial paper	996	1.000	9,10%	Apr 2012 to Oct 2012	
		Banco Central de Costa Rica	Currency Stabilization Bond	1.941	2.000	8,39%-8,73%	Mar 2012 to May 2013	
		Banco Crédito Agrícola de Cartago	Term Deposit Certificate	4.000	4.000	8,45% - 10,45%	Feb 2012 to Jul 2013	
		Repurchase operations	Repurchase	7.908	7.972	6,93%-7,41%	Aug 2012 to Oct 2012	
	Scotiabank de Costa Rica	Investment Funds	55	-	5,04%	At sight		
	BCIE	Commercial paper	500	500	9,42%	Jun 2012 to Dec 2012		
	Mutual de Ahorro y Préstamo	Mortgage participation certificate	250	250	12,00%	Aug 2012 to Aug 2013		
	U.S. Dollars	Banco de Costa Rica	Investment Funds	4.346	-	1,63%	At sight	
		Banco de Costa Rica	Commercial paper (Macro-title)	508	529	3,10%	Aug 2012 to Feb 2013	
		Banco Internacional de Costa Rica	Overnight Tele. # 104600328 BICSA \$	34.442	-	0,20%	At sight	
		Banco Crédito Agrícola de Cartago	Term Deposit Certificate	252	259	3,90%	May 2012 to May 2013	
		Banco Popular	Term Deposit Certificate	1.006	1.037	3,90%	May 2012 to Nov 2012	
	<i>Kept at expiration</i>	Colones	Banco Nacional de Costa Rica	Term Short Investment	5.111	5.111	6,00%	Sept 2012 to Oct 2012
			Banco Nacional de Costa Rica	Term Deposit Certificate	1.000	1.000	9,11%	Jun 2012 to Nov 2012
Government			Property title macro zero coupon	3.142	3.205	8,00%	Jul 2012 to Oct 2012	
Colones		Banco Popular	Term Deposit Certificate	4.225	4.225	10,65%-10,80%	Mar 2012 to Nov 2012	
		BANHVI	Term Deposit Certificate	2.245	2.245	8,56%	Jul 2012 to Jan 2013	
U.S. Dollars		Banco Internacional de Costa Rica	Term Deposit BICSA MIAMI	1.007	1.037	2,00%	Sept 2012 to Mar 2013	
Total Telecommunications				€ 117.273				
Total ICE				€ 246.109				
CNFL:								
Colones	Bancrédito	Term Deposit Certificate	136	136	7,06%	Aug to Oct 2012		
	Government	Title Fixed-rate	121	121	7,03%	Sept to Oct 2012		
	Bancrédito	Term Deposit Certificate	111	111	7,13%	Sept to Oct 2012		
	U.S. Dollars	Government	External debt bond	65	65	2,05%	Sept to Nov 2012	
Total CNFL				€ 432				
CRICRSA								
Colones	Colones	BN Sociedad de Fondos de Inversión, S.A.	Investment Funds	€ 14	-	-	-	
		Total CRICRSA				€ 14		
Total Group ICE				€ 246.555				

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		As of December 31, 2011					
	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	€ 155	-	4,69% - 4,92%	Demand	
		Banco de Costa Rica	5	-	5,39% - 6,05%	Demand	
		National Insurance Institute (INS)	93	-	5,50% - 5,67%	Demand	
	U.S. dollars	Banco de Costa Rica	2.080	-	0,96%	Demand	
		Banco Internacional de Costa Rica	8.469	-	0,20%	Demand	
<i>Held-to-maturity</i>	Colones	Central Bank of Costa Rica (BCCR)	162	162	3,04%	Dec 2011 to Jan 2012	
Total ICE Electricity			10.964				
ICE Telecom							
Committed:							
<i>Held-to-maturity</i>	U.S. dollars	Banco Internacional de Costa Rica	1.140	1.140	2,00%	Nov 2011 to May 2012	
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	100	-	4,69% - 4,92%	Demand	
		Banco Nacional de Costa Rica	1.594	1.594	7,09%	Apr 2011 to Apr 2012	
		Banco de Costa Rica	8	-	5,39% - 6,05%	Demand	
		Banco de Costa Rica	2.500	2.500	6,30% - 8,17%	Aug 2011 to Oct 2012	
		Banco de Costa Rica	6.731	6.832	6,40% - 7,59%	Jan 2011 to Sept 2012	
		Government	2.000	2.000	6,52% - 6,78%	May 2011 to Mar 2012	
		Government	13.429	13.624	6,39% - 7,04%	Feb 2011 to Jun 2012	
		National Insurance Institute (INS)	153	-	5,50% - 5,67%	Demand	
		Banco Popular y de desarrollo comunal	4	-	4,23%	Demand	
		Banco Popular y de desarrollo comunal	3.000	3.000	7,39% - 9,09%	Jan 2011 to Jun 2012	
		Central Bank of Costa Rica (BCCR)	7.949	8.000	6,39% - 6,99%	Feb 2011 to May 2012	
		Banco Crédito Agrícola de Cartago	5.175	5.175	6,89% - 7,90%	Jan 2011 to Jul 2012	
		CABEI	1.394	1.400	6,77% - 7,11%	Jul 2011 to Feb 2012	
	U.S. dollars	Banco Nacional de Costa Rica	5.183	-	4,69%	Demand	
		Banco de Costa Rica	7.487	-	0,48%	Demand	
		Banco Internacional Costa Rica	2.538	-	0,20%	Demand	
		Scotiabank de Costa Rica	2.250	2.250	1,44% - 1,49%	Mar 2011 to Mar 2012	
		Banco Popular y de desarrollo comunal	1.037	1.037	2,90%	Nov 2011 to May 2012	
<i>Held-to-maturity</i>	Colones	Banco Nacional de Costa Rica	2.000	2.000	8,00%	Sept 2011 to Nov 2012	
		Banco Nacional de Costa Rica	520	520	6,00%	Dec 2011 to Jan 2012	
		Government	3.020	3.030	6,00%	Nov 2011 to Jan 2012	
		Banco Popular y de desarrollo comunal	3.041	3.041	6,90% - 8,57%	Jun 2011 to May 2012	
		Central Bank of Costa Rica (BCCR)	9.376	9.376	3,04%	Dec 2011 to Jan 2012	
		Banco CMB (Costa Rica) S.A.	4.190	4.190	7,06% - 8,50%	Jan 2011 to May 2012	
		BANHVI	2.000	2.000	8,00%	Jan 2011 to Jan 2012	
		Banco de San José (BAC)	1.116	1.116	8,20%	Jan 2011 to Jan 2012	
		Scotiabank de Costa Rica	500	500	8,15%	Jan 2011 to Jan 2012	
	U.S. dollars	Banco de Costa Rica	20.733	20.733	1,38% - 1,89%	Dec 2011 to Jan 2012	
		Government	10.367	10.381	0,83% - 1,15%	Dec 2011 to Feb 2012	
		Banco Internacional de Costa Rica	1.762	3	2,00%	Aug 2011 to Mar 2012	
		Banco de San José (BAC)	2.592	2.592	2,50%	Dec 2011 to Mar 2012	
Total ICE Telecom			124.889				
Sub total ICE			€ 135.853				
CNFL:							
	U.S. dollars	Banco de Costa Rica - Dólares	2.527	5	1,12%	Dec 2011 to Jan 2012	
Sub total CNFL			€ 2.527				
RACSA:							
	Colones	Government	100	100	9,58%	Feb 2010 to Mar 2012	
		Accrued interest receivable					
	U.S. dollars	Government	76	76	5,00%	May 2009 to Feb 2012	
		BICSA	632	632	2,00%	Jun 2011 to Jan 2012	
		BICSA	632	632	1,50%	Oct 2011 to Jan 2012	
		BICSA	227	227	1,25%	Nov 2011 to Jan 2012	
Sub total RACSA			€ 1.667				
CRICRSA:							
	Colones	BN Sociedad de Fondos de Inversión, S.A.	13	-	-	-	
Sub total CRICRSA			€ 13				
Total ICE Group			€ 140.060				

Valuation of Investments

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

The available-for-sale investments are valued at the market price, using the price vector from the company *Proveedor Integral de Precios Centroamérica (PIPICA)*, and the effect of

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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”.

As of September 30, 2012, and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of ¢293 (¢1,323 in December 2011), which is presented as part of the entry “Results of the Valuation of Financial Instruments”, in the equity section.

Note 11. Restricted Use Funds

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

Funds of restricted use	Up to Sep 30, 2012	Up to Dec 31, 2011
<u>ICE:</u>		
Guaranties received from thirds:		
Guaranties in dollars - Account 164475-0	¢ 646	786
Guaranties in dollars - Account 192916-0	370	437
Guaranties in dollars - Account 192915-1	153	203
Guaranties in dollars - Account 58166-6	98	71
Sub total ICE	1.267	1.497
<u>CNFL:</u>		
Fund with specific goal:		
BCR Platinum (¢) Effective payment of services to ICE	739	3.499
BNCR Gold - Effective amortization, short term debt	651	2.146
BCR Platinum bonds	1	4
Sub total CNFL	1.391	5.649
Total Group ICE	¢ 2.658	7.146

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Other Assets

Note 12. Services Agreements

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

Contracts for services	Up to Sep 30, 2012	Up to Dec 31, 2011
<u>ICE:</u>		
Toro III Hydroelectric Project	¢ 1.590	12.755
Global System for Mobile	516	-
Others	393	1.161
Total Group ICE	¢ 2.499	13.916

Toro III Hydroelectric Project:

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

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

It is estimated that the works will be completed by the first semester of the year 2013. The amount of ¢1.590 (¢12.755 in December 2011) 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 13. Design and Planning of Project Implementation

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

Design and Planning of the Execution	Up to Sep 30, 2012	Up to Dec 31, 2011
El Diquís Hydroelectric Project	67.354	60.954
Borinquen Geothermic Project	12.723	11.497
Transmission Lines	5.675	5.270
Las Pailas II Geothermic Project	2.527	397
Others	2.377	800
Total Group ICE	90.656	78.918

El Diquís Hydroelectric Project (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 September 30, 2012, PHED includes the costs incurred prior to construction, as well as the disbursements made during the investment phase, which include design of the works and the technical, economic and financial studies in the amount of ¢67,354, 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 environmental viability or 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 territories, including: China Kichá (Cabécar) and Térraba (Térraba), which use 97 and 818 hectares, respectively (approximately 13% of the reservoir's area). Legal and consultation processes have started with these communities, seeking to reach an agreement for the implementation of the Project.

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

PHED is currently undergoing legal proceeding, Number 11-001691-1027-CA, preferential process, filed by the *Asociación de Desarrollo Integral de la Reserva Indígena de Térraba*

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in Buenos Aires, against ICE, the Government and José Delfín Granados Agüero, in the Sixth Section of the Administrative Contentious Court. Through ruling 2011, the suspension of proceedings is ordered, given the existence of two unconstitutional actions over the object of the hearing process. These unconstitutional actions are the following:

- 1) Action No. 11-007321-0007-CO, filed by a Bribrí community, which was ruled inadmissible through constitutional vote Number 12-010569.
- 2) Action No. 11-002463-0007-CO, filed by the Asociación Indígena de Salitre, against articles contained in the Indigenous Law, regarding organization and legal representation imposed by said law, as contrary to the government determination granted by international instruments. This action is currently under evaluation and no ruling has been issued to this date.

A judicial examination is pending with regards to property Number 145342-000 in the province of Puntarenas, where the drilling works and exploratory gallery are located, and which the defendant considers as part of the tunnel construction process given its magnitude; therefore, the project implementation works are actually materialized. Through resolution of 2012, the Administrative Contentious Court rejected the arguments filed by the Government and ICE, challenging this examination, and it ordered the plaintiff to establish which is the area to be examined as well as the objective of such examination regarding the proceeding or the theory of the case, the notice to enter into said property, the actions for ICE to guarantee entrance to the gallery or tunnel to all participants of this legal procedure, according to the same arguments filed by ICE in the appeal filed against resolution of February 14 of 2012 that ordered said examination.

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 September 30, 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.

Note 14. Non Operating Assets

A transformer is acquired for the Barranca Substation, in the amount of ¢1,075. This results from a claim stating damage to the equipment presented to the insurance company in the year 2006, under Policy U-500 (Claim Number INS TR 2006-05) and recorded for accounting in January 2012.

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Easements for the San Miguel and Cariblanco transmission lines, as well as the expansion of the easement and two tower sites for the Peñas Blancas transmission line, are also recorded. In addition, payments are made for the appraisal of the easement and tower site for the transmission lines of San Miguel - La Caja, Anillo Sur and Cariblanco – General. Also, properties are acquired for the Reventazón Hydroelectric Project, for San Miguel transmission lines and for the cellular repeaters in Punta Cacique – Guanacaste and in Santo Domingo de Heredia.

Note 15. 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 September 30, 2012, the balance of the employer contributions transferred by ICE Group to the Guarantee and Savings Fund is distributed as follows:

	Up to Sep 30, 2012		Up to Dec 31, 2011		
	Amount	%	Amount	%	
<u>ICE:</u>					
Electricity	¢ 67.360	41%	60.329	41%	
Telecommunications	87.076	53%	77.985	53%	
Corporación	9.858	6%	8.828	6%	
Sub total ICE	164.294	100%	147.142	100%	
<u>RACSA:</u>					
FGA RACSA	3.142	100%	3.062	100%	
Sub total RACSA	3.142	100%	3.062	100%	
Total Group ICE	¢ 167.436	100%	150.204	100%	

From the employer's contributions, the sum of ¢96,985 correspond to the Complementary Pension Fund Plan, and ¢67.309 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 16. Securities Payable (Bonds)

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

Securities payable							
	Up to Dec 31, 2011	Amortization of the period	Exchange difference	Disburseme nt of the period	Up to Sept 30, 2012	Long term	Short term
Securities payable							
Internal debt:							
Title N° 1 - INS	€ 12.388	-	(359)	-	12.029	12.029	-
Title N° 2 - INS	1.230	-	(36)	-	1.194	1.194	-
Title N° 3 - INS (1)	30.500	30.500	-	-	-	-	-
Issuance of Bonds Serial A1	50.000	-	-	-	50.000	50.000	-
Issuance of Bonds Serial A2	6.328	-	-	-	6.328	6.328	-
Issuance of Bonds Serial B1	38.875	-	(1.127)	-	37.748	37.748	-
Issuance of Bonds Serial B2	25.917	-	(751)	-	25.166	25.166	-
Issuance of Bonds Serial A2 - Year 2010	28.426	-	-	-	28.426	28.426	-
Issuance of Bonds Serial B3-US\$-Electricity	38.875	-	(1.127)	-	37.748	37.748	-
Issuance of Bonds Serial A3 Colones	20.000	-	-	-	20.000	20.000	-
Issuance of Bonds Serial E1-US\$-Electricity	30.357	-	(880)	-	29.477	29.477	-
Issuance of Bonds Serial A4-Telecommunications	10.000	-	-	-	10.000	10.000	-
Issuance of Bonds Serial A5- Electricity	20.000	-	-	-	20.000	20.000	-
Issuance of Bonds Serial A2-Electricity	15.246	-	-	-	15.246	15.246	-
Issuance of Bonds Serial E1-Electricity	8.518	-	(247)	-	8.271	8.271	-
Issuance of Bonds Serial A6-Electricity	18.756	-	-	-	18.756	18.756	-
Issuance of Bonds Serial E2-Electricity	64.791	-	(1.878)	-	62.914	62.914	-
Issuance of Bonds Serial F1 (2)	-	-	(497)	17.155	16.658	16.658	-
Issuance of Bonds Serial F3-Electricity US\$ (3)	-	-	-	5.627	5.627	5.627	-
Issuance of Bonds Serial F4 Telecommunications US\$	-	-	-	15.550	15.550	15.550	-
Issuance of Bonds Serial F4 Electricity US\$	-	-	(2.178)	75.158	72.980	72.980	-
External debt:							
Placement of Bonds A Credit Suisse First Boston	20.733	-	(601)	-	20.132	20.132	-
Placement of Bonds B Credit Suisse First Boston	31.100	-	(901)	-	30.199	30.199	-
International Issuance of Bonds (4)	129.583	-	(7.510)	129.583	251.655	251.655	-
Others:							
Premium Issuance of Bonds Serial A1	151	5	-	-	146	146	-
Premium Issuance of Bonds Serial A2	90	1	-	-	88	88	-
Premium Issuance of Bonds Serial B1	161	8	-	-	152	152	-
Premium Issuance of Bonds Serial B2	376	57	-	-	319	319	-
Premium Issuance of Bonds Serial A2 - Year 2010	8	-	-	-	8	8	-
Premium Issuance of Bonds Serial B3 - US\$ - Electricity	1.216	60	-	-	1.156	1.156	-
Premium Issuance of Bonds Serial A3 - Electricity	4	-	-	-	4	4	-
Premium Issuance of Bonds Serial E1 - Electricity	195	13	-	-	182	182	-
Premium Issuance of Bonds Serial E1 - Electricity US\$	4	0	-	-	3	3	-
Premium Issuance of Bonds Serial A6 - Electricity - colones	1	-	-	-	1	1	-
Premium Issuance of Bonds Serial F3-Electricity US\$	-	-	-	3	3	3	-
Premium Issuance International of Bonds ICE	-	163	-	6.479	6.317	6.317	-
Issuance of Bonds Serial F4 Telecommunications US\$	-	-	-	176	176	176	-
Issuance of Bonds Serial F4 Electricity US\$	-	-	-	117	117	117	-
Discounts:							
Discount Issuance of Bonds A2 -2010	(612)	(11)	-	-	(601)	(601)	-
Discount Issuance of Bonds Serial A3 - Electricity	(94)	(5)	-	-	(90)	(90)	-
Descuento Emisión Bonos Serie E1-Electricidad	-	-	-	-	-	-	-
Discount Issuance of Bonds Serial A4-Telecommunications	(23)	(2)	-	-	(21)	(21)	-
Descuento Emisión Bonos Serie A5-Electricidad	-	-	-	-	-	-	-
Discount Issuance of Bonds Serial A2 - Electricity	(440)	(10)	-	-	(430)	(430)	-
Descuento Emisión Bonos Serie E1- Elec \$ 2011	-	-	-	-	-	-	-
Descuento Emisión Bonos Serie A6- Elec €	-	-	-	-	-	-	-
Discount Issuance of Bonds Serial E2 US\$ Electricity	(207)	(7)	-	-	(200)	(200)	-
Discount Issuance of Bonds Serial F 1	-	(16)	-	(244)	(228)	(228)	-
Discount Issuance of Bonds Serial F4- US\$	-	-	-	(188)	(188)	(188)	-
Sub total Securities payable long term ICE	€ 602.449	30.755	(18.090)	249.415	803.018	803.018	-
Securities payable short term - ICE							
Government Debt:							
Standardized Commercial Paper Serial C (5)	-	-	(527)	27.534	27.008	-	27.008
Sub total Securities payable short term ICE	€ -	-	(527)	27.534	27.008	-	27.008
Total Securities payable ICE	602.449	30.755	(18.616)	276.949	830.026	803.018	27.008
CNFL:							
Government Debt:							
Issuance of Bonds Serial B-1	14.996	-	-	4	15.000	15.000	-
Issuance of Bonds Serial B-2	14.600	-	-	-	14.600	14.600	-
Issuance of Bonds Serial B-3 (6)	-	-	-	12.000	12.000	12.000	-
Sub total CNFL	€ 29.596	-	-	12.004	41.600	41.600	-
Total Group ICE	€ 632.046	30.756	(18.616)	288.953	871.626	844.618	27.008

