



CONSOLIDATED FINANCIAL STATEMENTS
Instituto Costarricense de Electricidad
and Subsidiaries



ICE GROUP
ICE
CNFL
RACSA
CRICSA
Cable Visión

A UFWX 201(
Financial Management



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

Consolidated Balance Sheet
(In millions of colones)

As of March 31, 2014 and December 31, 2013

<u>Assets</u>	<u>2014</u> (Without audit)	<u>2013</u> (Audit)
Property, machinery and equipment:		
Operating assets - cost	¢ 3,163,541	3,132,312
Accumulated depreciation of operating assets - cost	(1,131,297)	(1,082,754)
Operating assets - revalued	2,527,265	2,528,062
Accumulated depreciation of operating assets - revalued	(1,498,338)	(1,481,425)
Other operating assets - cost	418,714	417,691
Accumulated depreciation of other operating assets - cost	(260,078)	(249,540)
Other operating assets - revalued	101,678	101,816
Accumulated depreciation of other operating assets - revalued	(67,810)	(66,694)
Other operating assets under finance leases - cost	27,610	27,610
Accumulated depreciation of other operating assets under finance leases - cost	(2,314)	(2,159)
Other operating assets under finance leases - revalued	3,235	3,235
Accumulated depreciation of other operating assets under finance leases - revalued	(201)	(182)
Construction work in progress	828,618	763,538
Materials in transit for investment	113,403	117,705
Inventory for investment	127,974	138,045
Total property, machinery and equipment, net	4,352,000	4,347,260
Long-term assets:		
Long-term investments	50,847	47,727
Notes receivable	7,292	7,108
Accounts receivable	2	2
Total long-term assets	58,141	54,837
Current assets:		
Banks	10,809	10,126
Temporary investments	263,095	133,782
Valuation of investments	(131)	20
Restricted funds	1,342	5,406
Receivables for services rendered	138,798	128,039
Non-trade receivables	40,111	57,436
Allowance for doubtful accounts	(30,572)	(32,917)
Institutional receivables	467	614
Notes receivable	2,212	2,131
Operating inventory	46,087	39,495
Allowance for valuation of inventory	(5,810)	(10,956)
Materials and equipment held in custody	5,903	2,893
Materials in transit for operations	26,207	19,357
Prepaid expenses	70,565	76,017
Total current assets	569,083	431,443
Other assets:		
Non-operating assets - cost	34,676	33,567
Accumulated depreciation of non-operating assets - cost	(1,311)	(1,238)
Non-operating assets - revalued	18,274	18,280
Accumulated depreciation of non-operating assets - revalued	(7,894)	(7,853)
Service agreements	435	91,584
Project design and execution	100,673	98,550
Technical service centers	7,034	170
Amortizable items	9,527	9,346
Absorption of amortizable items	(4,566)	(4,339)
Intangible assets	114,205	113,238
Absorption of intangible assets	(55,701)	(53,203)
Securities received as guaranty deposits	6,532	6,494
Valuation of financial instruments	5,228	
Guarantee and Savings Fund (restricted fund)	190,979	186,364
Transfer to Guarantee and Savings Fund	1,854	1,241
Operating inventory	27,290	34,764
Total other assets	447,235	526,965
	¢ 5,426,459	5,360,505

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

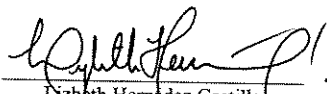
INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES
(San José, Costa Rica)

Consolidated Balance Sheet
(In millions of colones)

As of March 31, 2014 and December 31, 2013

<u>Liabilities and Equity</u>	<u>2014</u> (Without audit)	<u>2013</u> (Audit)
Long-term liabilities:		
Securities payable	c 1,118,305	1,036,692
Loans payable	683,983	622,199
Obligations derived from credit	169	262
Security deposits	57,430	56,716
Accounts payable	27,777	27,168
Prepaid income	4,724	4,800
Total long-term liabilities	<u>1,892,388</u>	<u>1,747,837</u>
Short-term liabilities:		
Securities payable		30,148
Loans payable	197,811	182,116
Accounts payable	145,243	142,136
Accrued finance expenses payable	30,622	19,750
Prepaid income	78,402	8,024
Deposits from private individuals or companies	3,911	3,884
Legal provisions	1,000	1,000
Accrued expenses for employer obligations	27,366	37,475
Total short-term liabilities	<u>484,355</u>	<u>424,533</u>
Other liabilities:		
Valuation of financial instruments	15,930	21,099
Accounts payable	2,852	2,685
Legal provisions	44,350	42,031
Guarantee and Savings Fund (restricted fund)	190,979	186,364
Total other liabilities	<u>254,111</u>	<u>252,179</u>
Equity:		
Paid-in capital	156	156
Development reserve	1,710,262	1,683,952
Asset revaluation reserve	1,090,416	1,092,893
Result of valuation of financial instruments	(4,604)	(10,944)
Legal reserve	9,291	9,291
Project development reserve	71	71
Forest development reserve	926	906
Restricted earnings from capitalization of stake in subsidiary	62,380	62,380
Retained earnings	85,210	92,459
Minority interest	4,685	4,792
Total excess of income over expenses	(163,188)	-
Total equity and minority interest	<u>2,795,605</u>	<u>2,935,956</u>
	<u>c 5,426,459</u>	<u>5,360,505</u>
Memoranda accounts	<u>c 359,833</u>	<u>327,755</u>

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


Elizabeth Hernández Castillo
Budget and Accounting Director

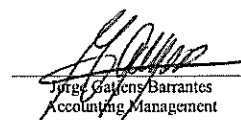

Jorge Gattjens Barrantes
Accounting Management

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

	Paid-in capital	Asset revaluation reserve	Result of valuation of financial instruments	Development reserve	Legal reserve	Project development reserve	Forest development reserve	Restricted earnings from capitalization of stake in subsidiaries	Retained earnings	Minority interest	Equity, net
Balance at December 31, 2013, previously reported	156	1,092,893	(10,944)	1,683,952	9,291	71	906	62,380	92,459	4,792	2,935,956
OPGW elimination between Sectors	-	-	-	27	-	-	-	-	-	-	27
Elimination effect of prior periods institutional services	-	-	-	3,926	-	-	-	-	-	-	3,926
Prior period adjustments	-	-	-	119	-	-	-	-	512	-	631
Effect of appropriation to and realization of forest development	-	-	-	-	-	-	20	-	(0)	-	20
Profit before tax and minority interest	-	-	-	(163,188)	-	-	-	-	(10,709)	-	(173,897)
External audit adjustments to be accounted	-	(395)	-	22,238	-	-	-	-	808	-	22,650
Realization of asset revaluation reserve	-	(2,033)	-	-	-	-	-	-	2,033	-	-
Result of valuation of financial instruments:											
<i>Derivative financial instruments</i>	-	-	6,491	-	-	-	-	-	-	-	6,491
<i>Inversiones</i>	-	-	(151)	-	-	-	-	-	-	-	(151)
Assets retirement during the period	-	(78)	-	-	-	-	-	-	30	-	(48)
Appropriation to minority interest	-	29	-	-	-	-	-	-	78	(107)	-
Balance at March 31, 2014	156	1,090,416	(4,604)	1,547,074	9,291	71	926	62,380	85,210	4,685	2,795,605

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


 Lizabeth Hernández Castillo
 Budget and Accounting Director


 Jorge Galvens Barrantes
 Accounting Management

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


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


For the periods ended as of March 31, 2014 and 2013

	<u>2014</u> (Without audit)	<u>2013</u> (Without audit) (Restated)*
Operating revenues:		
Electricity services	€ 183,728	191,646
Telecom services	136,237	126,350
Institutional services	87	528
Total operating revenues	<u>320,052</u>	<u>318,524</u>
Operating costs:		
Operation and maintenance	73,870	68,877
Operation and maintenance of leased equipment	47,358	50,315
Depreciation of operating assets	65,875	60,833
Supplemental services and purchases	41,354	37,421
Production management	15,193	18,601
Total operating costs	<u>265,623</u>	<u>243,830</u>
Gross profit	<u>54,429</u>	<u>74,694</u>
Operating expenses:		
Administrative	19,304	19,049
Marketing	50,879	50,166
Preliminary studies	4,567	5,628
Preinvestment studies	1,160	954
Other operating expenses	417	693
Total operating expenses	<u>76,327</u>	<u>76,490</u>
Operating profit (deficit)	<u>(21,898)</u>	<u>(1,796)</u>
Other income:		
Finance income	7,346	4,356
Foreign exchange differences	22,488	35,692
Other income	188,552	6,746
Total other income	<u>218,386</u>	<u>46,794</u>
Other expenses:		
Interest	19,278	21,627
Commissions	1,085	4,786
Foreign exchange differences	170,110	5,710
Other expenses	179,912	4,323
Total other expenses	<u>370,385</u>	<u>36,446</u>
Profit before tax and minority interest	<u>(173,897)</u>	<u>8,552</u>
Tax and minority interest:		
Minority interest	106	13
Profit net	€ <u>(173,791)</u>	<u>8,565</u>

* See note 26.