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The characteristics of these debt bonds are detailed as follows:

Creditor	Securities payable						Up to Sept 30, 2012	Up to Dec 31, 2011
	Tool	Currency	Interest rate	Type of rate	Rate for	Commission		
ICE:								
Bonds colones:								
Issuance of Bonds Serial A1	Standardized	Colones	11,00%	Variable	-	30/09/2009	50.000	50.000
Issuance of Bonds Serial A2	Standardized	Colones	11,50%	Variable	-	06/11/2009	6.328	6.328
Issuance of Bonds Serial A2 2010	Standardized	Colones	11,50%	Variable	-	06/11/2009	28.426	28.426
Issuance of Bonds Serial A2 2011	Standardized	Colones	11,50%	Variable	-	06/11/2009	15.246	15.246
Issuance of Bonds Serial A3	Standardized	Colones	11,41%	Fixed	-	03/11/2010	20.000	20.000
Issuance of Bonds Serial A4	Standardized	Colones	10,87%	Fixed	-	14/12/2010	10.000	10.000
Issuance of Bonds Serial A5	Standardized	Colones	11,95%	Variable	-	16/12/2010	20.000	20.000
Issuance of Bonds Serial A6	Standardized	Colones	12,15%	Variable	-	11/08/2011	18.756	18.756
Issuance of Bonds Serial F3	Standardized	Colones	12,25%	Variable	-	03/04/2012	5.627	0
Premium Issuance of Bonds Serial A1	Standardized	Colones	11,00%	Variable	-	30/09/2009	146	151
Premium Issuance of Bonds Serial A2	Standardized	Colones	11,50%	Variable	-	06/11/2009	88	90
Premium Issuance of Bonds Serial A2	Standardized	Colones	11,50%	Variable	-	06/11/2009	8	8
Premium Issuance of Bonds Serial A3	Standardized	Colones	11,41%	Fixed	-	03/11/2010	4	4
Premium Issuance of Bonds Serial A6	Standardized	Colones	12,15%	Variable	-	11/08/2011	1	1
Premium Issuance of Bonds Serial F3	Standardized	Colones	12,25%	Variable	-	03/04/2012	3	0
Discount Issuance of Bonds A2	Standardized	Colones	11,50%	Variable	-	06/11/2009	(601)	(612)
Discount Issuance of Bonds A2 2011	Standardized	Colones	11,50%	Variable	-	06/11/2009	(430)	(440)
Discount Issuance of Bonds A4	Standardized	Colones	10,87%	Fixed	-	14/12/2010	(20)	(23)
Discount Issuance of Bonds A3	Standardized	Colones	11,41%	Fixed	-	03/11/2010	(89)	(94)
Bonds US\$ dollars:								
International Bonds	Standardized	Dollars	6,95%	Fixed	-	10/11/2011	128.260	129.583
International Bonds	Standardized	Dollars	6,95%	Fixed	-	10/05/2012	123.395	-
Credit Suisse First Boston	Placement of	Dollars	6,45%	Fixed	-	03/02/2004	20.132	31.100
Credit Suisse First Boston	Placement of	Dollars	7,10%	Fixed	-	01/12/2003	30.199	20.733
Issuance of Bonds Serial B1	Standardized	Dollars	7,65%	Fixed	-	17/11/2009	37.748	38.875
Issuance of Bonds Serial B2	Standardized	Dollars	5,71%	Fixed	-	20/05/2010	25.166	25.917
Issuance of Bonds Serial B3	Standardized	Dollars	7,18%	Fixed	-	24/06/2010	37.748	38.875
Issuance of Bonds Serial E1	Standardized	Dollars	5,98%	Fixed	-	14/02/2011	29.475	30.357
Issuance of Bonds Serial E1 2011	Standardized	Dollars	5,98%	Fixed	-	14/02/2011	8.271	8.518
Issuance of Bonds Serial E2 2011	Standardized	Dollars	7,61%	Fixed	-	12/12/2011	62.913	64.791
Issuance of Bonds Serial F1	Standardized	Dollars	5,97%	Fixed	-	13/02/2012	16.658	-
Issuance of Bonds Serial F4	Standardized	Dollars	7,61%	Fixed	-	07/09/2012	88.530	-
Premium Issuance of Bonds Serial B1	Standardized	Dollars	7,65%	Fixed	-	17/11/2009	152	161
Premium Issuance of Bonds Serial B2	Standardized	Dollars	5,71%	Fixed	-	20/05/2010	319	376
Premium Issuance of Bonds Serial B3	Standardized	Dollars	7,18%	Fixed	-	24/06/2010	1.156	1.216
Premium Issuance of Bonds Serial E1	Standardized	Dollars	5,98%	Fixed	-	14/02/2011	183	195
Premium Issuance of Bonds Serial E1 2011	Standardized	Dollars	5,98%	Fixed	-	14/02/2011	3	4
Premium Issuance International of Bonds	Standardized	Dollars	6,95%	Fixed	-	10/11/2011	6.316	-
Premium Issuance of Bonds Serial F4	Standardized	Dollars	7,61%	Fixed	-	07/09/2012	293	-
Discount Issuance of Bonds E2 2011	Standardized	Dollars	7,61%	Fixed	-	12/12/2011	(201)	(207)
Discount Issuance of Bonds Serial F1	Standardized	Dollars	5,97%	Fixed	-	13/02/2012	(228)	-
Discount Issuance of Bonds Serial F4	Standardized	Dollars	7,61%	Fixed	-	07/09/2012	(188)	-
Titles:								
INS	Title 3	Colones	13,75%	Variable	0,75%	06/03/2009	-	30 500
INS	Title 1	Dollars	2,73%	Variable	0,75%	11/11/2008	12.029	12 388
INS	Title 2	Dollars	2,74%	Variable	0,75%	11/11/2008	1.196	1 230
Standardized Commercial Paper:								
Standardized Commercial Paper	Commercial F	Colones	Zero coupon	-	-	27/04/2012	7.292	-
Standardized Commercial Paper	Commercial F	Colones	Zero coupon	-	-	08/03/2012	15.063	-
Standardized Commercial Paper	Commercial F	Colones	Zero coupon	-	-	27/04/2012	4.653	-
Sub total ICE							830.026	602.449
CNFL:								
Bonds US\$ dollars:								
Issuance of Bonds Serial B-2	Standardized I	Dollars	TBP + 3,21%	Variable	-	25/01/2012	12.000	-
Issuance of Bonds Serial B-3	Standardized I	Dollars	TBP + 3,27%	Variable	-	28/06/2011	14.600	14.600
Issuance of Bonds Serial B-1	Standardized I	Dollars	11,45%	Fixed	-	30/09/2010	15.000	15.000
Sub total CNFL							41.600	29.596
Total Group ICE							871.626	632.046

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Issue of bonds - ICE

Million colones									
Serial	Date of Issuace	Date of expiration	Annual Nominal Interest rate		Authorized and issued	Placed by Serial	Balance available	Premium on issuance of bonds	Discount on issuance of bonds
A1	30/09/2009	30/09/2021	Passive basic rate +1,75	¢	50.000	50.000	-	146	-
A2	06/11/2009	06/11/2024	Passive basic rate +1,75		50.000	50.000	-	96	1.031
A3	03/03/2010	03/11/2020	Fixed rate 11,41%		20.000	20.000	-	4	90
A4	14/12/2010	14/12/2017	Fixed rate 10,87%		10.000	10.000	-	-	21
A5	16/12/2010	16/12/2025	Passive basic rate +2,20%		20.000	20.000	-	-	-
A6	11/08/2011	11/08/2023	Passive basic rate +2,15%		20.000	18.756	1.244	1	-
C2	08/03/2012	08/12/2012	Zero coupon		36.000	16.000	20.000	-	-
C1	02/05/2012	02/11/2012	Zero coupon		-	10.000	10.000	-	-
				¢	206.000	194.756	31.244	¢ 247	1.142

Million dollars									
Serial	Date of Issuace	Date of expiration	Annual Nominal Interest rate		Authorized and issued	Placed by Serial	Balance available	Premium on issuance of bonds	Discount on issuance of bonds
B1	17/11/2009	17/11/2021	Fixed rate 7,65%	US\$	75	75	-	152	-
B2	20/05/2010	20/05/2016	Fixed rate 5,71%		50	50	-	319	-
B3	24/06/2010	24/06/2022	Fixed rate 7,18%		75	75	-	1.156	-
E1	14/02/2011	12/11/2020	Fixed rate 5,98%		75	75	-	186	-
E2	12/12/2011	12/12/2024	Fixed rate 7,61%		125	125	-	-	200
F1	13/02/2012	13/02/2019	Fixed rate 5,97%		100	33	-	-	228
D1	02/05/2012	02/11/2012	Zero coupon		30	10	20	-	-
F4 (7)	07/09/2012	07/09/2027	Tasa fija 7,61%		145	145	-	176	188
				US\$	675	588	20	US\$ 1.988	616

Securities – Instituto Nacional de Seguros (INS)

- (1) In March 2012, “Título No. 3 –INS” (Security No.3) was entirely amortized for the sum of US\$55 million; its issue was made in colones for the sum of ¢ 30,500 at the basic borrowing rate, at a floor of 13.75% , and it was used to carry out projects of the energy sector.

Issue of National Bonds - ICE

ICE- Standardized Bond Call

- (2) On February 9 and 20, 2012, bonds of the F1-US\$ series were placed for the sum of US\$100 million. The term of the issue is 7 years. The facial amount borrowed was US\$11.6 and US\$11.4 million, respectively. The weighted average price was 98.69% and 98.5, respectively; in March 2012, ICE placed another auction of F1-US\$ series for \$10 million; weighted allocation price 98,52%, borrowing US\$10, 7-year issue, at an interest rate of 5.50%. %. Resources will be used to develop the Telecommunications sector.
- (3) In April 2012, ICE placed an auction for F3 Series securities for ¢15,000. The weighted allocation price is 100.05%, borrowing ¢5,627 million, 11-year issue, at an interest rate of 4.25%. The resources will be used to cover the development of projects in the energy sector.

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(4) Issue of International Bonds - ICE

In May 2012, ICE placed an auction for bonds in the international market. This placement corresponds to the reopening of the issuance placed in November 2011. The total collection was for the sum of US\$250 million. The bonds were issued for a ten year term and a coupon paying 6.95%, with a yield equivalent to 6.24%. The weighted allocation price was 105%. The resources will be used for the development of the energy sector.

(5) Standardized Commercial Paper

On March 8 and 15, 2012, the auction of Standardized Commercial Paper, C2 series, for the sum of ¢16,000 is placed. The term of the auction is 270 and 263 days, respectively. The facial amount borrowed was ¢7,484 and ¢7,499, respectively, and reference yield was 9.20% and 9.15%, respectively. The resources of this issue are for the energy sector, and they will be used to cover the working capital needs.

As of June 30, 2012, two auctions of Standardized Commercial Paper were placed, one in colones and one in dollars, both on April 27. The first one, with C1 series, was for the sum of ¢10,000, at 180-day term and a yield rate of 9.25%; the second one, with D1 series, is for US\$10,000, at 180-day term and a yield rate of 3.50%.

(6) Subsidiary– Compañía Nacional de Fuerza y Luz (CNFL)

On January 25, 2012 CNFL placed the B-3 series of standardized bonds for the sum of ¢12,000. The term of the issue is 15 years, facial value of ¢1, and the interest rate is equal to the basic borrowing rate plus 3.21% per annum, and it expires on June 28, 2027.

(7) ICE- Standardized Bond Call

In September 2012, ICE places an auction for F4 series bonds, in US\$, in two issues, for a total amount of US\$176 million, at a nominal interest rate of 7.61%. The weighted average price was 101.13%. Resources will be used to develop projects in the energy sector.

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(In millions of colones)

Note 17. Notes Payable

As of September 30, 2012, the movements of the notes payable are detailed as follows:

	Documents payable								US\$	Up to Sept 30, 2012
	Up to Dec 31, 2011	Amortization of the period	Exchange difference	Disbursement of the period	Up to Sept 30, 2012	Long term	Short term			
ICE										
Internal debt:										
Purchase of not restructured debt - Portion V	¢	802	115	(21)	-	666	444	222		1
Sub-total Portion V		802	115	(21)	-	666	446	220	US\$	1
Banco Nacional de Costa Rica (B.N.C.R)		34.275	797	-	-	33.478	30.985	2.493		67
Parallel Cooperation		13	13	-	-	-	-	-		-
Scotiabank - Portion A		12.958	-	(376)	-	12.582	-	12.582		25
Scotiabank - Portion B		11.107	1.851	(268)	-	8.988	5.393	3.595		18
Sub-total Scotiabank		24.065	1.851	(644)	-	21.570	5.393	16.177	US\$	43
Assets Advance Transfers		-	-	-	-	-	-	-		-
Trust BCR - Building Telecommunications		25.787	888	-	-	24.899	23.627	1.272		49
Credit Supplier		5.345	5.425	(855)	29.571	28.636	22.751	5.885		57
Sub-total internal debt		90.287	9.089	(1.520)	29.571	109.249	83.202	26.047	US\$	217
External debt										
Banco Centroamericano de Integración Económica (BCIE):										
B.C.I.E. No.1599		64.965	4.997	(1.738)	-	58.230	48.525	9.705		116
B.C.I.E. No. 1856		49.174	2.342	(1.357)	-	45.475	40.928	4.547		90
B.C.I.E. No. 1962		33.691	-	(976)	-	32.715	29.989	2.726		65
B.C.I.E. Restructuration		17.364	2.818	(421)	-	14.125	10.192	3.933		28
Moin III Thermic Plant - B.C.I.E. No. 1516		6.797	1.133	(164)	-	5.500	3.300	2.200		11
Sub-total B.C.I.E.	¢	171.991	11.290	(4.656)	-	156.045	132.934	23.111	US\$	310

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Documents payable										
		Up to Dec 31, 2011	Amortization of the period	Exchange difference	Disbursement of the period	Up to Sept 30, 2012	Long term	Short term		Up to Sept 30, 2012
Banco Europeo de Inversiones (B.E.I.)	€	4.910	1.172	(108)	-	3.630	1.248	2.382	US\$	7
<u>Banco Interamericano de Desarrollo (B.I.D.):</u>										
B.I.D. No. 598		2.277	569	(48)	-	1.660	1.107	553		3
Reconversion BID 1931 A/OC-CR - Portion B		101.074	15.550	(2.478)	-	83.046	67.947	15.099		165
Reconversion BID 1931 A/OC-CR - Portion A		84.941	7.386	(2.247)	-	75.308	68.136	7.172		150
B.I.D. No. 1908 / OC-CR		34.211	-	(1.626)	21.896	54.481	54.480	-		108
Sub-total B.I.D.		222.503	23.505	(6.399)	21.896	214.495	191.670	22.824	US\$	426
<u>BNP Paribas:</u>										
BNP Paribas A		1.921	274	(48)	-	1.599	1.066	533		3
BNP Paribas B		5.176	739	(129)	-	4.308	2.872	1.436		9
Sub-total BNP Paribas		7.097	1.014	(170)	-	5.913	3.942	1.971	US\$	14
<u>Nordea:</u>										
Nordea Export & Project Finance		9.955	3.982	(173)	-	5.800	1.933	3.867		12
Nordea Export & Project Finance		3.892	487	(99)	-	3.306	2.361	945		7
Sub-total Nordea		13.847	4.469	(272)	-	9.106	4.294	4.812	US\$	18
<u>M & T Bank</u>										
M & T Bank		3.214	643	(74)	-	2.497	1.872	625		5
M & T N°2		2.245	281	(57)	-	1.907	1.364	543		4
Sub-total M&T Bank		5.459	924	(131)	-	4.404	3.236	1.168	US\$	9
<u>Other Creditors:</u>										
Corporación Andina de Fomento (C.A.F.)		49.673	2.160	(1.377)	-	46.136	42.585	3.551		92
Citibank		16.368	2.046	(415)	-	13.907	9.934	3.973		28
Japan Bank For International Cooperation		96.234	3.318	(3.747)	-	89.169	82.723	6.446		177
Natexis Banque		200	108	(3)	-	89	-	89		-
Honk Kong Shanghai Bank Corp. (HSBC) Panamá		8.293	1.555	(195)	-	6.543	4.530	2.013		13
Cisco Systems Capital Corporation		667	330	(10)	-	327	-	327		1
Cisco Systems		20.096	-	(634)	1.796	21.258	18.730	2.528		42
Sub-total Other Creditors		191.531	9.517	(6.381)	1.796	177.429	158.502	18.927	US\$	353
Sub-total internal debt		617.338	51.890	(18.124)	23.692	571.016	495.822	75.193	US\$	1.135
Total documents payable long term	€	707.625	60.979	(19.644)	53.263	680.265	579.024	101.240	US\$	1.352

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

	Documents payable							
	Up to Dec 31, 2011	Amortization of the period	Exchange difference	Disbursement of the period	Up to Sept 30, 2012	Long term	Short term	Up to Sept 30, 2012
Documents payable short term - ICE								
Internal Debt:								
Scotiabank	15.959	39.332	(447)	38.885	15.065	-	15.065	30
Sub-total internal debt	€ 15.959	85.065	(447)	84.618	15.065	-	15.065	US\$ 30
External debt:								
BNP Paribas	-	5.183	(225)	5.183	(225)	-	(225)	10
Citibank No.1	10.367	20.733	-	10.367	-	-	1	-
Honk Kong Shanghai Bank Corp. (HSBC)	15.032	26.953	-	11.922	-	-	1	-
Bladex	8.293	57.535	-	57.016	7.774	-	7.774	50
Global Bank Corporation	5.183	20.733	-	15.550	-	-	-	-
Mercantil Commercebank	15.550	46.650	-	31.100	-	-	-	-
Banco Aliado de Panamá	-	18.142	-	18.142	-	-	-	-
Banco de San José (BAC)	3.300	6.600	-	3.300	-	-	-	-
Sub-total external debt	57.725	202.529	(225)	152.578	7.549	-	7.549	US\$ 15
Total documents payable short term	73.684	287.594	(672)	237.196	22.614	-	22.614	45
Total internal debt	106.246	94.154	(1.967)	114.189	124.314	83.202	41.112	247
Total external debt	675.063	254.419	(18.349)	176.270	578.565	495.822	82.742	1.150
Total debt ICE	€ 781.309	348.573	(20.316)	290.459	702.879	579.024	123.854	US\$ 1.397

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(In millions of colones)

Documents payable - Subsidiaries									
	Up to Dec 31, 2011	Amortization of the period	Exchange difference	Disbursement of the period	Up to Sept 30, 2012	Long term	Short term		Up to Sept 30, 2012
CNFL:									
External debt:									
Instituto Crédito Oficial Reino de España	¢	13.266	-	(384)	-	12.882	12.237	645	26
Deutsche Bank, Sociedad Anónima Española		4.643	650	(129)	-	3.864	2.577	1.287	8
Loan Kreditanstal Fur Wiederaufbau # 1		9.615	1.348	(264)	-	8.003	6.669	1.334	16
Loan Kreditanstal Fur Wiederaufbau # 2		4.186	483	(117)	-	3.586	3.108	478	7
BICSA Credit Line		7.775	6.046	(219)	-	1.510	-	1.510	3
BICSA Credit Line		-	-	(6)	6.046	6.040	6.040	-	12
Banco de Costa Rica		-	-	-	17.352	17.352	17.352	-	34
Sub- total external debt	¢	39.485	8.527	(1.119)	23.398	53.237	47.983	5.254	US\$ 106
Sub- total CNFL	¢	39.485	8.527	(1.119)	23.398	53.237	47.983	5.254	US\$ 106
RACSA:									
External debt:									
Banco Centroamericano de Integración Económica (B.C.I.E.)	¢	5.030	4.893	(137)	-	-	-	-	-
Control Electrónico S.A. (CESA)		5.475	908	(152)	-	4.415	3.132	1.283	9
Banco Interamericano de Desarrollo (BICSA)		1.037	-	(30)	-	1.007	-	1.007	2
CSI Leasing		4.494	274	(266)	-	3.954	3.373	581	8
Prival Bank		2.073	-	(60)	-	2.013	1.567	446	4
Sub- total external debt	¢	18.109	6.075	(645)	-	11.389	8.072	3.317	US\$ 23
Total internal debt - Group ICE		106.246	94.154	(1.967)	114.189	124.314	83.202	41.112	247
Total external debt - Group ICE		675.063	254.419	(18.349)	176.270	643.191	551.876	91.313	1.278
Total debt - Group ICE	¢	838.903	363.175	(22.080)	313.857	767.503	635.078	132.425	US\$ 1.525

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
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The general characteristics of the notes payable, classified in internal and external debt for the 2012 period, are summarized as follows:

	Date of contract	Expiration date	Term of debt (years)	Period of grace (years)	Term of amortization (years)	Type of period of payment	Interest rate	Type of interest rate	Default interest rate	Rate of commission	Amount of contract	Currency	Guaranty	Finance
Electricity Sector														
Internal debt:														
Renegotiated debt - Portion V	21/05/1989	21/05/2015	25	-	25	Half-yearly	6,75%	Fixed	6,75%	-	4	US\$	Government	Refinance of the debt with commercial banking
Parallel Cooperation	01/07/2009	01/06/2012	3	-	3	Monthly	0,69%	Fixed	-	-	48	€	ICE	Recognition of telecommunications equipment investment
Issuance of Bonds Serial F3	03/04/2012	03/04/2023	11	11	0	Quarterly	TBP + 3%	Var.	-	-	50.000	€	ICE	Needs of investment in generation projects
Banco Nacional de Costa Rica	25/08/2010	31/08/2025	15	-	15	Quarterly	TBP + 2,75%	Var.	2%	-	35.000	€	ICE	Needs of investment in transmission projects
Commercial banks:														
Scotiabank - Portion A	18/12/2009	22/12/2012	3	3	-	Half-yearly	Libor 3m + 3,50%	Var.	-	-	25	US\$	ICE	Extension and improvement of the transmission network and distribution network
Scotiabank - Portion B	18/12/2009	22/12/2014	5	2	3	Half-yearly	Libor 3m + 3,75%	Var.	-	-	25	US\$	ICE	Extension and improvement of the transmission network and distribution network
External debt:														
Banco Europeo de Inversiones (B.E.I.)	30/11/1993	25/11/2013	20	5	14,5	Half-yearly	6,32%	Fixed	2%	-	50	US\$	Government	Execution of Electric III Development Program
Multilateral organizations														
Banco Centroamericano de Integración Económica (BCIE):														
B.C.I.E. No. 1599	17/03/2003	25/04/2018	15	5,5	9,5	Half-yearly	6,40% - According to bank policies	Var.	3%	0,75%	172	US\$	ICE	Construction and Equipping of Pirris Hydroelectric Plant
B.C.I.E. Prepago 2005	21/10/2005	21/10/2015	10	2	8	Quarterly	8,50%	Fixed	2%	-	55	US\$	ICE	Prepayment of loans BID 200, 535 and 572 (partially)
B.C.I.E. No. 1856	12/04/2007	11/05/2022	15	3	12	Half-yearly	6,40% - According to bank policies	Var.	3%	-	110	US\$	ICE	Extension and maintenance of national electric system 2007
Planta Térmica Moín III - B.C.I.E. No. 1516	11/06/2007	14/10/2014	7	-	7	Half-yearly	7,68% - According to bank policies	Var.	-	-	12	US\$	ICE	Acquisition of Moín III Thermic Plant
Planta Térmica Moín III - B.C.I.E. No. 1516	11/06/2007	14/10/2014	7	-	7	Half-yearly	6,35% - According to bank policies	Var.	-	-	21	US\$	ICE	Acquisition of Moín III Thermic Plant
B.C.I.E. No. 1962	19/06/2009	19/06/2024	15	3	12	Half-yearly	6,40% - According to bank policies	Var.	-	0,75%	65	US\$	ICE	Program of Electric Works 2008 - 2009
Banco Interamericano de Desarrollo (B.I.D.):														
B.I.D. 463/SF C.R.	13/04/1976	13/04/2011	35	8	27	Half-yearly	2,00%	Fixed	2%	0,50%	-	US\$	Government	Rural Electrification with Cooperatives (loan in currencies)
B.I.D. No. 598	09/09/1980	09/09/2015	35	8	27	Half-yearly	2,00%	Fixed	2%	0,50%	27	US\$	Government	Rural Electrification with Cooperatives (loan in currencies)
Reconversión BID 1931 A/OC-CR - Tramo A	10/07/2008	15/02/2023	15	3	12	Half-yearly	Libor 6m + 3,625%	Var.	2%	0,50%	159	US\$	ICE	Prepayment of loans OECF, BID 796, and Credit Suisse Elect. Telec.
Reconversión BID 1931 A/OC-CR - Tramo B	10/07/2008	15/02/2018	9,7	3	6,6	Half-yearly	Libor 6m + 3,00%	Var.	2%	0,50%	196	US\$	ICE	Prepayment of loans OECF, BID 796, and Credit Suisse Elect. Telec.
B.I.D. No. 1908 / OC-CR CLIPP	25/05/2009	25/05/2034	25	5	20	Half-yearly	Libor 6m + 0,80%	Var.	-	-	250	US\$	Government	Electric Development Program 2008-2011.
Bilateral organizations:														
Corporación Andina de Fomento (C.A.F.)	09/04/2008	09/04/2023	15	3	12	Half-yearly	Libor 6m + 1,70%	Var.	2%	-	100	US\$	ICE	Estudies or construction of Projects: Toro III, Diquís, Pacuare and Pirris
Japan Bank For International Cooperation	09/04/2001	20/04/2026	25	7	18	Half-yearly	2,20%	Fixed	2%	-	206	US\$	Government	Pirris Hydroelectric Project
commercial banks:														
Citibank	14/12/2005	19/12/2015	10	1	9	Half-yearly	8,25% - According to bank policies	Var.	-	-	75	US\$	ICE	Prepayment 572
M & T Bank No. 1	16/12/2009	30/09/2016	7	-	7	Half-yearly	Libor 6m + 2,15%	Var.	-	-	9	US\$	ICE	Cost of equipment (steel sheets, tunnel and surge tank for Toro III H. P.)
M & T Bank No.2	15/12/2010	11/12/2015	5	-	5	Half-yearly	Libor 6m + 1,85%	Var.	-	-	10	US\$	ICE	Projects executed by UEN PySA
BNP Paribas A	01/09/2010	20/06/2015	5	-	5	Half-yearly	Libor 6m + 4,50%	Var.	1%	-	6	US\$	ICE	Various projects
BNP Paribas B	01/09/2010	20/06/2015	5	-	5	Half-yearly	Libor 6m + 1,15%	Var.	-	-	16	US\$	ICE	Various projects

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	Date of contract	Expiration date	Term of debt (years)	Period of grace (years)	Term of amortization (years)	Type of period of payment	Interest rate	Type of interest rate	Default interest rate	Rate of commission	Amount of contract	Currency	Guaranty	Finance
Telecommunications Sector														
Internal debt:														
Renegotiated debt - Portion V	21/05/1989	21/05/2015	25	-	25	Half-yearly	6,75%	Fixed	7%	-	1	US\$	Government	Refinance of debt with commercial banking
Issuance of Bonds Serial B2	20/05/2010	20/05/2016	7	6	1	Quarterly	5,71%	Fixed	-	-	50	US\$	ICE	Needs of IDC, IPTV, PESSO
Issuance of Bonds Serial F1	13/02/2012	13/02/2019	7	7	0	Quarterly	5,97%	Fixed	-	-	100	US\$	ICE	Needs of Sector Telecommunications
Issuance of Bonds Serial A4	14/12/2010	14/12/2017	7	7	0	Quarterly	10,87%	Fixed	-	-	10	€	ICE	Operations Support System
Trust BCR - Building Telecommunications	22/04/2010	22/07/2022	12	-	12	Monthly	TBP + 3,75%	Var.	-	-	28	€	ICE	Titling property ICE
External debt														
Multilateral organizations														
Reconversión BID 1931 A/OC-CR - Tramo A	10/07/2008	15/02/2023	15	3	12	Half-yearly	Libor 6m + 3,625%	Var.	2%	-	12	US\$	ICE	Prepayment of loans OECF, BID 796, and Credit Suisse
Reconversión BID 1931 A/OC-CR - Tramo B	10/07/2008	15/02/2018	10	3	7	Half-yearly	Libor 6m + 3,00%	Var.	2%	-	14	US\$	ICE	Prepayment of loans OECF, BID 796, and Credit Suisse
Bilateral organizations														
Natexis Banque	09/09/1982	30/06/2013	31	16	15	Half-yearly	3,50%	Fixed	3%	-	4	US\$	Government	Refinance of debt with Cit Alcalá
Commercial banks														
Nordea Export & Project Finance No.1	29/06/2009	28/02/2014	5	-	5	Half-yearly	2,51%	Fixed	-	-	37	US\$	ICE	Purchase of Equipment and Services from Ericsson
Nordea Export & Project Finance No.2	04/11/2010	08/12/2015	5	-	5	Half-yearly	2,51%	Fixed	-	-	10	US\$	ICE	Purchase of Equipment and Services from Ericsson
Cisco Systems No.1	15/04/2010	06/04/2013	3	-	3	Quarterly	3,25%	Fixed	18%	-	50	US\$	ICE	Purchase of Equipment and Services from CISCO
Cisco Systems No.2 - No.3	25/05/2011	13/09/2018	7	1	6	Quarterly	3,00%	Fixed	13%	-	56	US\$	ICE	Purchase of Equipment and Services from CISCO
Cisco Systems No.4	25/05/2011	13/09/2018	7	1	6	Quarterly	3,39%	Fixed	13%	-	56	US\$	ICE	Purchase of Equipment and Services from CISCO
Cisco Systems No.5 - No.6	25/05/2011	08/10/2018	7	1	6	Quarterly	3,01%	Fixed	13%	-	56	US\$	ICE	Purchase of Equipment and Services from CISCO
Cisco Systems No.7 - No.8	25/05/2011	07/11/2018	7	1	6	Quarterly	3,04%	Fixed	13%	-	56	US\$	ICE	Purchase of Equipment and Services from CISCO
ECI Telecom (supplier credits)	16/03/2011	01/06/2016	5	-	5	Quarterly	4,95%	Fixed	-	-	11	US\$	ICE	Expansion and modernization of the network DWDM
ECI Telecom 2 (supplier credits)	08/12/2011	11/11/2016	5	-	5	Quarterly	4,95%	Fixed	-	-	4	US\$	ICE	Installation of network equipment and training
Huawei Technologies Co. LTD. (supplier credits)	25/05/2011	15/01/2017	5,5	-	5,5	Half-yearly	5,45%	Fixed	-	-	60	US\$	ICE	Equipment and services for the extension of the 3G Adv. Mobile Syst. Network.
M & T Bank #2	15/12/2010	11/12/2015	5	-	5	Half-yearly	Libor 6 m + 1,85%	Var.	-	-	10	US\$	ICE	Mobile telephone system expansion
Honk Kong Shanghai Bank Corp. (HSBC) Panamá	01/11/2010	08/11/2015	5	-	5	Half-yearly	Libor 6 m + 4,95%	Var.	0%	-	20	US\$	ICE	Internet service supply
Documents payable - Subsidiaries														
CNFL														
Instituto Crédito Oficial Reino de España	15/07/2002	25/09/2032	30	10	20	Half-yearly	0,70%	Fixed	Libor 6 m +1	0,15% Manag.	-	US\$	Government	Underground electrification network - San Jose
Deutsche Bank, Sociedad Anónima Española	15/07/2002	20/04/2015	13	3	10	Half-yearly	5,86%	Fixed	8%	0,15% Manag.	-	US\$	Government	Underground electrification network - San Jose
Kreditanstalt für Wiederaufbau # 1 (KfW)	16/12/2005	30/09/2018	10	1 year, 6 months	1 years 6 months	Half-yearly	3,99%	Var.	Libor 6 m +2	1,25%	-	US\$	ICE	El Encanto Hydroelectric Project
Kreditanstalt für Wiederaufbau # 2 (KfW)	25/09/2008	30/03/2020	10	2	12	Half-yearly	3,99%	Var.	Libor 6 m +2	1,25%	-	US\$	ICE	El Encanto Hydroelectric Project
BICSA - Credit Line Disbursement N°1	27/05/2010	27/05/2013	3	-	3	Half-yearly	5,00%	Fixed	775%	0,25% Superv.	-	US\$	Promis. Note	Supplying resources for the acquisition of assets, material and equipment, as well as to finance Balsa Inferior Hydroelectric project
BICSA - Credit Line Disbursement N°2	08/12/2011	08/12/2014	3	-	3	Half-yearly	4,50%	Fixed	775%	0,125% Superv.	-	US\$	Promis. Note	Supplying resources for the acquisition of assets, material and equipment, as well as to finance Balsa Inferior Hydroelectric project
Banco de Costa Rica	04/06/2012	06/07/2032	20	2	18	Monthly	TBP+2% Y TBP+3%	Var.	Tasa Vig + 2,00% 1,50% formalización y 10%Avaluc	-	€	Promis. Note	Supplying resources for the acquisition of assets, material and equipment, as well as to finance Balsa Inferior Hydroelectric project	
RACSA														
Banco Centroamericano de Integración Económica (B.C.I.E.)	04/12/2006	12/01/2017	10	3	7	Half-yearly	6,85%	Var.	30%	0,75%	-	US\$	Promis. Note	Acquisition of Submarine Cable on Costa Rican's Pacific shore
Control Electrónico S.A. (CESA)	06/05/2010	06/11/2015	5,5	6 months	5	Monthly	7,50%	Fixed	0%	0,25%	-	US\$	Obj. Of purchase	Extending the Java architecture, Open Source Solutions
Banco Interamericano de Desarrollo (BICSA)	30/03/2011	28/03/2012	1	-	1	Monthly	3,00%	Fixed	-	-	2	US\$	Promis. Note	Working capital
CSI Leasing	19/05/2011	19/05/2018	7	-	7	Quarterly	6,60%	Var.	-	\$46 miles	9	US\$	Obj. Of purchase	Financial rental platform for inf. services
Prival Bank	07/09/2011	07/09/2016	5	12 months	4	Monthly	7,50%	Fixed	-	1% flat	4	US\$	Bill of exchange	Linking with STM-16 capacity

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General characteristics	Currency of origin	Interest rate	Type of interest rate	Date of the contract	Date of expiration	Debt term (days)	Up to Dec 31, 2011	Disbursed amount 2012	Amortizations 2012	Estimated Quantification - Exchange difference	Up to Sept 30, 2012	
Electricity Sector												
External Debt												
Scotiabank	Colones	TBP + 1,50% = 11,5%	Fixed	09/05/2012	29/06/2012	51 days	€ 5.000	10.000	15.000	(447)	(447)	
Scotiabank	Dollars	Fixed Rate 2,72%	Fixed	05/07/2012	20/07/2012	15 days	5.775	-	5.778	-	(3)	
Scotiabank	Dollars	Tasa Libor 3 months 0,5612% + 2,4388% = 3%	Variable	18/05/2012	18/10/2012	153 days	-	3.852	-	-	3.852	
Scotiabank	Dollars	Tasa Libor 6 months 2,5676% = 3,30%	Variable	18/05/2012	18/10/2012	183 days	-	1.296	-	-	1.296	
Scotiabank	Dollars	Fixed Rate 2,14%	Fixed	07/08/2012	08/10/2012	61 days	-	2.592	-	-	2.592	
Scotiabank	Dollars	Fixed Rate 2,20%	Fixed	01/08/2012	03/10/2012	63 days	-	7.775	-	-	7.775	
Bladex	Dollars	Libor 1 month (0,22%) + 1,5%	Variable	04/09/2012	04/10/2012	30 days	-	7.775	-	-	7.775	
BNP Paribas	Dollars	Fixed Rate 3,2081%	Fixed	14/02/2012	14/08/2012	182 days	-	5.183	5.183	(225)	(225)	
Subtotal							73.683	-	-	-	-	
Total ICE												22.615

As of September 30, 2012, the relevant disbursements correspond to:

ECI Telecom (supplier loan): ICE uses a type of financing denominated Supplier Loan, where the contractor or supplier of goods and/or services grants financing, and it is established as such in the proposal to the bid in which the supplier participates.