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


Lizbeth Hernández Castillo
Budget and Accounting Director


Jorge Gaffetas Barrantes
Accounting Management

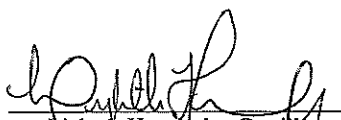
INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES
(San José, Costa Rica)


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

	<u>2014</u>	<u>2013</u>
	<u>(Without audit)</u>	<u>(Without audit)</u> <i>restated*</i>
Sources (uses) of cash:		
Operating activities:		
Deficit (profit), net	¢ (173,791)	8,565
Items not requiring (providing) cash:		
Depreciation	75,987	73,160
Legal provisions	3,053	2,598
Bonus	5,633	4,938
School salary	4,571	4,585
Accumulated vacations	5,407	3,920
Allowance for doubtful accounts	1,002	884
Allowance for valuation of inventory	2	17
Asset retirement expense	284	494
Absorption of amortizable and intangible items	3,129	3,286
Foreign exchange differences	151,948	(30,625)
Valuation of financial instruments	(4,057)	3,765
Cash provided by operations	246,959	67,022
Cash provided by (used for) changes in:		
Notes and accounts receivable	17,194	(22,755)
Operating inventory	(16,646)	(2,357)
Other assets	100,166	17,719
Accounts payable	4,967	8,049
Security deposits	714	1,341
Other liabilities	54,268	(18,729)
Cash provided by operating activities	233,831	58,855
Investing activities:		
Increase in long-term investments	(3,321)	(12,353)
Additions to property, machinery and equipment	(66,118)	(84,973)
Increase in other assets	(11,301)	(10,416)
Increase (Decrease) committed temporary investments	(16,716)	39
Net cash used in investing activities	(97,456)	(107,703)
Financing activities:		
Amortization of securities payable	(30,311)	(224)
Increase in loans payable	55,968	56,603
Amortization of loans payable	(48,660)	(27,506)
Increase in obligations derived from credit	(93)	(493)
Net cash provided by financing activities	(23,096)	28,380
Increase (decrease) in cash and cash equivalents	113,279	(20,468)
Cash and cash equivalents at beginning of the year	86,278	112,119
Cash and cash equivalents at end of the year	¢ 199,557	91,651

* See note 26.

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


Lizbeth Hernandez Castillo
Head of Accounting Budget


Jorge Gajens Barrantes
Accounting Process

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

March 31, 2014

Note 1. Reporting Entity

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

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

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Compañía Nacional de Fuerza y Luz, S.A

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

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

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

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

Radiográfica Costarricense, S.A.

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

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

Compañía Radiográfica Internacional Costarricense, S.A.

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Cable Visión de Costa Rica S.A.

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

Composition of Capital

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

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

Note 2. Basis of Preparation

(a) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles included in ICE's Accounting Policy Manual (version 4) accepted by the National Accounting Department of the Ministry of Finance of the Republic of Costa Rica—the Lead Agency of the National Accounting Subsystem. ICE's Accounting Policy Manual includes the accounting policies applicable to booking transactions. Such policies were formally prepared and issued using “accounting criteria” with the stewardship and binding criteria of the Budget Accounting Division, the approval of General Management, and acceptance of the National Accounting Department of the Ministry of Finance.

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

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

Management of ICE Group authorized the issue of the consolidated financial statements and notes thereto on June 16, 2014.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(b) Basis for Measurement

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

(c) Functional and Presentation Currency

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

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

(d) Use of Estimates and Judgments

The preparation of the attached consolidated financial statements, according to ICE's Manual of Accounting Policies (version 4) and accepted by the National Accounting Department of the Ministry of Finance of the Republic of Costa Rica, requires that Management makes judgments, estimates, and assumptions that affect the application of policies and amounts of assets, liabilities, income and expenses reported.

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

Note 3. Significant Accounting Policies and Guide

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(a) Annual Accounting Policies Not Applied for Interim Periods

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

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

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

(i) *Asset Revaluation:*

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

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

(iii) *Restatement of Balances in Foreign Currency:*

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(b) Basis of Consolidation

(i) Business Combinations

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

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

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

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

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

“Goodwill” is recognized at cost less accumulated amortization.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(ii) Subsidiaries

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

Subsidiaries	Country	Percentage of Participation	
		up to March, 31	up to Dec. 31
		2014	2013
Compañía Nacional de Fuerza y Luz (CNFL)	Costa Rica	98.6%	98.6%
Eólico Valle Central, S.A.	Costa Rica	100%	100%
Compañía Radiográfica Internacional de Costa Rica, S.A. (CRICRSA)	Costa Rica	100%	100%
Radiográfica Costarricense, S.A. (RACSA)	Costa Rica	100%	100%
Cable Visión de Costa Rica S.A. (CVCRSA)	Costa Rica	100%	100%

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

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

On December 5, 2013, ICE acquired all of the shares (100%) of CVCRSA, which is dedicated to providing cable television services. ICE presents consolidated financial statements starting in 2013.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 4. Operating Assets

The operating assets at cost are detailed as follows:

Assets in operation cost	Plants, substations, lines, stations and other										
	As of December 31					2013	Additions	Withdraw and transfers	Adjust. and reclassif...	*Adjustment External Audit	As of March 31, 2014
	2012 (Restated)	Additions	Withdraw and transfers	Adjust. and reclassif...	2013						
ICE Electricity:											
Hydraulic generation	¢	574,423	24,720	(566)	(70)	598,507	1,070	-	-	-	599,577
Thermic generation		84,263	1,834	(4,103)	-	81,994	1,869	-	-	-	83,863
Substations		132,575	27,780	(438)	-	159,917	2,247	(9)	-	(2,509)	159,646
Transmission lines		128,215	14,174	(622)	(2)	141,765	44	-	2	(11,607)	130,204
Distribution lines (1)		153,588	47,405	(1,588)	(199)	199,206	10,909	(357)	-	-	209,758
Public lighting		3,129	2,111	(108)	-	5,132	449	-	-	-	5,581
Geothermal generation (2)		156,743	113	(575)	-	156,281	9,333	-	-	-	165,614
Aeolian generation		7,204	279	(94)	-	7,389	13	-	-	-	7,402
Solar generation		8,722	704	-	-	9,426	103	-	-	-	9,529
Micro generation - Hydraulic plant		166	-	-	-	166	-	-	-	-	166
Control, communication and infrastructure equipment		16,395	2,428	-	-	18,823	-	-	-	-	18,823
Subtotal ICE Electricity	¢	1,265,423	121,548	(8,094)	(271)	1,378,606	26,037	(366)	2	(14,116)	1,390,163
ICE Telecommunications:											
Transportation (3)	¢	509,936	74,049	(81)	(29)	583,875	9,860	(13)	101	-	593,823
Access		398,284	62,915	(107)	-	461,092	3,986	-	113	-	465,191
Civil and electromechanics		210,993	11,304	(1,121)	(2)	221,174	700	-	37	-	221,911
Platforms		84,294	63,947	(1,786)	46	146,501	1,571	-	(251)	-	147,821
Subtotal ICE Telecommunications	¢	1,203,507	212,215	(3,095)	15	1,412,642	16,117	(13)	-	-	1,428,746
Subtotal ICE	¢	2,468,930	333,763	(11,189)	(256)	2,791,248	42,154	(379)	2	(14,116)	2,818,909

*Adjustment external audit 2013, pending of registration

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Plants, substations, lines, stations and other											
As of December 31											
Assets in operation cost	2012 (Restated)	Additions	Withdraw and transfers	Adjust. and reclassif...	2013	Additions	Withdraw and transfers	Adjust. and reclassif...	*Adjustment External Audit	As of March 31, 2014	
CNFL:											
Lands	¢	3,336	444	-	-	3,780	-	-	-	-	3,780
Improvements to lands		6,067	1,876	-	-	7,943	-	-	-	-	7,943
Buildings		11,699	951	-	-	12,650	578	-	-	-	13,228
Plants		50,133	22,327	-	-	72,460	-	-	-	-	72,460
Distribution lines		99,217	7,922	(550)	-	106,589	1,750	(64)	-	-	108,275
Transmission lines		2,022	-	-	-	2,022	-	-	-	-	2,022
Substations		13,823	1,927	(493)	-	15,257	2	-	-	-	15,259
Service connections		18,822	2,656	(83)	-	21,395	777	(20)	-	-	22,152
Equipment for road lighting		3,988	92	(74)	30	4,036	16	(11)	-	-	4,041
Public lighting		7,112	1,521	-	-	8,633	154	-	-	-	8,787
General equipment		25,794	1,515	(1,213)	-	26,096	314	(166)	37	-	26,281
Communication system		780	172	-	-	952	-	-	-	-	952
Subtotal CNFL	¢	242,793	41,403	(2,413)	30	281,813	3,591	(261)	37	-	285,180
RACSA:											
Lands	¢	203	-	-	-	203	-	-	-	-	203
Buildings		768	-	-	-	768	-	-	-	-	768
Communication equipment		36,720	327	(6,364)	-	30,683	145	(2)	-	-	30,826
General equipment		7,310	15	(132)	-	7,193	1	(2)	-	-	7,192
Submarine cable - Maya I		6,832	-	-	-	6,832	-	-	-	-	6,832
Submarine cable - Arcos I		2,449	-	-	-	2,449	-	-	-	-	2,449
Submarine cable - Costa Rican pacific coast		7,331	-	-	-	7,331	-	-	-	-	7,331
Subtotal RACSA	¢	61,613	342	(6,496)	-	55,459	146	(4)	-	-	55,601
Cable Visión											
Transportation	¢	-	3,504	-	-	3,504	74	-	(16)	-	3,562
Platforms		-	288	-	-	288	1	-	-	-	289
Subtotal Cable Visión	¢	-	3,792	-	-	3,792	75	-	(16)	-	3,851
Total ICE Group	¢	2,773,336	379,300	(20,098)	(226)	3,132,312	45,966	(644)	23	(14,116)	3,163,541

*Adjustment external audit 2013, pending of registration

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Below are the main variations in the operating assets for the year ended March 31, 2014:

ICE Sector Electricidad:

(1) Distribution Lines:

The distribution line group presents additions for the sum of ¢10.909, as a result of capitalizations in the component of civil works: distribution and street lighting, for a sum of ¢4.037, and in electric works: distribution and lighting, for the sum of ¢ 6.872.

(2) Geothermal Power Generation:

Additions in the amount of ¢9.333, mainly due to the capitalizations made in the components, of the wells in the amount of ¢3.508, steam ducts for ¢5.562, and separating stations in the amount of ¢ 263 of Pailas Geothermal plant.

(3) Telecom ICE's Sector:

Transportation:

Additions in the amount of ¢9.860, resulting from partial and total capitalizations of the different projects, among which, the execution of the purchase option of order N° 37103 as set forth in the lease agreement entered into by and between ICE and ECI TELECOM LTD – ECI TELECOM Costa Rica S.A. – Central American Bank for Economic Integration in the amount of US\$2,8 million for the acquisition of equipment for a transport system using the DWDM technology on fiber optic referred to as “Frontera a Frontera” in the amount of ¢1.274, transmission, switching, and distribution components amounting to ¢8.586.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Depreciation accumulated cost	Plants, substations, lines, stations and other								
	As of December 31								
	<u>2012</u> (Restated)	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2013</u>	Depreciation	Withdraw and transfers	<u>As of March 31,</u> <u>2014</u>	
ICE Electricity:									
Hydraulic generation	¢	71,992	15,274	(23)	(21)	87,222	4,113	-	91,335
Thermic generation		19,591	4,065	(993)	30	22,693	986	-	23,679
Substations		30,661	6,842	(144)	(84)	37,275	1,600	(4)	38,871
Transmission lines		14,246	4,873	(272)	(280)	18,567	653	-	19,220
Distribution lines		53,083	11,995	(494)	(20)	64,564	3,176	-	67,740
Public lighting		2,147	140	(86)	-	2,201	39	-	2,240
Geothermic generation		41,181	5,312	12	-	46,505	1,322	-	47,827
Aeolian generation		2,861	425	2	-	3,288	113	-	3,401
Solar generation		606	479	-	-	1,085	122	-	1,207
Micro generation - Hydraulic plant		19	6	-	-	25	1	-	26
Control, communication and infrastructure equipment		4,231	1,322	-	-	5,553	379	-	5,932
Subtotal ICE Electricity	¢	240,618	50,733	(1,998)	(375)	288,978	12,504	(4)	301,478
ICE Telecommunications:									
Transportation	¢	266,529	42,345	(32)	(235)	308,607	13,440	-	322,047
Access		165,787	37,428	52	(395)	202,872	10,199	-	213,071
Civil and electromechanics		117,720	13,864	(80)	(309)	131,195	3,251	-	134,446
Platforms		29,923	16,449	(309)	(496)	45,567	5,861	-	51,428
Subtotal ICE Telecommunications	¢	579,959	110,086	(369)	(1,435)	688,241	32,751	-	720,992
Subtotal ICE	¢	820,577	160,819	(2,367)	(1,810)	977,219	45,255	(4)	1,022,470

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Depreciation accumulated cost	Plants, substations, lines, stations and other								
	As of December 31								
	<u>2012</u> (Restated)	Depreciation	Withdraw and transfers	Adjust. and reclassify	<u>2013</u>	Depreciation	Withdraw and transfers	<u>As of March 31,</u> <u>2014</u>	
CNFL:									
Improvement to lands	¢	1,012	186	3	-	1,201	42	1	1,244
Buildings		2,000	234	20	-	2,254	60	5	2,319
Plants		9,395	2,173	-	-	11,568	598	-	12,166
Distribution		21,698	3,609	(189)	-	25,118	942	(23)	26,037
Transmission		414	69	-	-	483	17	-	500
Substations		3,259	536	(195)	-	3,600	130	-	3,730
Service connections		3,874	671	(25)	-	4,520	182	(6)	4,696
Equipment for road lighting		846	148	(72)	29	951	38	(11)	978
Public lighting		1,115	264	-	-	1,379	74	-	1,453
General equipment		12,433	1,428	(166)	14	13,709	353	86	14,148
Communication systems		102	28	-	-	130	8	-	138
Subtotal CNFL	¢	56,148	9,346	(624)	43	64,913	2,444	52	67,409
RACSA:									
Building	¢	236	25	-	-	261	5	-	266
Communication equipment		29,454	3,156	(3,040)	-	29,570	390	(2)	29,958
General equipment		2,617	712	(64)	-	3,265	120	-	3,385
Submarine cable - Maya I		1,800	382	-	-	2,182	96	-	2,278
Submarine cable - Arcos I		887	109	-	-	996	27	-	1,023
Submarine cable - Costa Rican pacific coast		2,076	489	-	-	2,565	123	-	2,688
Subtotal RACSA	¢	37,070	4,873	(3,104)	-	38,839	761	(2)	39,598
Cable Visión									
Transportation	¢	-	1,666	-	-	1,666	35	-	1,701
Platforms		-	117	-	-	117	2	-	119
Subtotal Cable Visión		-	1,783	-	-	1,783	37	-	1,820
Total ICE Group	¢	913,795	176,821	(6,095)	(1,767)	1,082,754	48,497	46	1,131,297

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The revalued operating assets are detailed as follows:

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other								
	As of December 31								
	<u>2012</u> (Restated)	Revaluation	Withdraw and transfers	Adjust. and reclassif.	<u>2013</u>	Withdraw and transfers	*Ajustes Auditoria Externa	<u>As of March 31,</u> <u>2014</u>	
ICE Electricity:									
Hydraulic generation	¢	1,151,361	22,326	(9,638)	-	1,164,049	-	-	1,164,049
Thermic generation		90,719	2,912	(6,266)	-	87,365	-	-	87,365
Substations		157,748	5,369	(847)	-	162,270	(49)	(48)	162,173
Transmission lines		94,856	5,664	(1,003)	-	99,517	-	(347)	99,170
Distribution lines		245,852	7,158	(2,040)	-	250,970	-	-	250,970
Public lighting		4,612	139	(239)	-	4,512	-	-	4,512
Geothermic generation		314,139	9,209	-	-	323,348	-	-	323,348
Aeolian generation		4,625	186	-	-	4,811	-	-	4,811
Solar generation		1,451	295	-	-	1,746	-	-	1,746
Micro generation hydraulic plants		1	2	-	-	3	-	-	3
Control, communication and infrastructure equipment		7,577	602	-	-	8,179	-	-	8,179
Subtotal ICE Electricity	¢	2,072,941	53,862	(20,033)	-	2,106,770	(49)	(395)	2,106,326
ICE Telecommunications:									
Access		6	-	-	-	6	-	-	6
Civil and electro mechanics		89,332	3,729	-	-	93,061	-	-	93,061
Subtotal ICE Telecommunications	¢	89,338	3,729	-	-	93,067	-	-	93,067
Subtotal ICE	¢	2,162,279	57,591	(20,033)	-	2,199,837	(49)	(395)	2,199,393

*Adjustment external audit 2013, pending of registration

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Assets in operation - revaluation	Detail, plants, substations, lines, stations and other As of December 31							*Ajustes Auditoria Externa	As of March 31, 2014
	2012	Revaluation	Withdraw and transfers	Adjust. and reclassif.	2013	Withdraw and transfers			
CNFL:									
Lands	¢	15,682	700	-	-	16,382	-	-	16,382
Improvement to lands		7,888	512	-	-	8,400	-	-	8,400
Buildings		18,662	1,096	-	-	19,758	-	-	19,758
Plants		70,431	3,046	-	(326)	73,151	-	-	73,151
Distribution		124,811	6,343	(1,393)	-	129,761	(244)	-	129,517
Transmission		1,655	112	-	-	1,767	-	-	1,767
Substations		20,717	875	(2,038)	-	19,554	-	-	19,554
Service connections		29,408	989	(135)	-	30,262	(29)	-	30,233
Public lighting		11,797	601	(126)	50	12,322	(18)	-	12,304
General equipment		5,190	-	(538)	-	4,652	(60)	-	4,592
Communication system		237	25	-	-	262	-	-	262
Subtotal CNFL	¢	306,478	14,299	(4,230)	(276)	316,271	(351)	-	315,920
RACSA:									
Lands		11	-	-	-	11	-	-	11
Buildings		2,287	-	-	-	2,287	-	-	2,287
Communication equipment		9,733	-	(1,526)	-	8,207	-	-	8,207
General equipment		1,499	-	(50)	-	1,449	(2)	-	1,447
Subtotal RACSA	¢	13,530	-	(1,576)	-	11,954	(2)	-	11,952
Total ICE Group	¢	2,482,287	71,890	(25,839)	(276)	2,528,062	(402)	(395)	2,527,265