The Telecommunication Sector acquired a 5-year loan with suppliers to buy equipments to be used in the different switchboards used in the country. In March 2011, significant purchase orders were issued for suppliers for the sum of US\$62 million, at an interest rate of 5.45% per annum. The amount disbursed as of September 30 is ¢29,571.

B.I.D No.1908: In February and September 2012, two disbursements were made for the BID 1908 loan, for the sums of ¢7,281 and ¢14,375 respectively; the total disbursed amount as of September was ¢21,896, associated to the payment of equipment and materials of the Electric Development Program, in 2008-2011.

Credit Lines

The principal movements in credit lines as of September 30, 2012, which were used for working capital, are described as follows

- 1) **Scotiabank:** Three credit lines were formalized, which establish a term no greater than 183 days, at a fixed rate of 2.14% and at Libor rate of 3 months + 2,4388%, variable, for a disbursement amount of ¢15,065.
- 2) **Bladex:** A disbursement was made for ¢7,774 at a term of 60 days, Libor rate (1 month) + 1.50%, with maturity in October 2012. The total amount disbursed as of September is ¢57,016.

(Continues)

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Subsidiary – Compañía Nacional de Fuerza y Luz (CNFL)

A disbursement for the sum of ¢17,352 was made by Banco de Costa Rica, using the basic borrowing rate + 2%, with maturity in 2032, and the sum will be used in the Balsa Inferior Hydroelectric Project. In addition, a disbursement for US\$12 million was made by BICSA, at the basic borrowing rate +2%, with maturity in 2032. The total amount disbursed corresponds to ¢6,046.

Note 18. Obligations for Loans – Long Term

The obligations for loans acquired are detailed as follows:

Obligations against Loans	Up to Sept 30, 2012	Up to Dec 31, 2012
<u>ICE</u>		
<u>Other Loans</u>		
Huawei Technologies Co. Ltd. (Supplier Credits) ¢	4 078	28 040
<u>TOTAL GROUP ICE</u>	<u>4 078</u>	<u>28 040</u>

As of September 2012, records in this account are related to the Telecommunications sector, which acquires 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, both in behalf of Huawei Technologies Co. Ltd.

(Continues)

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Note 19. Accounts Payable

Accounts payable are detailed as follows:

Accounts payable	Up to Sept 30 2012	Up to Dec 31 2011
<u>ICE:</u>		
Material suppliers	103.992	111.350
Other suppliers	37.895	20.208
Tax	10.634	13.900
Payroll and salary retentions	7.894	7.082
Service suppliers	5.886	6.955
Banks credit balance	2.247	-
Subtotal ICE	166.301	159.495
<u>CNFL:</u>		
Tax	1.614	1.649
Retention to officers	1.202	863
Accumulated not financial expenses payable	960	567
Other creditors	619	701
Subtotal CNFL	4.395	3.780
<u>RACSA:</u>		
Suppliers and national institutions	2.552	274
Accounts payable foreign lines	681	3.169
Other creditors	-	332
Subtotal RACSA	3.233	3.775
Total Group ICE	173.929	167.050
Long term	53.855	44.288
Short term	120.074	122.762

(Continues)

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

Purchase order #	Supplier	Up to Sept 30, 2012
<u>Electricity</u>		
362646	Andritz Hydro GMBH	19.536
362644	Andritz Hydro S.R.L. Unipersonale	17.726
364940	Andritz Hydro GMBH	6.436
363890	Sumec Complete Equipment and Engineering Co. LTD	5.836
	Others Préstamo Mogote	2.092
364326	Mslí Latam INC.	1.699
356609	Andritz Hydro GMBH	380
356611	Andritz Hydro GMBH	148
Total		53.855

Purchase order #	Supplier	Up to Dec 31, 2011
<u>Electricity</u>		
356609	Andritz Hydro G	1.178
356611	Andritz Hydro GMBH	1.631
361843	Veizades & Associates, Inc.	2.069
362644	Andritz Hydro S.R.L Unipersonale	17.726
362646	Andritz Hydro GMBH	19.536
Others	Préstamo Mogote	2.148
Total		44.288

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Note 20. Accumulated Expenses – Employer’s Obligations

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

Accumulated expenses - employer’s obligations	Up to Sept 30 2012	Up to Dec 31 2011
<u>ICE:</u>		
Christmas legal bonus	¢ 17.633	1.484
School salary	11.721	14.513
Vacations	11.472	12.763
Sub total ICE	¢ 40.826	28.760
<u>CNFL:</u>		
Christmas legal bonus	¢ 3.118	348
School salary	3.408	4.164
Vacations	2.636	2.720
Third biweekly period of payment	609	964
Fifth biweekly period of payment	145	78
Sub total CNFL	¢ 9.916	8.274
<u>RACSA:</u>		
Christmas legal bonus	¢ 387	36
Vacations	455	455
Sub total RACSA	¢ 842	491
Total Group ICE	¢ 51.585	37.525

(Continues)

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Note 21. Legal Provisions

Legal provisions are detailed as follows:

Legal provisions		Up to Sept 30 2012	Up to Dec 31 2011
<u>ICE:</u>			
Legal employees' payment	¢	9.986	7.947
Professional risk		6.450	10.394
Provision liabilities contingency		5.311	5.733
Sub total ICE	¢	21.747	24.074
<u>CNFL:</u>			
Legal employees' payment short term	¢	17.161	16.765
Legal employees' payment long term		1.000	1.000
Worker Protection Law		442	-
Cash Shortage and Work Funds		129	117
Provision liabilities contingency		3	-
Sub total CNFL	¢	18.735	17.888
<u>RACSA:</u>			
Provision liabilities contingency		-	132
Sub total RACSA	¢	-	132
Total Group ICE	¢	40.482	42.095

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Note 22. Memoranda Accounts

Accounts of order	Up to Sept 30 2012	Up to Dec 31 2011
ICE:		
Guaranties received:		
Fulfillment	167.119	139.696
Collectors	3.750	3.765
Participation	2.341	3.197
Bids	8	8
Sub-total	173.218	146.666
Other guaranties received:		
Various services	3.168	4.249
Sub-total	3.168	4.249
Guaranties given to thirds:		
Fulfillment	5.999	10.420
Sub-total	5.999	10.420
Sub-total ICE	182.385	161.335
CNFL:		
Contingency assets:		
Savings and loan fund	27.821	24.832
I.C.E. right of way - Cote Plant	10.765	9.640
Request of materials in transit	1.574	772
Request of local materials in transit	1.499	673
Asociación Solidarista de Empleados de Fuerza y Luz (ASEFYL)	746	711
Guaranty deposits (electric consumption)	420	421
Rental of poles	251	208
Participation	198	208
Fulfillment of contracted manpower	86	67
Charging of electric services	77	87
Lending of materials	75	59
Deposit guaranties rendering officers	7	7
Sub-total CNFL	55.161	47.277
Liabilities contingencies:		
Covenants for payment - household appliances finance	21	65
Sub- total	21	65
Sub-total CNFL	55.182	47.342
RACSA:		
Deposits in guaranty	389	861
Sub-total RACSA	389	861
Total Group ICE	237.957	209.538

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Note 23. Income from Services

Income from services is detailed as follows:

Income for services	For the period ended on September 31	
	2012	2011
<u>ICE:</u>		
Telecommunication Services	¢ 378.335	380.110
Electricity Services	282.445	269.029
Institutional Services	1.605	1.661
Sub total ICE	662.385	650.800
<u>CNFL:</u>		
Electricity Services	196.228	193.683
Subtotal CNFL	196.228	193.683
<u>RACSA:</u>		
Telecommunication Services	18.058	20.129
Subtotal RACSA	18.058	20.129
Total Group ICE	¢ 876.671	864.612

Regulation of Services

Energy Services:

Law Number 7593 “Regulating Authority for Public Services (ARESEP) Law”, dated August 9th of the year 1996, establishes that the “Regulating Authority 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.

2011 Rate Adjustments

Resolution 386-RCR-2011 —San José, hours of March 29, 2011 and published in La Gaceta, “Alcance” N°69, of April 7, 2011, an approved permanent increase of 7.21%, effective as of the date of publication.

This rate increase is in force from April 1, 2011 to December 31, 2011.

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2012 Rate Adjustments

Resolutions 742 to 745 RCR-2011-published in La Gaceta 23 of February 1, 2012, request made: 20.99%, approved: 4.29%, permanent increase in force as of the publication date.

The Regulatory Authority of Public Services (ARESEP), in resolution 817-RCR-2012 of March 30, 2012 and published in “Alcance” N° 86 of La Gaceta N°128 of July 3, 2012, established an average increase of 7.9 % in the generation rates and 3.6 % in the distribution rates, which are in force for the consumption originated as of publication date.

This rate increase is for a term of 8 months, starting of July 2 of this year and until March 3, 2013.

On November 2, the Regulatory Authority of Public Services (ARESEP), in resolution 977-RCR-2012 of November 13, 2012 and published in “Alcance” N° 178 of la Gaceta N°219, approves an average increase in rates of 7.59 % in generation, 4.45% in distribution, and 3.94% in Public Lightning, which are effective for the consumptions originated as of publication date.

Telecommunications Services:

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, periodicity defined and within the regulations.”

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Note 24. Operating and Maintenance Costs

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

Fuel consumption	For the period ended on September 30	
	2012	2011
<u>Thermic plant:</u>		
Garabito	¢ 47.972	36.265
Moin III	3.845	12.996
Moín I	3.188	2.419
Moín II	2.828	18.085
Pujol - Pococi Plant	1.769	1.954
Pujol - Orotina Plant	1.400	1.826
Colima	1.142	1.147
San Antonio	330	923
Barranca	214	862
Planta Portátil Barranca	-	13.708
Total Group ICE	¢ 62.688	90.185

The beginning of operations at the end of the year 2011 for important renewable energy projects, such as the Pirrís Hydroelectric Project and Las Pailas Geothermal Project, has allowed a decrease in fuel consumption for the year 2012 in Moín II and Moín III Plants, for the sums of ¢15,257 and ¢9,151, respectively.

Also, Barranca Mobile Plant is closed, which results in the decrease of ¢13,708 presented in 2011, compared to 2012. However, the Garabito Geothermal Plan presents a generation similar to that of 2011, as a result of the deficit in flow caused by El Niño phenomenon.

As of today, it presents a decrease of ¢27,497 for fuel consumption regarding 2011.

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Note 25. Operation and Maintenance of Leased Equipment

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

Cost of operation and maintenance for rented equipment	For the period ended on September 30	
	2012	2011
<u>ICE:</u>		
Thermic generation	¢ 73.355	83.854
Hydraulic generation	14.006	14.156
Civil and electromechanics	7.347	7.256
Access	6.649	13.476
Aeolian generation	6.518	221
Transportation	4.984	11.075
Platforms	4.053	6.284
Substations	4.277	3.692
Transmission lines	2.345	1.992
Sub total	123.533	142.006
Elimination of institutional services	2.036	1.886
Total Group ICE	¢ 121.497	140.120

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As indicated in the note, 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:

General aspects of the contract				Amount in million US dollars											
Service order	Supplier	Date of contract	Approximate ending date	Amount of the contract	Total paid	Balance service order Sep 30, 2012	Paid 2012	Number of fees	Amount of fee	Value of purchase option	Expenditure registered during 2012	Frequency of the fee	Object of the contract		
323411	Consortium ECI Telecom	29-sep-05	28-feb-14	US \$	32	23	10	5	20	2	3	€	2.524	Quarterly	Purchase of Equipment for Optic Fiber Transportation System
343012	Consortium Huawei Technologies (2)	10-feb-09	26-mar-15		233	120	113	35	20	First phase US\$8; second phase US\$4	23		18.132	Quarterly	Wireless System Third Generation.
1691	Entitling Trusteeship - Peñas Blancas (3)	16-ago-00	16-jul-15		119	95	24	7	155	Between US\$875 and US\$725 (in thousands)	19		3.089	Monthly	Electric Infrastructure.
No order	Entitling Trusteeship Cariblanco	03-jul-03	31-dic-19		304	122	182	17	147		2		8.584	Monthly	Rental Cariblanco Hydroelectric Plant
No order	Trusteeship for Garabito Thermic Project (3)	05-nov-07	31-mar-22		743	141	601	42	142		5	213	24.392	Monthly	Rental Garabito Thermic Plant
342071	Alstom Power Rentals	01-jul-09	30-ago-11		51	48	-	1	24		2	-	363	Monthly	Rental Operation and Maintenance - Barranca Site Electric Generation Plant.
333059	Las Pailas Geothermic Plant (4)	07-mar-07	31-dic-23		240	8	232	8	24		8	-	6.337	Monthly	Rental of Las Pailas Geothermic Plant.
Total				US\$	1.723	557	1.163	114				€	63.421		

Generalidades del contrato															
Service order	Supplier	Date of contract	Approximate ending date	Amount of the contract	Total paid	Balance service order Set 30, 2012	Paid 2012	Number of fees	Amount of fee	Value of purchase option	Expenditure registered during 2012	Frequency of the fee	Object of the contract		
350702	Cooperativa de Electrificación Rural Guanacaste	16-feb-10	06-sep-21	€	87.848	15.433	72.415	4.244	138	Variable entre €617 y €473	€3.541 aproximadamente	€	4.244	Mensual	Infraestructura para transmisión eléctrica Liberia, Papagayo - Nuevo Colón.

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(1) Huawei Technologies Lease:

It corresponds to the lease of a third generation wireless system. The first phase 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 phase 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 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 September 30, 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.
 - 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

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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 contracts 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 resources 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 of 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.
- 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 the 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

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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 Plant, 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 phase.
- CABEI will invest in the construction of the plant in an amount of up to US\$130 (in million).
- 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.
 - c) 0.75% of the resources object of the estimated direct investment which use in the construction of the plant is pending.
 - d) Yield in function of the LIBOR rate at six months, plus 2.25% over the partial accrued investment created during the construction stage of the Plant.
 - e) Administrative expenses resulting from the creation and operation of the Project Management Unit to be created by CABEI, as provided for in the agreement.

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- 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.

Leases Closed in 2011:

Ericsson de Costa Rica Lease:

It corresponds to the lease of 600,000 integral GSM technology wireless telephone solutions, plus the associated services and components. In August 2007, ICE and Ericsson established an extension of the original lease contract, increasing the amount of solutions leased in 300,000, for a total of 600,000 solutions.

Through an agreement issued by the Corporate Acquisition Board, in article 4 of Meeting 227 of November 29, 2011, it is agreed to exercise the purchase option contained in bid 7149-T, processed for the lease with purchase option of 900,000 integral wireless solutions, GSM technology, plus the associated components, as follows:

- Equipment and licenses (original contract) US\$7,791,147 (seven million seven hundred ninety one thousand one hundred forty seven dollars no cents.)
- Equipment and licenses (additional contract) US\$3,435,052 (three million four hundred thirty five thousand fifty two dollars no cents.)

Alstom Power Rental Lease (4)

In August 2011, the agreement between ICE and Alstom Power Rental to lease, operate, and maintain the Barranca Energy Generation Plant finished its term.