*Adjustment external audit 2013, pending of registration

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2012</u> (Restated)	Depreciation	Revaluation	Withdraw and transfers	Adjust. and reclassify	<u>2013</u>	Depreciation	Withdraw and transfers	<u>As of March 31, 2014</u>	
ICE Electricity:										
Hydraulic generation	¢	670,620	27,089	9,364	(5,429)	124	701,768	6,911	-	708,679
Thermic generation		55,081	1,889	1,210	(4,684)	40	53,536	518	-	54,054
Substations		102,831	5,340	2,393	(581)	-	109,983	1,339	(39)	111,283
Transmission lines		66,199	2,191	1,402	(730)	(6)	69,056	579	-	69,635
Distribution lines		155,213	8,973	3,714	(1,274)	(1)	166,625	2,331	-	168,956
Public lighting		4,393	25	116	(235)	-	4,299	4	-	4,303
Geothermic generation		123,300	9,973	3,214	249	107	136,843	2,666	-	139,509
Aeolian generation		1,900	234	75	(23)	29	2,215	65	-	2,280
Solar generation		509	58	32	-	-	599	19	-	618
Micro generation - Hydraulic plant		(2)	-	-	-	-	(2)	-	-	(2)
Control, communication and infrastructure equipment		6,394	548	267	-	-	7,209	170	-	7,379
Subtotal ICE Electricidad	¢	1,186,438	56,320	21,787	(12,707)	293	1,252,131	14,602	(39)	1,266,694
ICE Telecommunications:										
Transportation	¢	1	-	-	-	(1)	-	-	-	-
Access		5	-	-	-	1	6	-	-	6
Civil and electromechanics		60,481	2,551	1,745	-	-	64,777	621	-	65,398
Subtotal ICE Telecomunicaciones	¢	60,487	2,551	1,745	-	-	64,783	621	-	65,404
Subtotal ICE	¢	1,246,925	58,871	23,532	(12,707)	293	1,316,914	15,223	(39)	1,332,098

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Depreciation accumulated - revaluation	Plants, substations, lines, stations and other									
	Up to December 31									
	<u>2012</u> (Restated)	Depreciation	Revaluation	Withdraw and transfers	Adjust. and reclassify	<u>2013</u>	Depreciation	Withdraw and transfers	<u>As of March 31, 2014</u>	
CNFL:										
Improvement to lands	¢	2,223	156	118	-	-	2,497	42	-	2,539
Buildings		7,576	277	333	39	-	8,225	74	10	8,309
Plants		23,593	1,788	833	-	-	26,214	477	-	26,691
Distribution		68,406	3,619	2,643	(1,000)	-	73,668	952	(205)	74,415
Transmission		605	59	31	-	-	695	16	-	711
Substations		9,932	663	313	(1,272)	-	9,636	162	-	9,798
Service connections		20,325	627	496	(92)	-	21,356	163	(20)	21,499
Public lighting		6,934	311	234	(122)	48	7,405	82	(17)	7,470
General equipment		4,418	70	-	(441)	-	4,047	14	(46)	4,015
Communication systems		86	8	5	-	-	99	2	-	101
Subtotal CNFL	¢	144,098	7,578	5,006	(2,888)	48	153,842	1,984	(278)	155,548
RACSA:										
Building	¢	1,164	49	-	-	-	1,213	12	-	1,225
Communication equipment		9,717	16	-	(1,526)	-	8,207	-	-	8,207
General equipment		1,223	75	-	(49)	-	1,249	13	(2)	1,260
Subtotal RACSA	¢	12,104	140	-	(1,575)	-	10,669	25	(2)	10,692
Total ICE Group	¢	1,473,116	66,589	28,538	(17,170)	(178)	1,481,425	17,232	(319)	1,498,338

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 5. Other Operating Assets

Other operating assets at cost are detailed as follows:

Other operating assets - cost	As of December 31									
	<u>2012</u>	Additions (*)	Adjustments and reclassifications	Retirements and transfers	<u>2013</u>	Additions	Adjustments and reclassifications	Retirements and transfers	Adjustments external audit (**)	<u>As of March 31, 2014</u>
Land	¢ 2,038	-	-	-	2,038	-	-	-	-	2,038
Access roads	1,760	476	-	-	2,236	-	-	-	-	2,236
Buildings	30,938	6,555	-	(186)	37,307	2,555	184	(151)	-	39,895
Production machinery and equipment	2,502	965	-	873	4,340	-	-	-	-	4,340
Construction equipment	74,157	12,326	-	(1,783)	84,700	552	-	(147)	-	85,105
Transport equipment	82,313	5,576	-	853	88,742	369	-	24	-	89,135
Communication equipment	12,473	7,708	-	(249)	19,932	172	-	(548)	(4,957)	14,599
Office furniture and equipment	8,560	438	-	(244)	8,754	144	-	(27)	-	8,871
Computer hardware and software	69,777	3,651	-	(2,890)	70,538	1,714	-	73	-	72,325
Laboratory, research, and sanitation equipment	32,366	5,264	-	(920)	36,710	533	-	211	-	37,454
Sport, recreational, and education furniture and equipment	665	72	-	(9)	728	34	-	(4)	-	758
Sundry machinery and equipment	17,726	1,872	-	8	19,606	454	-	(467)	-	19,593
Maintenance machinery and equipment	35,308	2,919	-	(37)	38,190	403	-	(111)	-	38,482
Photography, video, and publication equipment	3,705	163	-	2	3,870	51	-	(38)	-	3,883
Total ICE Group	¢ 374,288	47,985	-	(4,582)	417,691	6,981	184	(1,185)	(4,957)	418,714

(*) Includes ¢327 million corresponding to assets of the company Cable Visión de Costa Rica, S.A. acquired as a subsidiary of ICE Group on December 5, 2013.

(**) Adjustment external audit 2013, pending of registration.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Accumulated depreciation - cost	As of December 31						
	2012	Depreciation (*)	Retirements and transfers	2013	Depreciation	Retirements and transfers	As of March 31, 2014
Buildings	€ 3,963	789	-	4,752	220	(3)	4,969
Production machinery and equipment	659	453	(3)	1,109	31	-	1,140
Construction equipment	34,184	12,453	(447)	46,190	3,144	(73)	49,261
Transport equipment	64,626	7,051	(508)	71,169	1,799	(8)	72,960
Communication equipment	6,228	1,575	(398)	7,405	415	(138)	7,682
Office furniture and equipment	3,747	730	(143)	4,334	184	(41)	4,477
Computer hardware and software	49,468	11,264	(2,145)	58,587	2,237	(266)	60,558
Laboratory, research, and sanitation equipment	15,113	3,836	(601)	18,348	1,027	(43)	19,332
Sport, recreational, and education furniture and equipment	235	71	(2)	304	18	(3)	319
Sundry machinery and equipment	8,640	2,449	(182)	10,907	613	(164)	11,356
Maintenance machinery and equipment	17,872	6,153	(217)	23,808	1,550	(101)	25,257
Photography, video, and publication equipment	2,035	635	(43)	2,627	153	(13)	2,767
Total ICE Group	€ 206,770	47,459	(4,689)	249,540	11,391	(853)	260,078

(*) Includes €89 million corresponding to the depreciation of the assets company Cable Visión de Costa Rica, S.A. acquired as a subsidiary of ICE Group on December 5, 2013.

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Other operating assets - revalued	As of December 31						
	<u>2012</u>	Revaluation	Retirements and transfers	<u>2013</u>	Revaluation	Retirements and transfers	<u>As of March 31, 2014</u>
Land	¢ 6,844	250	-	7,094	-	-	7,094
Access roads	-	-	16	16	-	-	16
Buildings	46,645	2,251	(4)	48,892	-	2	48,894
Production machinery and equipment	1,745	128	203	2,076	-	-	2,076
Construction equipment	11,166	1,953	(88)	13,031	-	(18)	13,013
Transport equipment	15,414	1,096	(375)	16,135	-	(2)	16,133
Office furniture and equipment	2,169	226	(92)	2,303	-	(25)	2,278
Sanitary equipment for laboratory and investigation	5,201	804	(289)	5,716	-	(38)	5,678
Educational, sport and recreational equipment and furniture	63	18	(1)	80	-	-	80
Diverse machinery and equipment	1,311	284	(29)	1,566	-	(30)	1,536
Machinery and equipment for maintenance	3,722	851	(55)	4,518	-	(25)	4,493
Equipment for photography, video and publications	311	84	(6)	389	-	(2)	387
Total ICE Group	¢ 94,591	7,945	(720)	101,816	-	(138)	101,678

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Accumulated depreciation - revalued	As of December 31					2013	Depreciation	Retirements and transfers	As of March 31, 2014
	2012	Depreciation	Revaluation	Retirements and transfers	2013				
Access roads	¢	-	-	-	16	16	-	-	16
Buildings		26,874	1,015	906	(2)	28,793	268	-	29,061
Production machinery and equipment		1,118	177	53	-	1,348	30	-	1,378
Construction equipment		9,558	719	739	(85)	10,931	292	(16)	11,207
Transport equipment		13,730	755	544	(374)	14,655	255	(2)	14,908
Communication equipment		-	-	-	-	-	-	-	-
Office furniture and equipment		1,719	90	73	(84)	1,798	28	(22)	1,804
Computer hardware and software		-	(1)	-	1	-	-	-	-
Laboratory, research, and sanitation equipment		3,946	390	275	(264)	4,347	122	(47)	4,422
Sport, recreational, and education furniture and equipment		36	6	4	(1)	45	2	-	47
Sundry machinery and equipment		935	148	94	(30)	1,147	49	(14)	1,182
Maintenance machinery and equipment		2,662	449	332	(113)	3,330	174	(22)	3,482
Photography, video, and publication equipment		198	57	36	(7)	284	21	(2)	303
Total ICE Group	¢	60,776	3,805	3,056	(943)	66,694	1,241	(125)	67,810

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 6. Other Operating Assets under Financial Lease

Other operating assets under financial lease are detailed as follows:

Other operating assets under finance leases	<u>As of March 31, 2014</u>	<u>As of December 31, 2013</u>
Land	¢ 1,151	1,151
Buildings	25,315	25,315
Office furniture and equipment	1,084	1,084
Transport equipment	60	60
Total ICE Group	¢ 27,610	27,610