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Note 26. Supplementary Purchases and Services

Supplementary purchases and services for 2012 and 2011 are detailed as follows:

Supplementary purchases and services	For the period ended on September 30	
	2012	2011
<u>Telecommunications:</u>		
Telephone participation	¢ 14.106	12.749
National Traffic Operators	4.219	-
Channels rental	836	955
Television	829	63
Integral solutions	88	97
Total Telecommunications	20.078	13.864
<u>Electricity:</u>		
<u>Import:</u>		
Regional Operating Entity (EOR)	5.053	846
Mercado Eléctrico de El Salvador	2.920	261
Excelergy S.A de c.v.	1.327	38
Others	311	352
Sub total import	9.611	1.497
<u>Cogenerators:</u>		
Unión Fenosa Generadora La Joya	8.469	8.010
Planta Eólica Guanacaste, S.A.	6.974	5.556
Hidroenergía Del General (HDG), S.R.L.	6.420	6.309
Geoenergía de Guanacaste Ltda.	6.309	6.607
Hidroeléctrica Doña Julia	2.744	2.812
Plantas Eólicas, S.A.	2.309	1.996
Molinos de Viento Del Arenal, S.A.	2.119	2.499
Hidroeléctrica Platanar, S.A.	2.013	2.353
Proyecto Hidroeléctrico Río Volcán, S.A.	1.728	1.881
Hidroeléctrica Río Lajas, S.A.	1.682	846
Hidroeléctrica Zarcas, S.A.	1.680	1.934
Proyecto Hidroeléctrico Pedro, S.A.	1.559	1.772
Ingenio Taboga, S.A.	1.486	891
Azucares el Viejo S.A	1.265	774
Aeroenergía S.A	732	662
Inversiones la Manguera S.A	634	798
Empresas Electricas Matamoros S.A	529	579
Hidroelectrica Venecia S.A	409	422
Hidroelectrica Caño Grande S.A.	402	431
Others	1.205	1.012
Sub-total Cogenerators	50.668	48.144
<u>Purchases for export:</u>		
Regional Operating Entity (EOR)	3.812	1.468
Total Electricity	64.091	51.109
Total Group ICE	¢ 84.169	64.973

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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 September 30, 2012 and 2011, ICE maintains agreements 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.

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:

- i) Alteration of meters.
- ii) A condition in the point of delivery, under the responsibility of the cogenerator.
- iii) Inability of the cogenerator to supply the energy in accordance with the parameters of operation required.
- iv) For failure to renew the performance bond.
- v) For failure to renew the insurance policies.

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The agreements shall remain in force for terms ranging between 15 and 20 years, ending between April 2012 and December 2027.

Note 27. Administrative Expenses

Administrative expenses are detailed below:

	For the period ended on	
	September 30	
	2012	2011
<u>ICE:</u>		
Remunerations	¢ 25.081	24.360
Services	3.002	4.758
Depreciation of other assets in operation	1.090	1.357
Current transfers	835	666
Materials and supplies	508	682
Use of service centers	4.300	5.576
Others	1.930	1.682
Subtotal ICE	36.746	39.081
Elimination of institutional services	278	168
Subtotal ICE	36.468	38.912
<u>CNFL:</u>		
Administrative expenses	9.697	9.141
Subtotal CNFL	9.697	9.141
<u>RACSA:</u>		
Administrative expenses	16.121	20.185
Subtotal RACSA	16.121	20.185
Total Group ICE	¢ 62.286	68.239

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Note 28. Marketing Expenses

Marketing expenses are detailed as follows:

	For the period ended on	
	September 31	
	2012	2011
<u>ICE:</u>		
Services	¢ 39.324	35.599
Materials and supplies	35.940	9.286
Remunerations	35.147	33.371
Use of service centers	14.942	17.313
Current transfers	5.367	1.043
Depreciation of other assets in operation	2.907	2.986
Others	5.822	10.742
Subtotal ICE	139.449	110.340
Elimination of institutional services	1.429	2.178
Subtotal ICE	138.020	108.161
<u>CNFL:</u>		
Expenses consumers	15.978	14.449
Subtotal CNFL	15.978	14.449
Total Group ICE	¢ 153.998	122.610

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Note 29. Pre-Investment Studies

The costs incurred in the years 2012 and 2011 for pre-investment studies are detailed below:

	For the period ended on September 30	
	2012	2011
<u>ICE:</u>		
Savegre Study	¢ 2.943	3.077
Ayil Hydroelectric Project	1.233	91
Pocosol - Arenal Study	180	96
RC 500 Study	151	11
Others	141	192
Total Group ICE	¢ 4.648	3.467

In 2012, SAVEGRE project incurred in expenses in the sum of ¢2,943 (¢3,077 in 2011), 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.

The Ayil project, through an agreement with the indigenous communities, enabled a three-year term to study the project. This agreement consists of performing the necessary studies for the access roads, which would imply the construction of several bridges, reason why expenses have greatly increased during these periods.

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Note 30. Supplementary Operating Expenses

Pursuant to the provisions contained in the Administrative Procurement Law Number 7497, ICE must supervise the projects built by third parties, and if reimbursement of these disbursements to ICE is uncertain, the costs relating to the supervision (during all stages) will be recognized in the results of the term, which are detailed as follows:

	For the period ended on September 30	
	2012	2011
<u>ICE:</u>		
Pirris Hydroelectric Project	¢ 1.153	832
Advance mobile services	285	796
Chuscas Hydroelectric Project	271	135
Torito Hydroelectric Project	245	68
Other	373	583
Total Group ICE	¢ 2.326	2.414

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Note 31. Other Products and Other Expenses

Other products and other expenses are detailed below:

Other products	For the period ended on September 30	
	2012	2011
<u>ICE:</u>		
Exchange fluctuations (2)	¢ 47.618	3.506
Construction services (1)	34.636	28.280
Interests and other financial products	18.467	8.303
Other products	17.034	14.286
Subtotal ICE	¢ 117.755	54.375
<u>CNFL:</u>		
Exchange fluctuations	1.536	920
Financial income	203	430
Other products	326	4.842
Subtotal CNFL	¢ 2.065	6.192
<u>RACSA:</u>		
Exchange fluctuations	719	(110)
Interests and other financial products	195	162
Other products	240	931
Subtotal RACSA	¢ 1.154	983
<u>CRICRSA:</u>		
Intereses y otros productos financieros	1	-
Subtotal CRICRSA	¢ 1	-
Total Group ICE	¢ 120.974	61.550

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Other expenses	For the period ended on September 30	
	2012	2011
<u>ICE:</u>		
Interests and other financial expenses	¢ 82.403	33.656
Contracts of civil and electromechanical works (1)	33.448	27.631
Exchange fluctuations (2)	11.686	7.534
Other expenses	2.890	3.109
Subtotal ICE	¢ 130.427	71.930
<u>CNFL:</u>		
Interests and other financial expenses	879	1.229
Exchange fluctuations	498	1.258
Other expenses	1.917	1.480
Subtotal CNFL	¢ 3.294	3.967
<u>RACSA:</u>		
Interests and other financial expenses	934	758
Other expenses	63	63
Subtotal RACSA	¢ 997	821
Total Group ICE	¢ 134.718	76.718

(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 in the Garabito Thermal Plant, Las Pailas Geothermal Project, and Toro III Hydroelectric Plant.

(2) As of September 30, 2012, an exchange rate of ¢503.31 (¢519.87 in 2011) for US\$1.00 was used to value the monetary assets and liabilities denominated in foreign currency.

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Note 32. Tax Regulations

Tax Obligations - ICE

ICE Group has tax obligations governed by the provisions contained in: Income Tax Law and its Regulations, General Sales Tax Law and its Regulations, General Customs Law and its Regulations, Law for Strengthening and Modernizing Public Entities in the Telecommunications Sector, and the General Telecommunications Law Number 8642.

Income Tax – ICE

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.”

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.

General Sales Tax

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

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

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

This contribution is determined through a sworn affidavit for one calendar year terms. The date for filing it is March 15th of every year, and the payment of said contribution is distributed in four equal payments, payable on the fifteenth day of March, June, September, and December of each year, after the close of the corresponding tax term.

The fee for this contribution is an annual fixed amount set by the Telecommunications Superintendence (SUTEL), and it is estimated as a percentage of the gross income earned or accrued directly from the operation of public telecommunications networks available to the public. The percentage established for this contribution range between 1.5% and 3%. In the event that the fee is not defined in a timely manner, the current fee for the immediately prior tax term will be applied. For the years 2012 and 2011, the fee was of 1.5.

Red Tax

Created through Conventional Law 8690, allocated for financing the Costa Rican Red Cross, "Creation of the Red Tax for Mobile Telephone Services."

This tax corresponds to 1% of the billing for telephone services exceeding five thousand colones, and it must not exceed five hundred colones per telephone line. It will be adjusted in January of every year, according to the inflation rate determined by Banco Central de Costa Rica.

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 Newspaper La Gaceta of September 22, 2011, which among other topics, adds section g) to article 40 – Financing to the Fire Department, which is created as a supplementary source of income for the operation and sustainable growth of the Fire Department of Costa Rica, as a tax equivalent to one point seventy five percent (1.75%) to the monthly electric bill paid by every client or direct consumer of electric energy.

Customs Duties

As set forth in the customs legislation, custom duties are comprised of custom duties and internal taxes, and they must be paid in full to legally import goods. The customs tax referred to as DAI is the Import Tariff Law. 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

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Sales Tax (13%), other specific taxes from IDA, IFAM, *Depósito Libre 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.

Corporate Tax (CRICRSA)

Through Law Number 9024, published in Official Newspaper La Gaceta of Tuesday, December 27, 2011, a corporate tax is created for all commercial corporations, as well as for any branch agencies of a foreign company or their representatives and individual limited liability companies registered on the January 1st of every year, or eventually registered with the National Registry.

Management, control and collection of this tax correspond to the Ministry of Justice and Peace, through the National Registry.

Such tax is paid annually, and the rate corresponds to 50% of a monthly base salary (base salary defined for special crimes in the Criminal Code, pursuant to article 2 of Law Number 7337 of May 5, 1993) for active corporations or 25% for inactive corporation.

The first annual payment imposed for this tax was made in April 2012, as said Law entered into force in April 1, and consequently, collection corresponded only to the nine proportional months for year 2012.

Therefore, CRICRSA, as an inactive corporation, paid the sum of ¢67,735 (sixty seven thousand seven hundred thirty five colones no cents) for this corporate tax in the year 2012.

Starting on the year 2013, the annual tax will be paid in January.

Other Obligations

ICE 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 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 55 and 59 of the Income Tax Law.

Electrical Agreement – CNFL

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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.

Note 33. Institutional Financial Risk Management

Risk Management Framework

El ICE Group is exposed to the following risks regarding the use of financial instruments: credit, liquidity and market.

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

This Committee approves the document referred to as the Investment Strategy and Management Limits to operate ICE's investment portfolio. 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 financial risk management at an institutional level". Said entity started operations on October 4, 2011, and it is developing the internal regulations and establishing tasks.

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. The Group's subsidiaries have

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designed and implemented a set of risk policies in order to minimize the possible adverse effects involving their financial performance.

Credit Risk:

Potential losses due to non payment from a client or counterpart in the operations performed by ICE.

As a way to mitigate this risk, control and follow up to risk ratings of investments granted by brokerage firms is implemented. For this risk, no collateral has been received as guarantee.

For CNFL, the credit risk is the possibility that the company fails to comply with the payment for capital and/or interests regarding A Series Standardized Bonds, resulting from external and internal factors of the Company, negatively affecting the cash flow, the operational results and the prospective profits.

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.
- 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.

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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 to banks and other external entities the information required.

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

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

It is important to mention that liquidity is guaranteed through the optimization of the payment cycle, using first no cost sources and short term credit lines (if necessary) and the payment policy to suppliers is 30 to 45 days, approximately, starting on the date of the event requiring payment and the presentation of due invoice. Also, payments are

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made once a week, following the institutional policy of paying through wire transfer. Payment orders are processed through the Institutional Payments System.

Regarding credit lines, they are used to cover work capital needs, with the upper limit set by the amounts offered by the bank. For amounts equal or higher than US\$20 million, they are approved by the Acquisitions Board and the 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; it is documented with a promissory note. They are used to cover discrepancies between the date income enters and obligations are paid, as well as to cover requirements regarding fuel purchases during the first months of the year, as a result of thermal generation or as a bridge in the event of a delay in the inflow of long term resources.

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. All hedging operations 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 results.

The following risks have been determined for financial operations: variations in the interest rate (domestic and foreign) and foreign currency exchange rate, for which 10 derivative financial instruments have been obtained: 3 to cover interest rate risk, which are a Swap, a Plain Vanilla and a Forward Starting; one to cover Japanese yen exchange rate to the US dollar, called Cross Currency Swap, and 6 to cover part of the colón/dollar exposure.

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The general characteristics of the market risk positions covered by the derivatives are presented as follows:

Detail	Tranche B	Tranche A	HSBC	YENS	Dollar/Colón 1 year	Dollar/Colón three years	Dollar/Colón seven years	Dollar/Colón 8 months	Dollar/colón one year	Dollar/Colón one year
Covered debt:	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project to increase capacity of submarine cables	JIBC-CR-P3	BCIE -1599	BCIE -1599	BCIE -1599	BEI - 1.6970	Placement A - ICE 13	INS Título N°1
Principal amount	\$180.000.000	\$163.875.000	\$14.000.000	¥6.827.513.166	\$30.000.000	\$40.000.000	\$40.000.000	\$10.000.000	\$20.000.000	\$20.000.000
Covered amount	N/A	N/A	N/A	N/A	€15.259.800.000	€20.132.000.000	€20.132.000.000	€5.060.200.000	€10.140.000.000	€10.096.000.000
Exchange rate	N/A	N/A	N/A	N/A	€508,66	€503,30	€503,30	€506,02	€507	€504,80
Date of contract	08/05/2008	27/01/2009	04/11/2010	17/02/2010	23/03/2012	29/03/2011	29/03/2011	20/04/2012	05/06/2012	16/06/2011
Beginning date of hedge or first payment	12/06/2008	14/01/2010	08/02/2011	20/10/2009	26/03/2012	28/07/2011	02/05/2011	19/12/2012	30/11/2012	20/07/2011
Expiration date of hedge	15/02/2018	14/07/2023	08/11/2015	20/04/2026	25/04/2013	28/01/2014	02/11/2017	19/12/2012	30/05/2013	20/07/2012
Term	10 years	15 years	5 years	17 years	1 year	3 years	7 years	8 months	1 year	1 year
Base rate	Libor 6 months	Libor 6 months	Libor 3 months	-	Libor 6 months	Libor 6 months	Libor 6 months	0,46%	0,38%	Libor 3 months
Spread above/below base rate	3,00%	3,63%	4,95%	2,20%	-	2.85 pb	2.95 pb	-	-	-
Fixed rate	4,37%	3,23%	5,90%	3,13%	10,07%	Basic rate	Basic rate +2,95 pb	10,30%	10,55%	8,42%
Fixed total rate	7,37%	6,86%	5,90%	5,33%	10,07%	Basic rate + 2.85 pb	Basic rate +2,95 pb	10,30%	10,55%	8,42%
Strategy	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge
Hedged risk	Interest rate	Interest rate	Interest rate	Exchange rate Yen/dollar	Exchange rate Dollar/Colón	Exchange rate Dollar/Colón	Exchange rate Dollar/Colón	Exchange rate Dollar/Colón	Exchange rate Dollar/Colón	Exchange rate Dollar/Colón
Type of hedge	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge	Fair Value Hedge Accounting	Cash Flow Hedge	Fair Value Hedge Accounting	Fair Value Hedge Accounting	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge
Hired instrument	Plain Vanilla Swap	Forward Starting	SWAP	Cross Currency Swap	Non Delivery	Non Deliverable Currency Swap	Non Deliverable Currency Swap	Non Delivery	Currency Swap	Non- Delivery Currency Swap

Source: Financial Risk Management Process

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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 group's 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. Yields over investment are monitored by Senior Management.

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

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

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

Index Debt - Capital	Up to September 30, 2012 2012	Up to December 31, 2011 2011
Group ICE		
Total liabilities	¢ 2.201.086	2.002.255
(-) Cash and equivalent to cash	(249.306)	(152.520)
Debt, net	1.951.780	1.849.735
Total patrimony	2.823.943	2.951.140
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(18.549)	(18.583)
Capital adjusted	2.842.492	2.969.723
Index debt Group ICE	0,687	0,624

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Exposure to Credit Risk

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

Value in books of financial assets		Up to September 30, 2012	Up to December 31, 2011
Group ICE			
Banks	¢	3.858	7.952
Transitory investments		246.555	140.060
Valuation of investments		293	1.323
Long term investments		20.750	20.271
Funds of restricted use		2.658	7.146
Documents and account payable		208.213	279.343
Total Group ICE	¢	482.328	456.095

The maximum credit risk exposure as of the date of the consolidated balance sheet by geographical region is the following:

By geographical region		Up to September 30, 2012	Up to December 31, 2011
National	¢	200.119	271.902
External		8.094	7.441
Total by geographical region	¢	208.213	279.343

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The maximum credit exposure by type of client as of the date of the consolidated balance sheet is the following:

By type of client		Up to September 30, 2012	Up to December 31, 2011
Private people	¢	117.138	99.931
Toro III (1)		9.807	55.941
Clients high, medium and low tension		22.476	65.583
Telephonic administrators		7.719	7.441
Distributing companies s		9.804	11.523
Government		11.570	10.708
Account receivable to subsidiaries		-	5.042
Selling of devices (terminals)		3.647	4.750
I.N.S. Indemnity of Cote Plant		2.012	4.146
Operators and suppliers of services		7.314	4.652
Public lighting system		440	884
Others		16.286	8.742
Total by type of client	¢	208.213	279.343

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

The risk ratings reported as of September 30, 2012 are shown as follows:

Issuer	ISIN	Instrument	Risk Rating
ICE			
Banco BAC San José, S.A.	0NR0ICE00245	Certificate of deposit (over the counter)	F1+ (cri)
Banco BAC San José, S.A.	CRBSJ00B1608	BSJ Bond	SCR AAA
Banco Central de Costa Rica	CRBCCR0B3207	Repurchase	-
Banco Central de Costa Rica	CRBCCR0B3330	Repurchase	-
Banco Central de Costa Rica	CRBCCR0B3371	Monetary stabilization bond (fixed rate)	-
Banco Central de Costa Rica	CRBCCR0B3371	Repurchase	-
Banco Central de Costa Rica	CRBCCR0B3496	Monetary stabilization bond (fixed rate)	-
Banco Central de Costa Rica	CRBCCR0B3538	Repurchase	-
Banco Central de Costa Rica	CRBCCR0C3792	Monetary stabilization bond (zero coupon)	-
Banco Central de Costa Rica	CRBCCR0C3917	Monetary stabilization bond (zero coupon)	-
Central American Bank for Economic Integration	CRBCE00C0165	Commercial paper	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C49F7	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C83E9	Repurchase	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C88F5	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Crédito Agrícola de Cartago	0NR0ICE00124	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco de Costa Rica	00BCR00CEP45	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco de Costa Rica	00BCR00CFQ68	Repurchase	F1+ (cri)
Banco de Costa Rica	00BCR00CFU13	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco de Costa Rica	00BCR00CFW45	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco de Costa Rica	00BCR00CGA65	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco de Costa Rica	00BCR00CGF60	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco de Costa Rica	0NR0ICE00193	Certificate of deposit (over the counter)	F1+ (cri)
Banco de Costa Rica	0NR0ICE00242	Certificate of deposit (over the counter)	F1+ (cri)
Banco de Costa Rica	CRBCR00B2760	BCR bond	AA (cri)+
Banco de Costa Rica	CRBCR00B3081	Commercial paper	F1+ (cri)+
Banco de Costa Rica	CRBCR00C3015	Commercial paper	F1+ (cri)
Banco de Costa Rica	CRBCR00C3049	Commercial paper	F1+ (cri)+
Banco de Costa Rica	CRBCR00C3106	Commercial paper	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	0NR0ICE00207	Certificate of deposit (over the counter)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	CRBANVIB0037	Banhvi bond	F1+ (cri)
Banco Internacional de C.R. -Miami-	0NR0ICE00046	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00051	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00052	Overnight CLIPP	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00247	Certificate of deposit (over the counter)	AA -
Banco Lafise	0NR0ICE00241	Certificate of deposit (over the counter)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C24J0	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C38J0	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C49I9	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C51H7	Repurchase	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C58I0	Repurchase	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C60I6	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C76I2	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C81H4	Certificate of deposit (<i>macro título</i>) (global bond)	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00182	Certificate of deposit (over the counter)	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00236	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00237	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00238	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00239	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00240	Certificate of deposit (over the counter)	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00243	Certificate of deposit (over the counter)	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00246	Certificate of deposit (over the counter)	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00248	Short term instrument	F1+ (cri)

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Issuer	ISIN	Instrument	Risk Rating
ICE			
Banco Nacional de Costa Rica	0NR0ICE00249	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00250	Short term instrument	F1+ (cri)
Banco Nacional de Costa Rica	0NR0ICE00251	Short term instrument	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CI733	Certificate of deposit (<i>macrotitulo</i>) (global bond)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CI816	Certificate of deposit (<i>macrotitulo</i>) (global bond)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CK036	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	0NR0ICE00141	Certificate of deposit (<i>over the counter</i>)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	0NR0ICE00166	Certificate of deposit (<i>over the counter</i>)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	0NR0ICE00194	Certificate of deposit (<i>over the counter</i>)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	CRBPDC0C6631	Commercial paper	F1+ (cri)
Banco Scotiabank de Costa Rica, S.A.	0NR0ICE00244	Certificate of deposit (<i>over the counter</i>)	F1+ (cri)
Compañía Nacional de Fuerza y Luz -CNFL-	CRCFLUZB0207	CNFL bond	AAA (cri)
GOVERNMENT	0NR0ICE00227	Title deed (macro), zero-coupon bond	-
GOVERNMENT	CRG0000B08G0	Repurchase	-
GOVERNMENT	CRG0000B45G2	Title deed	-
GOVERNMENT	CRG0000B55G1	Title deed	-
GOVERNMENT	CRG0000B60G1	Repurchase	-
GOVERNMENT	CRG0000B62G7	Repurchase	-
GOVERNMENT	CRG0000B62G7	Title deed	-
GOVERNMENT	CRG0000B82G5	Repurchase	-
GOVERNMENT	CRG0000C71G6	Title deed (macro), zero-coupon bond	-
GOVERNMENT	CRG0000C77G3	Title deed (macro), zero-coupon bond	-
GOVERNMENT	CRG0000C79G9	Title deed (macro), zero-coupon bond	-
GOVERNMENT	CRG0000C85G6	Title deed (macro), zero-coupon bond	-
GOVERNMENT	USP3699PAA59	External debt bond, Costa Rica	-
GOVERNMENT	USP3699PEM51	External debt bond Costa Rica	-
Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	CRMADAPB2277	MADAP bond	SCR AA +
Industria Nacional de Cemento	CRINC00B0126	INC (HOLCIM) bond	AAA (cri)
Junta Adm. de Servicios Electricos Cartago	CRJASEC00036	Private issue bond - JASEC -	-
Mutual de Ahorro y Préstamo	00MUCAPC3425	Mortgage share certificate	F1+ (cri)
Mutual de Ahorro y Préstamo	CRMUCAPB1383	Mortgage share certificate	F1+ (cri)
SAFI Banco de Costa Rica	BCRLlcFI	BCR short-term -Not diversified-	SCR AAF 2+
SAFI Banco de Costa Rica	BCRMXcFI	BCR MIXTO, short term, colones -Not diversified-	SCR AAF 3
SAFI Banco de Costa Rica	FI-000000022	BCR <i>Liquidez</i> , dollars -Not diversified-	SCR AAF 2 +
SAFI Banco de Costa Rica	FI-000000022	F.I BCR <i>Liquidez</i> , dollars	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	BNASUPER\$FI	F.I BN <i>Super Fondo</i> , dollars	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	BNASUPERcFI	BN <i>Superfondo</i> Colones -Not Diversified-	SCR AAF 2+
SAFI Banco Nacional de Costa Rica	FI-000000001	BN <i>Dinerfondo</i> Colones -Not Diversified-	SCR AAF 2+
SAFI Banco Nacional de Costa Rica		F.I BN <i>DinerFondo</i> Dollars	SCR AAF 2+
SAFI Banco Popular	FI-000000006	Popular Mercado de Dinero Colones -No Diversified-	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDILAS\$eFI	F.I INS ND <i>Liquidez Público</i> Dollars	SCR AAF 2
SAFI Instituto Nacional de Seguros	BANCREDILASCeFI	INS <i>Liquidez Público</i> Colones -Non diversified	SCR AAF 2
SAFI SCOTIABANK	ITFCPPU\$FI	Scotia <i>Público</i> Dollars -Non diversified	SCR AAF 2+
SAFI SCOTIABANK	ITFCPPUcFI	Scotia <i>Público</i> Colones -Non diversified	SCR AAF 3
SAFI SCOTIABANK	SAJCP\$FI	F.I Bac San José <i>Liquidez</i>	SCR AAF 2+
CNFL			
Bancrédito		Certificate of deposit	N/A
Government		Fixed-rate securities	N/A
Bancrédito		Certificate of deposit	N/A
Government		External debt bond US\$	N/A
CRICSA			
BN Sociedad de Fondos de Inversión, S.A.		Investment fund	SCR AAF 2+

Note: RACSA does not report investments.

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Exposure to Liquidity Risk

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

Liabilities	Value on Books	Expected Cash Flow	12 months or less	1-2 years	2-5 years	More than 5 years
Long Term Liabilities						
Title deeds payable	¢ 844.618	844.618	-	64.106	110.523	669.989
Documents payable	635.078	635.078	-	218.968	270.899	145.211
Accounts payable	53.855	53.855	-	27.221	26.634	
Total Long Term Liabilities	1.533.551	1.533.551	-	310.295	408.055	815.200
Circulating						
Title deeds payable	27.008	27.008	27.008	-	-	-
Documents payable	132.425	132.424	132.424	-	-	-
Accounts payable	120.074	120.074	120.074	-	-	-
Total Short Term Liabilities	279.507	279.506	279.506	-	-	-
Other Liabilities						
Accounts payable	2.419	2.419	2.419	-	-	-
Total Other Liabilities	2.419	2.419	2.419	-	-	-
Total Group ICE	¢ 1.815.477	1.815.476	281.926	310.295	408.055	815.200

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

Of ICE Group'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\$115,6 million, creditor BCIE 1599-P.H. Pirrís.
- Prepayment of loan OECF, BID 796 and Credit Suisse Electricidad, for the amount of US\$149,6 million, creditor BID 1931 Tranche A.
- Prepayment of loan OECF, BID 796 and Credit Suisse Electricidad, for the amount of US\$164,9 million, creditor BID 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.
- Construction of Pirrís Hydroelectric Plan, in the amount US\$177.1 million, creditor JBIC Pirrís
- Electric Development Program, 2008 – 2011, for the sum of US\$250 million, creditor CABEI 1908 (this loan is under disbursement period and up to September the amount of the balance is US\$108.2 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\$24.8 million, for CNFL's underground electric distribution network.
- Banco Kreditanstalt Fur Wiederaufbau (KFW) with a balance of US\$22 million, financing for CNFL's El Encanto Hydroelectric Project.
- Banco de Costa Rica, with a balance of US\$33 million, financing for Balsa Inferior Hydroelectric Plant.
- Crédito Deutsche Bank S.A.E, with a balance of US\$26 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\$81 millions, CNFL's Balsa Inferior Hydroelectric Project.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In millions of colones)

- ICE for US\$8 million, reconversion of liabilities.
- External debt, Control Electrónico S.A (CESA), for US\$8.7 million, extension of the JAVA architecture, open code solutions, RACSA.
- Financial lease, CSI for US\$ 7,8 million; information service platform, RACSA.
- Prival Bank S.A. for US\$ 4 million; link with STM-16 capacity, RACSA.
- BICSA for US\$2 million, working capital, RACSA.
- ICE for US\$800 million, for VSTAT equipment.
- ICE for US\$3.8 million, for financing of 2012 Guides.

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

The credit lines with financial institutions used for working capital, acquired during the 2012 third semester, are detailed below:

Global Characteristic of the Credit Line			Conditions of Disbursements Made									
Bank	Approved Amount of Credit Line	Purpose	Disbursement or Renewal Date	Disbursement or Renewal Amount	Currency	Interest Rate	Maturity Date	Renewal or Payoff Amount	Payoff Date	Renewal Date (Only Renewals)	Amount Owed	
Citibank	50	Working capital. Opening and refinancing of letters of credit	27/12/2011	20	US\$	Libor (1m) + 2.25% = 2.60645%	27/01/2012	20	-	27/01/2012	-	
			28/01/2012	20	US\$	Libor (3m) + 2.40% = 3.01360%	26/04/2012	20	-	26/04/2012	-	
			26/04/2012	20	US\$	Libor (2m) + 2.40% = 2.74675%	25/06/2012	20	-	25/06/2012	-	
			25/06/2012	20	US\$	Libor (1m) + 2.40% = 2.64525%	29/06/2012	20	29/06/2012	-	-	-
			05/07/2012	20	US\$	Libor (1m) + 2.50% = 2.78675%	20/07/2012	20	20/07/2012	-	-	-
			09/12/2011	5,000	Colones	Basic borrowing rate = 7.75% (Colones)	09/01/2012	5,000	09/01/2012	-	-	-
			10/01/2012	5,000	Colones	Basic borrowing rate + 1.75% = 9.75% (Colones)	09/05/2012	5,000	09/05/2012	-	-	-
			10/05/2012	5,000	Colones	Basic borrowing rate + 1.50% = 11.25% (Colones)	29/06/2012	5,000	29/06/2012	-	-	-
			08/12/2011	10	US\$	Libor (1m) + 1.48% = 1.75%	09/01/2012	10	-	09/01/2012	-	-
			10/01/2012	10	US\$	Libor (4m) + 1.8915% = 2.55%	09/05/2012	10	-	09/05/2012	-	-
Scotiabank	50	Opening and refinancing of letters of credit, working capital, issue of performance bonds	09/05/2012	10	US\$	Libor (2m) + 3.15428% = 3.50%	29/06/2012	10	29/06/2012	-	-	
			18/04/2012	3	US\$	Libor (6m) + 2.5676% = 3.30%	18/10/2012	-	-	-	2.5	
			05/07/2012	6	US\$	Libor (1m) + 2.4742% = 2.72%	20/07/2012	6	20/07/2012	-	-	
			05/07/2012	7	US\$	Libor (1m) + 2.4742% = 2.72%	20/07/2012	7	20/07/2012	-	-	
			05/07/2012	3,300	Colones	Basic borrowing rate + 0.25% = 10.00%	20/07/2012	3,300	20/07/2012	-	-	
			01/08/2012	15	US\$	Libor (1m) + 1.95480% = 2.20%	03/09/2012	15	-	03/09/2012	-	
			03/09/2012	15	US\$	Libor (1m) + 1.7695% = 2.00%	03/10/2012	-	-	-	15	
			07/08/2012	5	US\$	Libor (2m) + 1.79% = 2.14%	08/10/2012	-	-	-	5	
			13/08/2012	5	US\$	Libor (2m) + 1.77525% = 2.11%	27/09/2012	5	27/09/2012	-	-	
			BNP PARIBAS	30	Opening and refinancing of letters of credit and working capital	14/02/2012	10	US\$	Libor (6m) + 2.45% = 3.2081%	14/08/2012	10	14/08/2012
11/09/2011	6	US\$				Libor (6m) + 2.65% = 3.2866%	07/05/2012	6	07/05/2012	-	-	
08/05/2012	6	US\$				Libor (2m) + 2.25% = 2.59575%	06/07/2012	6	06/07/2012	-	-	
12/08/2011	10	US\$				Libor (1m) + 2.50% = 2.7741%	09/01/2012	10	09/01/2012	-	-	
10/01/2012	15	US\$				Libor (4m) + 2.65% = 3.31%	09/05/2012	15	09/05/2012	-	-	
BLADEX	65	Opening and refinancing of letters of credit and working capital	10/05/2012	15	US\$	Libor (2m) + 2.25% = 2.59575%	29/06/2012	15	29/06/2012	-	-	
			10/01/2012	15	US\$	Libor (4m) + 2.65% = 3.31%	09/05/2012	15	09/05/2012	-	-	
			10/05/2012	15	US\$	Libor (2m) + 2.25% = 2.59575%	09/07/2012	15	09/07/2012	-	-	
			14/02/2012	20	US\$	Libor (6m) + 2.45% = 3.2081%	14/08/2012	20	14/08/2012	-	-	
			27/02/2012	9	US\$	Libor (6m) + 2.45% = 3.2081%	24/08/2012	9	24/08/2012	-	-	
			04/09/2012	15	US\$	Libor (1m) + 1.50% = 1.7305%	04/10/2012	-	-	-	15	
			12/07/2011	3,300	Colones	Basic borrowing rate + 0.75% = 8.25% (Colones)	09/01/2012	3,300	-	10/01/2012	-	
Banco de San José (BAC)	10	Opening and refinancing of letters of credit, working capital, issue of performance bonds	10/01/2012	3,300	Colones	Basic Borrowing Rate + 1.70% = 9.70% (Colones)	09/05/2012	3,300	09/05/2012	-	-	
			10/05/2012	3,300	Colones	Fixed rate 11.25% (Colones)	29/06/2012	3,300	29/06/2012	-	-	
			29/11/2011	24	US\$	Fixed rate 3.00%	25/05/2012	24	-	25/05/2012	-	
Honk Kong Shanghai Bank Corp (HSBC)	60	Working capital and issue of performance bonds	25/05/2012	24	US\$	Fixed rate 3.35%	25/06/2012	24	25/06/2012	-	-	
			27/12/2011	5	US\$	Fixed rate 3.15%	23/03/2012	5	23/03/2012	-	-	
			23/03/2012	5	US\$	Fixed rate 2.70%	22/05/2012	5	22/05/2012	-	-	
			23/05/2012	5	US\$	Fixed rate 3.35%	25/06/2012	5	25/06/2012	-	-	
			08/05/2012	4	US\$	Fixed rate 3.25%	08/06/2012	4	08/06/2012	-	-	
			05/07/2012	9	US\$	Fixed rate 2.65%	20/07/2012	9	20/07/2012	-	-	
			07/12/2011	10	US\$	Libor (1m) + 1.50% = 1.7741%	09/01/2012	10	09/01/2012	-	-	
Global Bank	20	Working capital	10/01/2012	10	US\$	Libor (3m) + 2.50% = 3.0825%	09/04/2012	10	09/04/2012	-	-	
			19/04/2012	10	US\$	Libor (2m) + 2.75% = 3.09605%	18/06/2012	10	18/06/2012	-	-	
			05/07/2012	10	US\$	Libor (1m) + 2.50% = 2.74575%	20/07/2012	10	20/07/2012	-	-	
			21/11/2011	10	US\$	Libor (5m) + 1.20% = 1.81611%	19/04/2012	10	19/04/2012	-	-	
			28/11/2011	20	US\$	Libor (6m) + 1.25% = 1.9689%	25/05/2012	20	25/05/2012	-	-	
Mercantil Commerce Bank	30	Working capital, opening and financing of letters of credit	29/05/2012	20	US\$	Libor (1m) + 1.30% = 1.53875%	28/06/2012	20	28/06/2012	-	-	
			24/04/2012	10	US\$	Libor (3m) + 1.25% = 1.71565%	29/06/2012	10	29/06/2012	-	-	
			13/08/2012	30	US\$	Libor (2m) + 1.77525% = 2.11%	10/12/2012	30	26/09/2012	-	-	
			10/01/2012	5	US\$	Libor (4m) + 2.50% = 3.16%	09/05/2012	5	09/05/2012	-	-	
			10/05/2012	5	US\$	Fixed rate 3.16%	29/06/2012	5	29/06/2012	-	-	
Banco Aliado de Panamá	10	Working capital, opening and financing of letters of credit	14/02/2012	5	US\$	Libor (6m) + 2.45% = 3.2081%	29/06/2012	5	29/06/2012	-	-	
			05/07/2012	10	US\$	Libor (1m) + 1.75% = 1.99575%	20/07/2012	10	20/07/2012	-	-	
			23/08/2012	10	US\$	Libor (1m) + 1.75% = 1.9875%	24/09/2012	10	24/09/2012	-	-	

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(In millions of colones)

The following table shows the terms during which cash flows associated with the derivative financial instruments are produced:

In millions of colones	Book value	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cross Currency Swap							
Assets	₡ 1.435	14.664	1.065	969	1.835	4.636	6.159
Liabilities	-	-	-	-	-	-	-
Swap							
Assets	(67)	79	20	19	27	14	-
Liabilities	-	-	-	-	-	-	-
Forward Staring Swap							
Assets	-	-	-	-	-	-	-
Liabilities	(8.767)	8.405	1.028	955	1.848	3.584	992
Plain Vanilla Swap							
Assets	-	-	-	-	-	-	-
Liabilities	(9.392)	8.917	1.596	1.493	2.504	3.239	83
Cross Currency Swap 1 year							
Assets	-	-	-	-	-	-	-
Liabilities	(1.002)	1.480	742	738	-	-	-
Cross Currency Swap 3 years							
Assets	-	-	-	-	-	-	-
Liabilities	(925)	3.346	1.117	1.115	1.114	-	-
Cross Currency Swap 7 years							
Assets	-	-	-	-	-	-	-
Liabilities	(1.380)	11.729	1.206	1.053	2.105	6.313	1.052
Cross Currency Swap 8 months							
Assets	(304)	318	-	318	-	-	-
Liabilities	-	-	-	-	-	-	-
Cross Currency Swap 1 year Barclays							
Assets	513	1.032	510	522	-	-	-
Liabilities	-	-	-	-	-	-	-
Cross Currency Swap 1 year, quarterly							
Assets	-	-	-	-	-	-	-
Liabilities	(326)	946	490	455	-	-	-

(Continues)

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Exposure to Currency Risk

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

Assets	US\$ Dollars		Yens		EUROS		CHF		GBP	
	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011	September 2012	December 2011
ICE										
Material in transit for investment	178	202	220	561	94	77	0	1	-	-
Long term investments	2	3	-	-	-	-	-	-	-	-
Notes receivable	19	8	-	-	-	-	-	-	-	-
Banks and short term investments	299	124	-	-	-	-	-	-	-	-
Funds of restricted use	2	2	-	-	-	-	-	-	-	-
Accounts receivable from services provided	42	48	-	-	-	-	-	-	-	-
Accounts receivable, non-trade	23	5	-	-	-	-	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-	-	-	-	-
Material in transit for operation	2	30	0	0	-	-	0	-	-	-
Valuation of derivative financial instruments	4	11	-	-	-	-	-	-	-	-
Total assets in foreign currency - assets	570	434	220	561	94	77	0	1	-	-
CNFL										
Banks and short-term investments	13	18	-	-	-	-	-	-	-	-
Accounts and notes receivable	4	8	-	-	-	-	-	-	-	-
Guarantees of environmental obligations	1	1	-	-	-	-	-	-	-	-
Total assets in foreign currency CNFL	18	27	-	-	-	-	-	-	-	-
RACSA										
Banks and short-term investments	0	8	-	-	-	-	-	-	-	-
Accounts receivable	2	3	-	-	-	-	-	-	-	-
Total assets in foreign currency - RACSA	2	11	-	-	-	-	-	-	-	-
Total assets in foreign currency- ICE Group	591	472	220	561	94	77	0	1	-	-
Liabilities										
ICE										
Securities payable	1.204	776	-	-	-	1	-	-	-	-
Notes payable on the short and long term	1.103	1.188	13.820	14.324	0	-	-	-	0	-
Loan obligations	8	54	-	-	-	-	-	-	-	-
Security deposits	1	-	-	-	-	72	-	-	-	-
Accounts payable	90	125	74	353	86	-	0	1	-	-
Accumulated financial expenses payable	43	26	-	-	-	-	-	-	-	-
Deposits from individuals	2	2	-	-	-	-	-	-	-	-
Provisions	5	6	-	-	-	-	-	-	-	-
Valuation of derivative financial instruments	43	39	-	-	-	-	-	-	-	-
Total liabilities by currency	2.499	2.216	13.894	14.677	87	73	0	1	0	-
Excess of liabilities over assets	1.929	1.782	13.674	14.116	(8)	(4)	(0)	-	0	-
CNFL										
Notes payable on the short and long term	77	81	-	-	-	-	-	-	-	-
Total liabilities by currency	77	81	-	-	-	-	-	-	-	-
RACSA										
Notes payable on the short and long term	37	28	-	-	-	-	-	-	-	-
Security deposits	1	1	-	-	-	-	-	-	-	-
Accounts payable	9	16	-	-	-	-	-	-	-	1
Total liabilities by currency	46	45	-	-	-	-	-	-	-	1
Excess of liabilities over assets	44	34	-	-	-	-	-	-	-	1
Excess of liabilities over assets	59	54	-	-	-	-	-	-	-	-
Total liabilities in foreign currency - ICE Group	2.622	2.342	13.894	14.677	87	73	0	1	0	1
Excess of liabilities over assets	2.031	1.870	13.674	14.116	(8)	(4)	(0)	-	0	1

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The items in US \$ were updated to the currency exchange rate of colones versus dollars, which as of September 30, 2012, was set at ¢503.31 (December 2011, ¢518.33), respectively.

The main exchange rates used as of September 30, 2012 and December 31, 2011 are detailed below:

Name of currency	Exchange rate for US \$	
	Up to Sep 30, 2012	Up to Dec 31, 2011
Swedish crown	6,55	6,89
Sterling pound	1,61	1,55
Swiss franc	0,94	1,07
Euro	1,29	1,30
Colones	503,31	518,33
Japanese yen	77,82	76,91

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...”

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Sensitivity Analysis

The strengthening of the Costa Rican colón with regards to the currencies mentioned above as of September 30, 2012 has changed equity and results in the amounts shown below:

	Effect in results	
	Income (expense)	
	Up to September 30 2012	Up to December 31 2011
<u>ICE</u>		
Yen/COLÓN (10% strengthening)	(8.844)	(9.513)
EUROS/COLÓN (10% strengthening)	(537)	(311)
USD/COLÓN (10% strengthening)	97.068	92.366
Net effect - ICE	87.687	82.542
<u>CNFL</u>		
USD/COLÓN (10% strengthening)	2.953	2.761
Net effect - CNFL	2.953	2.761
<u>RACSA</u>		
USD/COLÓN (10% strengthening)	2.327	1.742
Net effect - RACSA	2.327	1.742
Net effect - GRUPO ICE	92.068	87.045

This analysis is based on a variation in the foreign currency exchange rate that ICE 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.

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	16
Short-term investments	10
Notes payable	17
Long-term investments	8
Notes receivable	9

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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 September 30, 2012, it was estimated that a general increase of one percentage point in the interest rates meant a variation, according to the following details:

	Effects in Results		Income
	(Expenses)		
	Up to	Up to December	
	September 30	31	
	2012	2011	
<u>ICE</u>			
Short-term investments (1 percent strengthening)	C 2.461		1.359
Long term financial investments (1 percent strengthening)	114		122
Notes receivable on the long term (1 percent strengthening)	24		25
Securities payable on the long term (1 percent strengthening)	(8.065)		(6.052)
Securities payable on the short term (1 percent strengthening)	(270)		-
Notes payable on the long term (1 percent strengthening)	(6.803)		(7.076)
Notes payable on the short term (1 percent strengthening)	(226)		(737)
Net effect - ICE	(12.765)		(12.359)
<u>CNFL</u>			
Short term investments (1 percent strengthening)	4		25
Securities payable (1 percent strengthening)	(416)		(300)
Notes payable on the long term (1 percent strengthening)	(532)		(395)
Net effect - CNFL	(944)		(670)
<u>RACSA</u>			
Short term investments (1 percent strengthening)	-		17
Notes payable on the long term (1 percent strengthening)	(114)		(181)
Net effect - RACSA	(114)		(164)
Net effect - ICE Group	(13.823)		(13.193)

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Note 34. ICE Group Operating Segments

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

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

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

The information for these segments is detailed below:

ICE Energy Segment

Consolidated Balance Sheet		Up to September 30 2012	Up to December 31 2011
Properties, machinery and equipment	¢	3.053.396	2.899.370
Investment and long term accounts receivable		317.492	324.876
Circulating assets		334.393	319.358
Other assets		273.832	250.201
Total assets		3.979.113	3.793.805
Long term liabilities		1.449.608	1.262.188
Short term liabilities		344.185	349.014
Other liabilities		134.112	124.028
Total liabilities		1.927.905	1.735.230
Patrimony		2.051.208	2.058.575
Total liabilities and patrimony	¢	3.979.113	3.793.805

(Continues)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD AND SUBSIDIARIES

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Consolidated statement of income and expend.	For the period ended	
	2012	2011
	on September 30	
Income of operation	¢ 626.884	611.294
Costs and expenses of operation	608.240	595.603
Surplus (Loss) of Operation	18.644	15.692
Other products	59.224	46.933
Other products for exchange fluctuations	42.910	3.400
Financial expenses	76.021	33.023
Other expenses	39.045	30.859
Other expenses for exchange fluctuations	9.106	8.170
Participation in profit of subsidiaries	(5.753)	(2.306)
Surplus before income tax	(9.148)	(8.332)
Deferred tax	(105)	73
Net Surplus (Loss)	¢ (9.252)	(8.259)

ICE Telecommunications Segment

Consolidated Balance Sheet	Up to	Up to
	September 30 2012	December 31 2011
Furniture, machinery and equipment	¢ 1.032.418	1.017.973
Investment and long term accounts receivable	74.235	86.303
Circulating assets	300.281	299.064
Other assets	140.830	129.669
Total assets	1.547.764	1.533.009
Long term liabilities	205.537	193.365
Short term liabilities	139.131	131.433
Other liabilities	98.191	90.002
Total liabilities	442.859	414.800
Patrimony	1.104.905	1.118.209
Total Liabilities and Patrimony	¢ 1.547.764	1.533.009

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Consolidated statement of income and expenses	For the period ended September 30	
	2012	2011
Income of operation	¢ 400.020	403.677
Costs and expenses of operation	410.044	366.805
Surplus (Loss) of Operation	(10.025)	36.873
Other products	16.886	12.094
Other products for exchange fluctuations	6.963	1.346
Financial expenses	8.901	4.866
Other expenses	101	188
Other expenses for exchange fluctuations	3.144	623
Participation in profit of subsidiaries	(7.869)	(7.245)
Surplus before income tax	(6.191)	39.806
Net Surplus (Loss)	¢ (6.191)	37.390

Eliminations between segments

Consolidated Balance Sheet	Up to	Up to
	September 30 2012	December 31 2011
Property, machinery and equipment	¢ (10.694)	(11.507)
Investments and long term accounts receivable	(368.586)	(388.365)
Circulating assets	(116.003)	(92.938)
Other assets	(6.565)	(5.609)
Total Assets	(501.848)	(498.419)
Long term liabilities	(59.409)	(60.735)
Short term liabilities	(110.270)	(87.036)
Other liabilities	1	(1)
Total liabilities	(169.679)	(147.772)
Patrimony	(332.170)	(350.647)
Total liabilities and patrimony	¢ (501.849)	(498.419)

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Consolidated statement of income and expenditures	For the period ended	
	on September 30	
	2012	2011
Income of operation	¢ (150.232)	(150.359)
Costs and expenditures of operation	(151.754)	(151.554)
Surplus (Loss) of Operation	1.521	1.196
Other products	(5.008)	(2.222)
Financial expenses	(706)	(413)
Other expenses	(829)	(597)
Other expenses for exchange fluctuations	(66)	(0)
Participation in profits of the subsidiaries	13.622	9.551
Surplus before income tax	11.737	9.534
Deferred tax	(0)	73
Minority interest (1.4%)	64	(59)
Net Surplus (Loss)	¢ 11.800	9.548

Balance sheet eliminations at consolidated level are due to the following:

- Elimination of ICE's long term investment corresponding to subsidiaries for ¢327,002.
- 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 ¢1,284.
- Interests receivable from RACSA and accounts payable to ICE for interests corresponding to the financing of V-SAT Platform ¢6.
- Elimination of account payable to RACSA for lease of areas in ICE's buildings throughout the entire country, for ¢2.395.
- Elimination of account payable to ICE and works in progress CNFL for rental of ICE buildings throughout the country for ¢.
- 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 ¢4,052.
- Elimination of account payable to and receivable from ICE-CNFL for telephone services for an amount of ¢371.
- Elimination for secured financing agreement for notes receivable from ICE-CNFL. ¢2,937.
- 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 ¢257.
- Elimination of accounts payable to and receivable from ICE-RACSA for mutual services between RACSA-ICE, for ¢186.

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- Elimination of account payable to and receivable from ICE-RACSA for renting physical space to ICE. ¢20.
- Elimination of the effect of energy sold by ICE to CNFL for ¢19,279.
- Elimination of security deposits of RACSA by ICE for ¢8.
- Elimination of notes receivable from and payable to ICE-CNFL for the payments originated for the settled loan of Moin III for ¢938 and elimination of financial expenses payable to and interests receivable from ICE-CNFL for settled loan of Moin III for ¢20.

The eliminations in the consolidated statement of income and expenses are due to the following:

- Elimination of the income and expenses accounts for energy sold by ICE to CNFL for ¢139,384.
- Elimination of the income and expense accounts for leasing electric poles and ducts to ICE Telecommunications by CNFL for ¢782.
- Elimination of income and expense accounts for telephone billing to CNFL for ¢148.
- Elimination of income and expense accounts for electric meter services to CNFL-ICE for ¢3,744.
- Elimination of income and expense accounts for mutual services between ICE-RACSA, cleaning service charge, ICE-RACSA, for ¢138.
- Elimination of income and expense accounts for telephone services, rentals, operation and maintenance of Back Haul and warehousing V-SAT for ¢1,152.
- Elimination of administrative income and expenses for rental of buildings, electricity, and cleaning- ICE-RACSA for ¢103.
- Elimination of operative income and expenses of commercial invoicing - RACSA-ICE for ¢19.
- Elimination of the donation for using Back Haul in RACSA, ICE's intangible assets, capital contribution to RACSA for ¢3,063, and amortization payment for ¢18.
- Elimination of the financial interests for V-SAT and Agreement for ¢90.
- Elimination of profit in ICE's invoices for Balsa Inferior project for ¢1,989.
- Elimination of purchase made by ICE of bonds placed in the market by CNFL for ¢400.
- Elimination of the investment made by ICE in the construction of Balsa Inferior project for ¢3513.
- Eliminating ICE's interest in the profit of the subsidiaries for ¢13,622.

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Note 35. Contingent Liabilities

I. A detail of current legal proceedings as of September 30, 2012 kept by ICE are presented below:

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	Up to September 30, 2012 Provision for Lawsuits	Up to December 31, 2012
Contingent Assets - Lawsuits filed by ICE:					
Expropriation	Electricity	Expropriation for the acquisition of a property needed for the Diquís Hydroelectric Project. Awaiting for ruling.	1.703	-	-
Expropriation	Electricity	Expropriation for the acquisition of property needed for the Reventazón Hydroelectric Project, proceeding vested in possession, awaiting for ruling.	800	-	-
Legal Collection	Electricity	Legal collection, outstanding bills. Notice of the suit was given.	717	-	-
Expropriation	Electricity	Expropriation for the acquisition of property necessary for the location of the future sub-station of Coyol de Alajuela. Awaiting for ruling.	716	-	-
Arbitration	Telecommunications	Collection of damages for breach of contract of Public Bid 6378. In the process of appointing Arbitration Tribunal	8.993	-	-
Injunction relief	Telecommunications	Injunctive relief request to keep the attachments prior to judgment to recover the amounts once the arbitration is resolved. Resolution pending from Chamber I for Competition Conflict.	5.147	-	-
Ordinary Contentious	Telecommunications	Service of process of bypass fraud lawsuit is pending.	7.665	-	-
Ordinary Contentious	Telecommunications	Notice of the suit is pending	9.000	-	-
Civil	Telecommunications	Suspended, waiting for resolution of proceeding 12-002154-1027-CA	500	-	-
Ordinary Contentious	Telecommunications	Notice of the suit was given to ARESEP - Radio Mensajes and the Ombudsman Office. Awaiting for a date for the preliminary hearing.	500	-	-
Legal Collection	Electricity	The Legal Collection area processes executory proceedings, in order to recover outstanding debts for electric services. ICE has 4701 proceedings as of June 30, 2012. The Institutional Legal Division estimates that 95% of rulings will be favorable and the remaining 5% unfavorable, due to different aspects regarding details of debt, statute of limitation, lack of documentation.	2.574	-	-
Expropriations (x)		As of June 30, 2012, there are 3996 legal proceedings for compulsory expropriation, in order to obtain possession rights and register the different real property required for the different works being developed. Such proceedings correspond to administrative appraisals that could not be administratively formalized, whether due to legal inconveniences or the non-acceptance of the appraisal.	8.687	-	-
Legal Collection	Telecommunications	The Legal Collection Area processes the executory proceedings in order to recover outstanding debts for telephone services. ICE has 11927 proceedings as of June 30, 2012. The Institutional Legal Division estimates that 95% of rulings will be favorable and the remaining 5% unfavorable, due to different matters regarding details of debt, statute of limitation, lack of documentation.	1.543	-	-
Total contingent assets			56.209	-	-