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

Accumulated depreciation	<u>As of March 31, 2014</u>	<u>As of December 31, 2013</u>
Buildings	¢ 1,900	1,773
Office furniture and equipment	405	378
Transport equipment	9	8
Total ICE Group	¢ 2,314	2,159

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

Currently, the trust is authorized to issue public debt and has booked liabilities therefor as of March 31, 2014 and 2013. The trust, as the owner of “Centro Empresarial La Sabana” and office furniture and equipment within that property, leases such property to ICE for a 12- year term, at the end of which ICE may exercise a purchase option for US\$1 (one U.S. dollar). ICE has classified this lease as a finance lease. In accordance with ICE Group’s accounting policies, this trust is not required to be included as an entity in the consolidated financial statements of ICE Group.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Accumulated depreciation - Others operation assets under financial leases - revaluation	<u>As of</u> <u>March 31,</u> <u>2014</u>	<u>As of December</u> <u>31, 2013</u>
Buildings	¢ 163	148
Office furniture and equipment	38	34
Total ICE Group	¢ 201	182

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

The following chart indicates the movements during 2014 and 2013 regarding works in progress, material in transit, and inventory - investment:

Account	As of December 31, 2012 (Restated)	Additions	Capitalizations	Interest and commissions	Warehoused	Adjustments and reclassifications	Used in works	As of December 31, 2013	Additions	Capitalizations	Interest and commissions	Warehoused	Adjustments and reclassifications	Used in works	* Adjustment external audit	As of March 31, 2014
ICE:																
Major construction work in progress	350,811	185,300	(51,306)	27,094	-	(57,280)	-	454,619	20,952	(364)	6,992	-	(182)	-	14,381	496,398
Other construction work in progress	234,347	168,911	(255,495)	9,580	-	(5,488)	-	151,855	40,786	(42,401)	2,519	-	(512)	-	4,957	157,204
** Elimination of Government services	-	-	-	-	-	(3,752)	-	(3,752)	-	-	-	-	2,850	-	-	(902)
Subtotal construction work in progress	585,158	354,211	(306,801)	36,674	-	(66,520)	-	602,722	61,738	(42,765)	9,511	-	2,156	-	19,338	652,700
Materials in transit for investment	153,476	22,127	-	-	(25,686)	(130)	(32,291)	117,496	9,638	-	-	(17,833)	376	-	3,056	112,733
Inventory for investment	169,564	1,096	-	-	74,558	(16,717)	(94,284)	134,217	473	-	-	33,049	(1,602)	(38,163)	-	127,974
Total ICE	908,198	377,434	(306,801)	36,674	48,872	(83,367)	(126,575)	854,435	71,849	(42,765)	9,511	15,216	930	(38,163)	22,394	893,407
CNFL:																
Construction work in progress	94,074	75,706	(12,984)	9,859	-	(6,069)	-	160,586	25,835	(3,276)	-	-	(7,514)	-	-	175,631
Inventory for investment	3,717	82	-	-	-	-	-	3,799	-	-	-	-	(3,799)	-	-	-
Subtotal CNFL	97,791	75,788	(12,984)	9,859	-	(6,069)	-	164,385	25,835	(3,276)	-	-	(11,313)	-	-	175,631
RACSA:																
Construction work in progress	167	240	(177)	-	-	-	-	230	41	-	-	-	-	-	-	271
Materials in transit for investment	36	228	(49)	-	-	(6)	-	209	476	(15)	-	-	-	-	-	670
Subtotal RACSA	203	468	(226)	-	-	(6)	-	439	517	(15)	-	-	-	-	-	941
CABLE VISIÓN:																
Construction work in progress	-	-	-	-	-	-	-	-	12	(25)	-	-	29	-	-	16
Inventory for investment	-	29	-	-	-	-	-	29	-	-	-	-	(29)	-	-	-
Subtotal Cable Visión	-	29	-	-	-	-	-	29	12	(25)	-	-	-	-	-	16
Total ICE Group	1,006,192	453,719	(320,011)	46,533	48,872	(89,442)	(126,575)	1,019,288	98,213	(46,081)	9,511	15,216	(10,383)	(38,163)	22,394	1,069,995
Resumen Grupo ICE :																
Major construction work in progress	445,052	261,246	(64,467)	36,953	-	(63,349)	-	615,435	46,828	(3,640)	6,992	-	(7,696)	-	14,381	672,300
Other construction work in progress	234,347	168,911	(255,495)	9,580	-	(5,488)	-	151,855	40,798	(42,426)	2,519	-	(483)	-	4,957	157,220
** Elimination of Government services	-	-	-	-	-	(3,752)	-	(3,752)	-	-	-	-	2,850	-	-	(902)
Subtotal construction work in progress	679,399	430,157	(319,962)	46,533	-	(72,589)	-	763,538	87,626	(46,066)	9,511	-	(5,329)	-	19,338	828,618
Materials in transit for investment	153,512	22,355	(49)	-	(25,686)	(136)	(32,291)	117,705	10,114	(15)	-	(17,833)	376	-	3,056	113,403
Inventory for investment	173,281	1,207	-	-	74,558	(16,717)	(94,284)	138,045	473	-	-	33,049	(5,430)	(38,163)	-	127,974
Total ICE Group	1,006,192	453,719	(320,011)	46,533	48,872	(89,442)	(126,575)	1,019,288	98,213	(46,081)	9,511	15,216	(10,383)	(38,163)	22,394	1,069,995

* Adjustment external audit 2013, pending of registration.

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The detail of movement of works in progress and other works in progress as of March 31, 2014, is presented as follows:

Works in progress and other works in progress	As of December 31, 2013	Additions	Capitalizations	Interest and fees	Adjustments and Reclassifications	*Adjustment External Audit	As of March 31, 2014
ICE							
Works in progress:							
Reventazón Hydroelectric Plant (1)	284,442	-	-	3,186	(182)	-	287,446
Cachi Hydroelectric Plant (2)	68,309	6,742	-	2,153	-	-	77,204
Cariblanco-Trapiche Transmission (3)	23,942	2,777	-	452	-	-	27,171
Peñas Blancas-Garita Transmission (4)	21,857	923	-	367	-	-	23,147
Rio Macho Hydroelectric Plant (5)	10,841	5,442	-	203	-	-	16,486
Las Pailas II Geothermal Power Plant	9,098	2,905	-	104	-	-	12,107
Toro San Miguel Diversion (6)	-	1	-	2	-	11,626	11,629
S.T. Rio Macho Retrofitting	7,740	120	-	124	-	-	7,984
Anillo Sur Transmission	7,271	598	(364)	400	-	-	7,905
Cóbano Transmission	6,686	482	-	147	-	-	7,315
Venecia Transmission	5,540	41	-	21	-	-	5,602
Ingenio El Viejo Interconnection	-	-	-	59	-	2,755	2,814
Auxiliary bars	1,706	259	-	40	-	-	2,005
Medium voltage connections	1,866	4	-	47	-	-	1,917
Transmission Sinepac transmission lines	1,809	63	-	27	-	-	1,899
Energy transformation	1,668	53	-	32	-	-	1,753
Jacó Transmission	949	38	-	32	-	-	1,019
Several plants	895	504	-	(404)	-	-	995
Subtotal works in progress	454,619	20,952	(364)	6,992	(182)	14,381	496,398
Other works in progress:							
Advanced public terminals (7)	61	19,827	-	-	-	-	19,888
P.E.S.S.O (8)	19,096	285	-	427	-	-	19,808
Forming and refurbishing of civil and metal structures	16,250	418	(878)	-	(430)	-	15,360
Miravalles II Geothermal Power Plant (9)	10,975	(650)	-	784	-	-	11,109
Advanced mobile evolution (10)	9,019	1,583	(1,333)	-	-	-	9,269
Expansion and retrofitting of transport system	8,167	1,437	(5,491)	152	-	-	4,265
Continuous quality improvement (distribution)	8,777	1,696	(3,465)	125	-	-	7,133
Reinforcement of distribution system	5,949	1,255	(206)	27	-	-	7,025
Advanced connectivity fiber optic (FOCA)	7,247	960	(1,394)	-	(13)	-	6,800
Network Element Management	6,486	692	(1,340)	-	-	-	5,838
Improvements to Telecom transport network	4,541	2,848	(2,242)	-	(1)	-	5,146
Technical services for distribution projects	5,988	281	(1,215)	54	-	-	5,108
Permanent investment in transmission works	3,805	345	(94)	31	-	-	4,087
New energy control center	3,378	608	-	78	-	-	4,064
Sustainability and soundproofing of infrastructure	2,494	778	(385)	-	-	-	2,887
Network development	6,353	1,630	(5,973)	28	-	-	2,038
Technological infrastructure	2,092	50	-	86	-	-	2,228
Comprehensive management of business clients	1,904	1,523	(1,738)	-	-	-	1,689
Improvements to electricity transport network	3,056	317	(1,833)	71	-	-	1,611
Administrative support	1,301	111	-	-	-	-	1,412
Retrofitting of lighting, trials	1,578	381	(720)	12	-	-	1,251
Service management	572	709	-	-	-	-	1,281
Arenal Hydroelectric Plant	1,130	53	-	95	-	-	1,278
Advanced Mobile Services	720	455	(109)	-	-	-	1,066
Several plants	20,916	3,194	(13,985)	549	(68)	4,957	15,563
Subtotal other works in progress	151,855	40,786	(42,401)	2,519	(512)	4,957	157,204
(**) Elimination of institutional services	(3,752)	-	-	-	2,850	-	(902)
Total ICE	602,722	61,738	(42,765)	9,511	2,156	19,338	652,700
CNFL:							
Balsa Inferior Hydroelectric Plant (11)	154,167	22,328	-	-	(7,514)	-	168,981
Anonos Hydroelectric Plant	1,536	33	-	-	-	-	1,569
San Buenaventura Wind Power Plant	957	9	-	-	-	-	966
Purchases and improvements to buildings	1,335	50	(577)	-	-	-	808
Improvements to hydroelectric plants	778	9	-	-	-	-	787
Improvements to sub-stations	606	179	(2)	-	-	-	783
Several plants	1,207	3,227	(2,697)	-	-	-	1,737
Subtotal CNFL	160,586	25,835	(3,276)	-	(7,514)	-	175,631
RACSA:							
Forestry projects	-	20	-	-	-	-	20
Network of 300 Km of fiber optic	230	21	-	-	-	-	251
Subtotal RACSA	230	41	-	-	-	-	271
CABLE VISIÓN							
Nóde tres marías n-63	-	12	-	-	-	-	12
Redundancy fiber n70 a n52	-	-	-	-	4	-	4
Subtotal RACSA	-	12	-	-	4	-	16
Total ICE Group	763,538	87,626	(46,041)	9,511	(5,354)	19,338	828,618