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	Up to September 30, 2012 Provision for Lawsuits	Up to December 31, 2012
<u>Contingent Liabilities - Lawsuits Filed Against ICE:</u>			Continued €	56.209	-
Ordinary	Energy	Lawsuit filed by Hidroenergía del General HDG, requesting a readjustment of the energy purchase price due to an economic imbalance of the agreement in the work construction stage.	1.966	-	-
Arbitration	Energy	The plaintiff intends to be reimbursed by ICE for penalizations for not complying with the delivery of energy plus damages, and consequently, it intends that the event that allegedly resulted in such noncompliance be considered a case of force majeure.	518	-	-
Ordinary Contentious	Energy	The plaintiff intends nullity of the National Convenience Decree, eviction of lands, as well as damages. Suspended for unconstitutionality against the Indigenous law.	€ 103.638	-	-
Ordinary	Energy	Damages are being charged to ICE for preventing the plaintiff from developing a productive activity due to alleged contamination. Waiting for conclusions.	5.857	-	2.191
Ordinary Contentious	Energy	The plaintiff intends that certain administrative acts are determined null and void by the Energy Management, as well as to force ICE to take this extra-cost topic to an arbitration proceeding, and as a subsidiary claim, the payment of damages is intended. Awaiting for trial.	4.096	-	-
Arbitration (Ad Hoc)	Energy	The plaintiff intends that ICE is found liable for an alleged sales-purchase agreement, to be paid the price agreed, plus damages for noncompliance, as well as civil liability and payment of Symons forming system. Preliminary hearing	3.784	-	-
Ordinary Contentious	Energy	For this case, there is a claim and counterclaim. ICE is claiming outstanding penalties and the counterpart intends that breach of contract is declared. First instance ruling partially in favor of the plaintiff. Second instance ruling partially revokes the first instance and admits ICE's lawsuit in most aspects except for one matter regarding price readjustment declared in favor of the plaintiff, but which the latter must uphold in furtherance of the ruling. The First Court confirmed the ruling in second instance in behalf of ICE. It is currently in the process of collecting evidence to file the enforcement of the judgment and payment of legal fees.	1.942	1.874	1.942
Ordinary	Energy	Damages and devaluation of properties due to an antenna from ICE are being alleged. Lawsuit is admitted. Waiting for a motion for appeal filed by ICE to be resolved.	1.826	-	525
Ordinary	Energy	The plaintiff sues ICE for the effects of a modification in rates of the Energy Sector. Under preliminary hearing stage.	1.326	1.326	1.326
Enforcement of Judgment	Energy	Enforcement of rulings of court. Payment of principal and costs is made in November 2011. An appeal was filed for the approval of the payment of the corresponding interests.	-	-	260
Ordinary Contentious	Energy	Three official communications from Procurement were contested in an administrative penalty proceeding. The ruling is favorable to ICE; the plaintiff filed an appeal.	801	-	-
Ordinary Contentious	Energy	The plaintiff intends recognition of a price readjustment. Awaiting for preliminary hearing.	728	-	-
Ordinary	Energy	The plaintiff intends ICE to pay indemnification for failed parallel generation project, which was dismissed in second instance, and for this reason the plaintiff filed an appeal for reversal.	518	502	518
Ordinary	Energy	The plaintiff intends to be recognized damages caused by ICE for execution of purchase-sale energy agreement, first and second instance rulings in favor of the plaintiff. Awaiting for ruling.	500	500	250
Ordinary	Energy	Annulment of administrative actions and payment of damages proven in enforcement of ruling for demobilization of a bulldozer in the Miravalles Project. The appeal filed by the plaintiff was dismissed in May 2011. Awaiting for plaintiff to start enforcement of ruling.	500	500	500
Sub-total - Continues			€	184.209	4.701
				7.512	

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Proceeding	Sector	Nature and Current Status	Estimated Amount of the Lawsuit	Up to September 30, 2012 Provision for Lawsuits	Up to December 31, 2011
Ordinary	Telecommunications	The plaintiff requests to be indemnified by ICE due to the contractual resolution by administrative route. It is under preliminary hearing.	Continued ¢ 184.209	4.701	7.512
Ordinary Contentious	Energy	Lawsuit dismissed in most of its contents, according to resolution of May 2011; an appeal was filed, and a resolution is being awaited.	12.941	-	-
Ordinary	Telecommunications	The plaintiff requests to be indemnified from an ICE's contractor for alleged losses caused to the company for breach of contract between ICE and the contractor. It is under preliminary hearing stage.	500	-	-
Ordinary	Telecommunications	The plaintiff requests to be indemnified from an ICE's contractor for alleged losses caused to the company for breach of contract between ICE and the contractor. It is under preliminary hearing stage.	33.297	-	-
Ordinary	Telecommunications	It seeks that that clause that allowed ICE to charge fines for breach of contract is declared abusive. Awaiting for judgment of court of first instance.	5.431	-	-
Ordinary Contentious	Telecommunications	Claims for alleged disturbing acts at their property. Summons to answer lawsuit.	4.222	-	-
Injunction	Energy	Claims for alleged disturbing acts at their property. Summons to answer lawsuit.	500	-	-
Injunction	Energy	Claims for alleged disturbing acts at their property. Summons to answer lawsuit.	500	-	-
Ordinary Contentious	Telecommunications	Lawsuit was dismissed through ruling of 2011, appeal from 1/27/2012.	2.200	-	-
Ordinary	Telecommunications (a)	It corresponds to an ordinary proceeding from the Legal Division - Contentious Court, for the annulment of administrative cases through which ICE enforced collection of three penalties for breach of contract. Enforcement of ruling is pending.	266	-	266
Ordinary	Telecommunications	The ruling upheld the lawsuit, and ICE was ordered to pay damages. As of today, the plaintiff has not enforced the ruling, inestimable value	565	407	250
Punitive administrative	Energy - Telecommunications	In 2005, assessment notices were notified for the terms of September 1999 to December 2000, both inclusively, corresponding to the withholding at source tax (for surplus, salaries, and remittances abroad) for ¢ 338, plus interests and fines, and general sales tax for ¢1.251, plus interests and penalties. Likewise, in 2006, for the periods of January 2001 to December 2003, both inclusively, assessment notices corresponding to withholding tax at the source were notified (for surplus, salaries, and remittances abroad) for ¢ 6.308, plus interests and penalties, and general sales tax for ¢ 4.136, plus interests and penalties. By the end of 2007, it was paid, under protests, the total amount of the tax determined for said assessment notices, periods: 1999-2000 and 2001-2003, for ¢ 12 033.8 million. Currently, the case is under appeal. The balance of the provision as of December 31, 2011/2010 is ¢ 535 million for the Energy Sector, balance for interests for the 1999-2000 , 2001-2003 periods is ¢ 14 018 million and penalties for ¢ 2 374.0, for a total of assessment notices in 1999-2000 and 2001-2003 amounting to ¢ 28 426.2 million.	14.018	535	535
Punitive administrative	Energy - Telecommunications	On September 17, 2009, ICE is informed of an assessment notice regarding the 2007 term, in the general sales tax, and which as of today is under controversy. The balance of the provision as of December 31, 2010, corresponding to interest and penalties, is ¢ 404.3 for interests and ¢ 220.8 for penalties, plus the estimated amount of the lawsuit indicated by the Institutional Legal Division for ¢ 883.1, and an appeal was filed against the Tax Administration ruling, the registration of interest for the 2011 period amounting to ¢128.2 million, registration of interests as of June 2012 for ¢ 54 million.	1.690	807	753
Ordinary	Real Property Administration Office (b)	It is requested that ICE is found guilty of taking over without having a right to of a property in Tamarindo. ICE was ordered to pay to them. It is currently being enforced.	578	-	578
Ordinary	Energy (b)	Expropriation of lands for the construction of reservoir for the protection of the Arenal Hydroelectric Project. The defendant disposed of the properties for his own purposes, taking advantage of an error in the registration of the property regarding an annotation on the expropriation of the properties. ICE had paid the corresponding amount, inestimable amount	500	-	500
Total contingent assets and liabilities -ICE (see note 26)			¢ 261.417	6.450	10.394

(Continues)

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Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	Up to September 30 2012 Provision for Lawsuits	Up to December 31, 2011
<u>Contingent Assets - Lawsuits Filed by RACSA:</u>					
Ordinary	RACSA	The claims of the appellant consist of charging a sum for an alleged damage that RACSA caused. It was dismissed. No encumbrances.	€ 3.312	-	113
Arbitration	RACSA	The plaintiff requests payment of the higher cost of the paper provided for printing the ICE phonebook, and which unbalanced the financial equation of the contract. Awaiting for arbitration award.	19	-	19
Ordinary	RACSA	Awaiting for judgment of court of first instance	78	-	-
Ordinary	RACSA	Appeal for reversal	30	-	-
Ordinary Labor	RACSA	Period allowed for producing evidence	10	-	-
Ordinary	RACSA	Preliminary hearing	7	-	-
Public employment	RACSA	Injunctive relief stage	5	-	-
Subtotal - RACSA			<u>3.460</u>	<u>-</u>	<u>132</u>
<u>Administrative Claims against RACSA:</u>					
Ministry of Financing		Sales tax collection, 2008	2.422	-	-
Ministry of Financing		Imposed penalties due to previous proceeding (2008)	605	-	-
Ministry of Financing		Sales tax collection, 2009-2010	4.764	-	-
Ministry of Financing		Imposed penalties due to previous proceeding (2009-2010)	1.191	-	-
SUTEL		Radio electric Spectrum Reserve Tax, 2012	112.619	-	-
Subtotal - RACSA			<u>121.601</u>	<u>-</u>	<u>-</u>
Total contingent assets-RACSA			€ 125.061	-	132

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The provision for lawsuits of CNFL is presented below. These are registered in the Accumulated Expenses account:

Proceeding	Sector	Nature and current status	Estimated Amount of the Lawsuit	Up to September 30 2012	Up to December 31 2011
			Provision for Lawsuits		
<u>Contingent Assets - Lawsuits Filed by CNFL:</u>					
	CNFL	Lawsuit against insurance company to recover the sum invested in fixing damages caused by the landslide, and which were not covered by the policy. The insurance company deposited in court 78% of the total amount requested, registering it as account receivable. In second instance, it was resolved favorably. The lawsuit against INS amounts to € 4,485 million (\$ 8 million). In March 2012, INS deposited a partial sum of € 2,054 million (\$ 4 million).	€ 4.485	2.012	4.145
Total contingent assets - subsidiaries			€ 4.485	2.012	4.145
<u>Contingent liabilities - lawsuits filed by CNFL:</u>					
Ordinary	CNFL	Lawsuit filed against Compañía Nacional de Fuerza y Luz S.A. by minority shareholders for donation of a lot to Fundación Consejo de la Tierra los Hermanos, S.A., which was authorized by the Legislative Assembly. As of December 31, 2010, no ruling or settlement has been	€ 1.586	-	-
Ordinary	CNFL	La Compañía Nacional de Fuerza y Luz S.A. filed a special payment arrangement due to an indemnification for flood around Lago Cote, for a hydroelectric project, and the plaintiff does not agree with the established sum. (Rufea S.A.) In June 2012, the sum of € 230 million was paid. The sum of € 199 million is being provisioned for costs and interests.	199	199	-
Ordinary	CNFL	Rejection by Compañía Nacional de Fuerza y Luz S.A. for claim due to implementation of the agreement for construction, design, setup, and operation of a hydroelectric plant (Consortio Hydrocote S.A.)	1.540	126	-
Ordinary	CNFL	A proceeding begins by Compañía Nacional de Fuerza y Luz S.A. to collect from a third party fines in the implementation of the Electric Underground Project for the city of San José and for delays in review and approval of engineering. (Instalaciones Inabensa S.A.)	4.842	-	-
Ordinary	CNFL	CNFL filed a claim against a third party to collect 15 claims and fine refunds, filed during the underground electrification project of San Jose. No ruling or settlement has been made (Instalaciones Inabensa S.A.)	5.134	-	-
Ordinary	CNFL	The plaintiff requests to extend the implementation term, to declare null some actions of Compañía Nacional de Fuerza y Luz S.A., to nullify penalty withholdings, and to return such money plus the interests of law. No ruling or settlement has been made. (Ghella Spa Costa Rica)	362	-	-
Ordinary	CNFL	The objective of such lawsuit is to declare null the limitations imposed in Addendum No. 01 of the agreement for designing, building, equipping, setting up in operation a hydroelectric project and its exhibits to recognize price readjustment; thus, Compañía Nacional de Fuerza y Luz S.A. must pay the plaintiff for such readjustments (Ghella Spa Costa Rica).	18.489	-	-
Ordinary	CNFL	The plaintiff filed injunction relief against Compañía Nacional de Fuerza y Luz S.A. for having enforced the performance bond and collected penalties. Likewise, he filed formal lawsuit collecting consequential damages, loss profits, and loss of opportunity. (Grupo	6.955	-	-
Ordinary	CNFL	Lawsuit filed for extra-contractual civil liability for damages (Ortiz Mondragón César)	275	116	-
Subtotal-CNFL			€ 39.382	442	-
			€ 39.382	442	-

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Note 36. General Telecommunications Law

The General Telecommunications Law Number 8642 was published in Official Newspaper 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 object of this Law is to establish the scope and regulation mechanisms for telecommunications, including the use and exploitation of networks and rendering of telecommunication services, as well as to:

- Guarantee the right of the inhabitants to access telecommunications services.
- 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.
- 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.
- Encourage investment in the telecommunications sector.
- Try for the country to obtain the maximum benefits regarding technological progress and convergence.
- Obtain similar telecommunications development indexes to developed countries.

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This law indicates that concessions will be granted for the use and exploitation of the radio electric spectrum frequencies, which are used as a public asset, as required for the operation and exploitation of telecommunications networks. Said concessions will enable the holder for the operation and exploitation of the network.

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 telephone services cannot be granted. For this process, the winning bids were presented by Claro CR Telecomunicaciones, in the amount of US\$75 million for a 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, and 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 and 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.

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- Guideline 1686-SUTEL, issued on July 21, 2011, includes the decision taken in SUTEL' Agreement Number 001-050-2011, regarding the temporary suspension of collection of the Regulation Tax, starting on the month of July, 2011, while an analysis and review of the Regulation Tax and budget for the 2011 term is conducted. Hence, ICE Group only issued payments for this tax during the months of January to June of the year 2011. The amount paid during the 2012 term totaled ¢330 (¢1,896 during 2011).
- 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 its collection is aimed towards financing the activities that SUTEL must develop.
- 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, pursuant to the parameters. The term for filing the tax return and paying the corresponding tax is two months and fifteen days after yearend.

Note 37. 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 Newspaper La Gaceta on August 13th of the year 2008, creating 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.

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,

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who will create the National Telecommunications Plan, along with the President of the Republic.

- Streamline and expand the mechanisms and procedures concerning public procurement for ICE and its companies.
- Guarantee and ensure the administrative and financial autonomy of ICE and its companies.
- Guarantee accountability and evaluation of results by ICE and its companies.

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

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

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

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

ICE is entitled to negotiate, contract and enforce, autonomously, medium and long term internal and external debt up to an indebtedness level of 45% with regards to its total assets. 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.

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

Note 38. Water Law

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

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

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

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

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

Concessions for exploitation of public water for the development of hydraulic and hydroelectric sources for public and private services will be governed by the provisions contained in the Water Law Number 276, as well as in the National Energy Service Law Number 258 of August 18th of the year 1941, which mainly states that the Government shall be responsible for exercising domain and will exploit, use, administer and oversee, as the case may be, all water and all public domain hydraulic and hydroelectric sources, pursuant to the preceding definition.

Also, according to the provisions contained in Law Number 258, concessions and exploitation rights for water and sources derived therein, as well as for energy development, transmission, transformation and distribution included in the Law, may only be obtained conditionally and for a limited time which shall not exceed twenty five (25) years.

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Note 39. Taxes

Year 2012

Water Tax:

This tax corresponds to the water used for hydraulic and thermal energy generation.

The amount paid for this tax to MINAET as of September 30, 2012 amounts to ¢836 and ¢874 as of September 30, 2011.

Quality Program Tax:

The payment of this tax was approved in the Official Newspaper La Gaceta Number 175 of September 8, 2009, and payment must be issued to the Public Services Regulatory Entity (ARESEP). , Currently, based on the provisions contained in article 82 of Law Number 7593 and its guideline 1463 of February 12th, 2010, Official Communication N°6990 of dated July 29th of the year 2011 states that the tax to be charged for the concept of general regulation to regulated entities for ICE corresponds to the amount of ¢518.9.

With the approval of the taxes for the 2012 term, at a regulatory level, the General Comptroller of the Republic, according to Official Communication DFOE-EC-0345 (6990) of July 29th of the year 2011 and pursuant to the provisions contained in article 82 of Law Number 7593, amended by Law 8660 published in Official Newspaper La Gaceta Number 156 of August 13th of the year 2008, informed us the amount to be paid for the tax for the 2012 term.

Published in La Gaceta N°188 from September 30, 2011, it was informed by ARESEP that ICE has a balance in favor regarding the quality tax, amounting to ¢32; thus the regular tax is reduced in this amount.

Regulation Tax:

It is the payment issued by the Instituto Costarricense de Electricidad to the Public Services Regulating Entity (ARESEP) for supervision of the quality received by the consumers and the regulation services rendered for the Generation, Transmission, Distribution and Public Lighting Systems.

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Note 40. Subsequent Events

i) Works in Progress: Social Compensation Mitigation

Reventazón Hydroelectric Project: On July 28, 2012, a hydrometeorological event occurred, which severely affected the medial basin of the Reventazón River, Limón – Costa Rica.

Severe rain for that date caused an increase in the river's flow, which damaged the dam, affecting the powerhouse, access roads, electric lines, provisional facilities and minor equipment, resulting in delays in the progress of the works, which are in the construction phase.

Currently, the institution is performing the assessment of the damage caused by this phenomenon to determine the non capitalized mitigation and compensation expenses affecting the results for the term.

ii) Donation

Bagaces Solar Plant, Guanacaste: On November 22, 2012, the Instituto Costarricense de Electricidad (ICE) opened the first solar plant in Central America, which is located in La Fortuna de Bagaces, in the province of Guanacaste, Costa Rica. It is known as Miravalles Solar Park, and it was financed with donation of approximately US\$10 million granted by the Japanese Government. It can generate 1.2 GWh annually, which is equivalent to the electric energy consumption of about 600 homes.

iii) Approval and Recognition of Fuel Consumption for the I semester of 2012

Through Resolution 977-RCR-2012 of November 13, 2012, ARESEP recognizes the fuel expense consumption for the first semester of 2012 for the sum of ¢19,225. We estimated that application for 2012 is ¢3,845 and ¢15,580 for 2013.

It is important to note that the totality of fuel used for geothermal generation for the first semester of 2012 was approved, as well as the importation of energy as a substitute of thermal generation.

The following average increases in rates were also approved: 7.59% in generation, 4.45% in distribution, and 3.94% in public lightning, which apply for consumption that originate as of their publication. Resolution 977-RCR-2012 of November 13, 2012, published "Alcance" N° 178 of La Gaceta N°219.