* Adjustment external audit 2013, pending recording

** Internal consumption of electricity and telephone services by different areas of the institution.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

(1) Reventazón Hydroelectric Plant

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

The trust constitution agreement and the construction agreement have been subscribed and are in effect. The former agreement was authorized by the CGR.

(2) Cachí Hydroelectric Project

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

The works consist of the extension of the Cachí Hydroelectric Power Project, which involves construction of an additional tunnel that will provide the plant with an additional power output of 20 MW, a surge tank, two inspection openings, and the expansion of the current engine room. Construction is expected to be completed by the second half of 2016.

(3) Cariblanco-Trapiche Transmission Line

This project involves the construction of the Cariblanco – General Transmission Line, located between the Cariblanco Hydroelectric Power Plant and the substation of the General Hydroelectric Power Project, passing through Puente de Piedra and Río Cuarto in Grecia, and La Virgen, Puerto Viejo, and Horquetas in Sarapiquí. The transmission line is 76.5 km long, has 274 structures (including towers and poles), and has an easement 20 m wide. Its voltage is 230 kV.

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

(4) Peñas Blancas-Garita Transmission Line

The purpose of this project is to strengthen the electricity transmission network in Costa Rica's northern region, in order to increase the reliability and security required for the transport of energy.

The transmission line will serve as an alternate connection point for the Peñas Blancas Hydroelectric Power Project with the National Electricity System (SEN).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(5) Río Macho Hydroelectric Plant

The scope of this project is the comprehensive replacement of the five power generating units and the corresponding emergency power generation systems, water intakes, reservoir, substation, and engineering and environmental feasibility studies required to repair the tunnel that supplies the El Llano reservoir.

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

The works are expected to start operations by December 31, 2017.

(6) Toro - San Miguel Diversion.

This project involves the diversion of a 17 km section of the Cariblanco — San Miguel transmission line, which was damaged during the earthquake that struck Cinchona on January 8, 2009.

(7) Advanced Public Terminals

This project involves the acquisition of equipment to be incorporated in the core of the telecom network to integrated mobile access technologies and then fixed technologies. It includes the necessary expansions of equipment to meet the demand for several services for the future integration of the LTE advanced technology.

In 2014, there was an increase amounting to ¢19.827 in additions, which mainly correspond to the acquisition of infocommunications equipment.

(8) Evolution Plan for Systems Supporting Business Operations (PESSO):

The scope of this project includes replacement of all current applications that support the telecom business operations towards state-of-the art applications, based on industry best practices and the TOM model (framework that identifies the business processes; a guidebook that classifies all the business activities of a service provider and places them in different levels; it is a communication instrument).

(9) Miravalles II Geothermal Power Project

This project involves the use of natural resources extracted from the geothermal field located at the slopes of the Miravalles Volcano at La Fortuna, Bagaces, Guanacaste.

The purpose of this project is to expand the non-condensable gas removal system of the Miravalles I and Miravalles II geothermal power generating units.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(10) Evolution of Advanced Mobile Services

This project involves the implementation of a more complex system that offers an increased data handling capacity. Trends show a growth in Internet interconnection speed and mobile broadband.

(11) Balsa Inferior Hydroelectric Plant

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

The total investment for development of this project is estimated at approximately US\$272 million and involves one agreement with the OAS-Engevix Consortium for US\$81 million for the dam/water abstraction and engine room structures and US\$17 million to build the booster substation of 34.5/230 kW. Both are turnkey projects. Another agreement was subscribed with ICE for US\$174 million for dam and engine room management.

Investments made have been financed with CNFL's own resources and domestic loans.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

ICE - Electricity Sector

As of March 31, 2014, the main works in progress, detailed by source of financing, which remain under construction, are detailed as follows.

Construction work in progress	Financing sources																	As of March 31, 2014	
	Local	BID 796	A bonds	B bonds	CABEI electricity services (2007)	12 (additional)	D.I.D (additional)	CABEI (additional)	Andean Development Corporation (CAF)	Local banks	CLIPP	Multilateral banks	International bonds	Local bonds (2009)	Local bonds (2010)	EIB	CABEI		CABEI 2109
Hydraulic power generation:																			
Rio Macho Hydroelectric Project	3,631	-	-	-	-	-	-	-	-	-	6,416	-	4,507	84	1,848	-	-	-	16,486
Cachi Hydroelectric Project	20,847	-	-	-	-	-	-	-	3	-	-	-	5,766	166	15,324	-	35,098	-	77,204
Reventazón Hydroelectric Project	187,660	-	-	-	-	28	10	15	7,242	-	12	89,036	1,123	792	10	-	1,518	-	287,446
Subtotal	212,138	-	-	-	-	28	10	18	7,242	6,416	12	99,309	1,373	17,964	10	35,098	1,518	-	381,136
Substations:																			
Carribranco - Trapiche Transmission Line	2,771	7	-	-	-	-	-	-	-	-	-	-	2,755	1	1,638	-	-	-	7,172
Quin 03-07 Transformer Back-up Program	1,051	141	-	-	-	-	-	-	-	119	-	-	165	11	266	-	-	-	1,753
MV connections	969	-	-	-	-	19	-	-	180	-	-	-	144	3	601	-	-	-	1,917
Auxiliary bars	520	6	-	-	155	-	-	(635)	84	13	-	-	326	95	1,441	-	-	-	2,005
Ingenio El Viejo interconnection	1,616	25	-	-	-	1	-	208	273	-	-	-	1	366	324	-	-	-	2,814
Jacó Transmission Line	223	-	-	-	-	-	-	-	-	-	-	-	103	72	43	-	-	-	441
Coyol Transmission Line	188	-	-	-	-	-	-	-	-	-	-	-	39	-	148	-	-	-	375
Rio Macho Transmission System upgrade	4,555	-	-	-	-	-	-	-	199	1,266	-	-	211	-	1,753	-	-	-	7,984
Venecia Transmission Line	5,244	-	-	-	-	-	-	-	-	-	-	-	21	-	337	-	-	-	5,602
Subtotal	17,137	179	-	-	175	-	-	(426)	855	1,279	-	-	3,765	548	6,551	-	-	-	30,063
Transmission lines																			
Carribranco - Trapiche	5,954	(57)	-	16	220	-	37	202	-	-	-	-	8,114	305	5,209	-	-	-	20,000
Tejar	59	-	-	-	-	-	-	-	-	-	-	-	-	-	457	-	-	-	516
Pods	(58)	141	1	16	2	-	-	-	-	-	-	-	-	-	-	-	-	-	102
Peñas Blancas - Garita	9,932	(376)	49	10	504	-	2,823	1,809	-	-	-	-	2,644	24	5,727	-	-	-	23,147
Cóbano	3,478	-	-	-	-	-	-	-	-	-	-	-	1,429	-	2,408	-	-	-	7,315
SIEPAC Transmission Lines	1,429	-	(27)	(99)	23	-	-	39	-	-	-	-	101	-	433	-	-	-	1,899
Anillo Sur	604	-	-	-	-	-	-	-	-	-	-	-	530	-	6,771	-	-	-	7,905
Jacó	122	-	-	-	-	-	-	-	-	-	-	-	51	80	324	-	-	-	577
Coyol	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Toro San Miguel Diversion	11,596	-	-	-	-	-	-	-	-	-	-	-	6	-	26	-	-	-	11,628
Subtotal	33,119	(292)	23	(57)	749	-	2,860	2,050	-	-	-	-	12,875	409	21,355	-	-	-	73,092
Geothermal power generation:																			
Las Pailas II Geothermal Project	7,021	-	-	-	-	-	-	-	-	-	-	-	3,305	66	1,715	-	-	-	12,107
Subtotal	7,021	-	-	-	-	-	-	-	-	-	-	-	3,305	66	1,715	-	-	-	12,107
Total construction work in progress	269,415	(113)	23	(57)	924	28	2,870	1,642	8,097	7,695	12	119,254	2,396	47,585	10	35,098	1,518	-	496,398

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 8. Long-Term Investments

Long-term investments are detailed as follows:

	As of March 31 2014	As of December 31 2013
Investments in shares valued at cost:		
Toro 3 Hydroelectric Power Project Trust (1)	€ 11,203	11,203
Empresa Propietaria de la Red, S.A. (2)	3,124	3,124
Red centroamericana de fibras opticas S.A. (3)	143	143
Cooperativa de Electrificación Rural	43	43
Red Centroamericana Telecomunicaciones S.A.	10	10
Subtotal investments in shares valued at cost	14,523	14,523
Long term financial investments:		
Government (External Debt Bonds)	23,300	20,273
Central Bank of Costa Rica (Bond)	6,600	6,598
Banco de San José (BAC)	1,000	1,500
Florida Ice and Farm Company, S.A. (FIFCO)	900	900
Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	778	778
Costa Rican Oil Refinery (RECOPE)	826	754
La Nación S.A. (Bond)	750	750
Banco Hipotecario de la Vivienda (Bond)	500	500
Banco Popular y de Desarrollo Comunal	495	-
Instituto Nacional de Cemento	350	350
Banco Promerica	300	300
Banco Crédito Agrícola de Cartago	275	251
Banco BCT	250	250
	36,324	33,204
Total long term investments - Group ICE	€ 50,847	47,727

(1) Toro 3 Hydroelectric Power Project Trust

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

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

- Lessor: Toro 3 trust, represented by Banco de Costa Rica (BCR).
- Lessees: ICE and JASEC

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- Term: one hundred and thirty-seven months from June 1, 2013, which is the date of commencement of the lease.
- Transfer: Upon expiration of the lease agreement, the lessors (JASEC-ICE) may exercise a purchase option for the power project.

In 2012, ICE Group, as trustor, made a capital contribution to the Toro 3 Hydroelectric Power Project Trust in the amount of ₡11,203 (equivalent to US\$22 (in millions)) to finance a portion of the project construction.

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

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

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

In 2013, ICE Group acquired ownership interest in REDCASA, which is dedicated to developing, financing, constructing, operating, and commercially exploiting and providing maintenance to telecom services or services related to IT and communications. REDCASA's share capital is comprised of 2,700 ordinary shares of US\$1,000 par value each. ICE Group owns 300 shares, of which 93.24% are owned by ICE and 6.75% by CNFL.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of March 31, 2014, the main features of long-term financial investments are as follows:

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	As of March 31 2014				
								Face value	Value traded	Rate	Coupon	Net return
INC (HOLCIM) bond	CRINC00B0126	AAA (cr)	Colones	Industria Nacional de Cemento	7-May-2012	2-May-2014	715 c	350	351	Variable	7.82%	10.29%
Bond	CRBPR00B1169	SCR AA +	Colones	Banco Promérica	5-Oct-2012	3-Oct-2014	718	300	300	Fixed	12.50%	12.47%
BANHVI bond	CRBANVIB0037	F1+ (cr)	Colones	Banco Hipotecario de la Vivienda -BANHVI-	15-Apr-2010	7-Apr-2015	1792	500	504	Variable	8.95%	10.32%
BPDC bond	CRBPDC06947	F1+ (cr)	Colones	Banco Popular y de Desarrollo Comunal	16-Jan-2014	13-Nov-2015	657	495	501	Fixed	7.00%	7.62%
MADAP bond	CRMADAPB2277	SCR AA +	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	13-Jan-2011	9-Dec-2015	1766	318	318	Variable	8.65%	9.63%
Bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	19-Feb-2013	15-Feb-2016	1076	250	251	Fixed	8.75%	8.63%
MADAP bond	CRMADAPB2368	F1+ (cr)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	6-Jun-2013	4-Jun-2016	1078	349	351	Fixed	7.75%	7.70%
CNFL bond	CRCLLZ20207	AAA (cr)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	4-Oct-2012	20-Sep-2017	2516	400	400	Fixed	10.53%	10.51%
FIFCO bond	CRFHC0B0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	8-Nov-2012	6-Nov-2017	1798	500	500	Variable	8.05%	11.25%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	400	400	Fixed	8.25%	8.23%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	600	600	Fixed	8.25%	8.25%
La Nación S.A. bond	CRNACIOB0142	SCR AAA	Colones	La Nación S.A.	14-Oct-2013	9-Oct-2018	1795	750	751	Fixed	8.75%	8.74%
FIFCO bond	CRFHC0B0998	SCR AAA	Colones	Florida ICE & Farm Company S.A.	3-Jul-2013	3-Jul-2023	3600	400	400	Fixed	8.85%	8.84%
Central Bank bond	CRG0000B64C3	Country risk	Colones	Government	11-Feb-2013	28-Jan-2015	707	160	164	Fixed	8.51%	7.22%
Central Bank bond	CRG0000B54G4	Country risk	Colones	Government	23-Jan-2014	24-Jun-2015	511	1,000	1,048	Fixed	9.66%	6.49%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	29-Jan-2014	23-Sep-2015	594	1,000	1,093	Fixed	10.58%	6.86%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	29-Jan-2014	23-Sep-2015	594	500	547	Fixed	10.58%	6.87%
Central Bank bond	CRG0000B80G9	Country risk	Colones	Government	29-Jan-2014	23-Sep-2015	594	500	547	Fixed	10.58%	6.60%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	4-Feb-2013	23-Mar-2016	1129	500	528	Fixed	8.74%	7.83%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	12-Feb-2013	23-Mar-2016	1121	500	533	Fixed	8.74%	7.53%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	10-Oct-2013	23-Mar-2016	883	500	524	Fixed	8.74%	6.72%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	30-Oct-2013	23-Mar-2016	863	1,000	1,053	Fixed	8.74%	6.69%
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	27-Mar-2013	22-Jun-2016	1165	500	565	Fixed	10.58%	6.98%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	6.95%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.10%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	19-Feb-2013	28-Jun-2017	1569	170	185	Fixed	9.89%	7.84%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	1-Mar-2013	28-Jun-2017	1557	675	743	Fixed	9.89%	7.58%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	2,356	2,647	Fixed	9.89%	7.52%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	500	553	Fixed	9.89%	7.53%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	8-Feb-2013	27-Sep-2017	1669	500	583	Fixed	11.04%	7.74%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	12-Feb-2013	27-Sep-2017	1665	500	583	Fixed	11.04%	7.75%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	19-Feb-2013	27-Sep-2017	1658	500	584	Fixed	11.04%	7.76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	24-Jan-2014	27-Sep-2017	1323	581	651	Fixed	11.04%	8.35%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	4-Mar-2013	24-Jan-2018	1760	1,000	1,048	Fixed	8.74%	7.76%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	5-Mar-2013	24-Jan-2018	1759	1,500	1,573	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	500	524	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B60G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	1,000	1,048	Fixed	8.74%	7.77%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-2012	28-Mar-2018	1975	300	494	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	165	194	Fixed	11.13%	7.88%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	500	353	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	500	588	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	125	147	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	286	336	Fixed	11.13%	7.90%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	350	411	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	500	588	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.57%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.58%
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	11-Feb-2013	27-Mar-2019	2206	120	131	Fixed	9.20%	7.94%
Central Bank bond	CRG0000B59G3	Country risk	Colones	Government	27-Mar-2013	23-Dec-2020	2786	500	542	Fixed	8.97%	7.88%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	286	281	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCR0B3371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	500	491	Fixed	7.47%	8.87%
Monetary stabilization bond - fixed rate	CRBCCR0B4453	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	15-Jul-2015	615	1,000	1,075	Fixed	9.20%	6.11%
Monetary stabilization bond - fixed rate	CRBCCR0B4453	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	15-Jul-2015	615	750	807	Fixed	9.20%	6.11%
Monetary stabilization bond - fixed rate	CRBCCR0B3827	Country risk	Colones	Banco Central de Costa Rica	4-Feb-2013	9-Dec-2015	1025	500	513	Fixed	8.28%	7.71%
Monetary stabilization bond - fixed rate	CRBCCR0B4361	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	13-Jul-2016	973	750	818	Fixed	9.20%	6.58%
Monetary stabilization bond - fixed rate	CRBCCR0B3553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	1,494	1,608	Fixed	9.16%	6.800%
Monetary stabilization bond - fixed rate	CRBCCR0B3553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	500	536	Fixed	9.16%	6.82%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	395	435	Fixed	9.20%	7.98%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	250	275	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	155	171	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCR0B4080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	20	22	Fixed	9.20%	8.00%
Mortgage participation certificate	00MADAPC1140	F1+ (cr)	Colones	Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	30-Oct-2013	30-Oct-2014	361	111	111	Fixed	6.15%	6.09%
Total investments							c	35,612	37,924			

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Rate	Coupon	Net return
Bond	CRBAC0B1181	AA(cr)+	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-2013	29-Jan-2018	1780 \$	0	0	Fixed	4.70%	4.69%
Receipt standardized bond	CRRECOP09012	AAA (cr)	U.S. dollars	Refinadora Costarricense de Petróleo	7-Dec-2012	5-Dec-2022	3598	1	1	Fixed	5.50%	5.27%
Receipt standardized bond	CRRECOP09020	AAA (cr)	U.S. dollars	Refinadora Costarricense de Petróleo	5-Apr-2013	3-Apr-2028	5398	1	1	Fixed	5.85%	5.84%
Receipt standardized bond	USP3699FAA59	Country risk	U.S. dollars	Government	12-Jan-2011	1-Aug-2020	3439	0	0	Fixed	10.00%	5.12%
Total investments							US\$	2	2			

--- Not rated according to SUGIVAL information

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	As of December 31, 2013				
								Face value	Value traded	Rate	Coupon	Net return
BSJ bond	CRBSJ00B1608	SCR AAA	Colones	Banco BAC San José, S.A.	28-Jun-2012	27-Mar-2014	629 €	500	500	Fixed	10.85%	10.85%
INC (HOLCIM) bond	CRINC00B0126	AAA (cri)	Colones	Industria Nacional de Cemento	7-May-2012	2-May-2014	715	350	351	Variable	7.82%	10.29%
Bond	CRBSPROMB1169	SCR AA+	Colones	Banco Promérica	5-Oct-2012	3-Oct-2014	718	300	300	Fixed	12.50%	12.47%
BANHVI bond	CRBANVIB0037	F1+ (cri)	Colones	Banco Hipotecario de La Vivienda -BANHVI-	15-Apr-2010	7-Apr-2015	1792	500	504	Variable	8.95%	10.32%
MADAP bond	CRMADAPB2277	SCR AA+	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	13-Jan-2011	9-Dec-2015	1766	317	318	Variable	8.65%	9.63%
Bond	CRBCT00B0143	SCR AAA	Colones	Banco BCT	19-Feb-2013	15-Feb-2016	1076	250	251	Fixed	8.75%	8.63%
MADAP bond	CRMADAPB2368	F1+ (cri)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	6-Jun-2013	4-Jun-2016	1078	350	351	Fixed	7.75%	7.70%
CNFL bond	CRCTLUZB0207	AAA (cri)	Colones	Compañía Nacional de Fuerza y Luz -CNFL-	4-Oct-2010	30-Sep-2017	2516	400	400	Fixed	10.53%	10.51%
FIFCO bond	CRFIFCOB0972	SCR AAA	Colones	Florida ICE & Farm Company S.A.	8-Nov-2012	6-Nov-2017	1798	500	500	Variable	8.05%	11.25%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	400	400	Fixed	8.25%	8.23%
BSJ bond	CRBSJ00B1640	SCR AAA	Colones	Banco BAC San José, S.A.	15-Mar-2013	15-Mar-2018	1800	600	600	Fixed	8.25%	8.23%
La Nación S.A. bond	CRNACIOB0142	SCR AAA	Colones	La Nación S.A.	14-Oct-2013	9-Oct-2018	1795	750	751	Fixed	8.75%	8.74%
FIFCO bond	CRFIFCOB0998	SCR AAA	Colones	Florida ICE & Farm Company S.A.	3-Jul-2013	3-Jul-2023	3600	400	400	Fixed	8.85%	8.84%
Central Bank bond	CRG0000B64G3	Country risk	Colones	Government	11-Feb-2013	28-Jan-2015	707	160	164	Fixed	8.51%	7.22%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	4-Feb-2013	23-Mar-2016	1129	500	528	Fixed	8.74%	7.83%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	12-Feb-2013	23-Mar-2016	1121	500	533	Fixed	8.74%	7.53%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	10-Oct-2013	23-Mar-2016	883	500	524	Fixed	8.74%	6.72%
Central Bank bond	CRG0000B63G5	Country risk	Colones	Government	30-Oct-2013	23-Mar-2016	863	1,000	1,053	Fixed	8.74%	6.69%
Central Bank bond	CRG0000B92G4	Country risk	Colones	Government	27-Mar-2013	22-Jun-2016	1165	500	565	Fixed	10.58%	6.98%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	6.95%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.08%
Central Bank bond	CRG0000B14H6	Country risk	Colones	Government	6-Nov-2013	21-Dec-2016	1125	500	507	Fixed	6.67%	7.10%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	19-Feb-2013	28-Jun-2017	1569	170	185	Fixed	9.89%	7.84%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	1-Mar-2013	28-Jun-2017	1557	675	743	Fixed	9.89%	7.58%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	2,394	2,647	Fixed	9.89%	7.52%
Central Bank bond	CRG0000B55G1	Country risk	Colones	Government	23-Oct-2013	28-Jun-2017	1325	500	553	Fixed	9.89%	7.53%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	8-Feb-2013	27-Sep-2017	1669	500	583	Fixed	11.04%	7.74%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	12-Feb-2013	27-Sep-2017	1665	500	583	Fixed	11.04%	7.75%
Central Bank bond	CRG0000B81G7	Country risk	Colones	Government	19-Feb-2013	27-Sep-2017	1658	500	584	Fixed	11.04%	7.76%
Central Bank bond	CRG0000B86G1	Country risk	Colones	Government	4-Mar-2013	24-Jan-2018	1760	1,000	1,048	Fixed	8.74%	7.76%
Central Bank bond	CRG0000B86G1	Country risk	Colones	Government	5-Mar-2013	24-Jan-2018	1759	1,460	1,573	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B86G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	500	524	Fixed	8.74%	7.57%
Central Bank bond	CRG0000B86G1	Country risk	Colones	Government	6-Mar-2013	24-Jan-2018	1758	1,000	1,048	Fixed	8.74%	7.77%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	3-Oct-2012	28-Mar-2018	1975	500	494	Fixed	11.13%	11.46%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	165	194	Fixed	11.13%	7.88%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	300	353	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	11-Feb-2013	28-Mar-2018	1847	500	588	Fixed	11.13%	7.87%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	125	147	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	12-Feb-2013	28-Mar-2018	1846	286	336	Fixed	11.13%	7.90%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	350	411	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B89G0	Country risk	Colones	Government	19-Feb-2013	28-Mar-2018	1839	500	588	Fixed	11.13%	7.92%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.57%
Central Bank bond	CRG0000B97G3	Country risk	Colones	Government	27-Mar-2013	26-Sep-2018	1979	500	505	Fixed	7.82%	7.58%
Central Bank bond	CRG0000B72G6	Country risk	Colones	Government	11-Feb-2013	27-Mar-2019	2206	120	131	Fixed	9.20%	7.94%
Central Bank bond	CRG0000B59G3	Country risk	Colones	Government	27-Mar-2013	23-Dec-2020	2786	500	542	Fixed	8.97%	7.88%
Monetary stabilization bond - fixed rate	CRBCCRB03371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	278	281	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCRB03371	Country risk	Colones	Banco Central de Costa Rica	4-Mar-2011	19-Nov-2014	1335	500	491	Fixed	7.47%	8.70%
Monetary stabilization bond - fixed rate	CRBCCRB04353	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	15-Jul-2015	615	1,000	1,075	Fixed	9.20%	6.11%
Monetary stabilization bond - fixed rate	CRBCCRB04353	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	15-Jul-2015	615	750	807	Fixed	9.20%	6.11%
Monetary stabilization bond - fixed rate	CRBCCRB03827	Country risk	Colones	Banco Central de Costa Rica	4-Feb-2013	9-Dec-2015	1025	500	513	Fixed	9.28%	7.71%
Monetary stabilization bond - fixed rate	CRBCCRB04361	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	13-Jul-2016	973	750	818	Fixed	9.20%	6.58%
Monetary stabilization bond - fixed rate	CRBCCRB03553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	1,500	1,608	Fixed	9.16%	6.80%
Monetary stabilization bond - fixed rate	CRBCCRB03553	Country risk	Colones	Banco Central de Costa Rica	30-Oct-2013	14-Sep-2016	1034	500	536	Fixed	9.16%	6.82%
Monetary stabilization bond - fixed rate	CRBCCRB04080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	295	435	Fixed	9.20%	7.98%
Monetary stabilization bond - fixed rate	CRBCCRB04080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	250	275	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCRB04080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	155	171	Fixed	9.20%	7.99%
Monetary stabilization bond - fixed rate	CRBCCRB04080	Country risk	Colones	Banco Central de Costa Rica	12-Feb-2013	4-Sep-2019	2362	20	22	Fixed	9.20%	8.00%
Mortgage participation certificate	00MADAPC1140	F1+ (cri)	Colones	Grupo Mutual Alajuela-La Vivienda de Ahorro y Préstamo	31-Oct-2013	31-Oct-2014	361	111	111	Fixed	6.15%	6.09%
Total investments							€	32,030	34,039			

Instrument	ISIN	Risk rating	Currency	Issuer	Purchase date	Maturity	Term	Face value	Value traded	Rate	Coupon	Net return
Bond	CRBCCOB1181	AA(cri)+	U.S. dollars	Banco Crédito Agrícola de Cartago	19-Feb-13	29-Jan-18	1780	5	1	Fixed	4.70%	4.69%
Rescope standardized bond	CRRECOB0012	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petróleo	7-Dec-12	3-Dec-22	3598	1	1	Fixed	5.50%	5.27%
Rescope standardized bond	CRRECOB0020	AAA (cri)	U.S. dollars	Refinadora Costarricense de Petróleo	5-Apr-13	3-Apr-20	5398	1	1	Fixed	5.85%	5.84%
Costa Rican external debt bond	USP3699PEM51	Country risk	U.S. dollars	Government	11-Mar-09	20-Mar-14	1749	1	1	Fixed	6.55%	6.13%
Costa Rican external debt bond	USP3699PEM51	Country risk	U.S. dollars	Government	9-Mar-10	20-Mar-14	1451	0	0	Fixed	6.55%	4.18%
Costa Rican external debt bond	USP3699PEM51	Country risk	U.S. dollars	Government	12-Jan-11	1-Aug-20	3439	0	0	Fixed	10.00%	5.12%
Total investments							US\$	3	3			

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 9. Cash and Due from Banks

Cash and due from banks is detailed as follows:

Banks	As of March 31 2014	As of December 31 2013
<u>ICE Group</u>		
Public and private entities	¢ 10,809	10,126
Total ICE Group	¢ 10,809	10,126

Note 10. Notes and Accounts Receivable

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

		As of March 31, 2013		As of December 31, 2013	
		<u>2014</u>		<u>2013</u>	
		Long-term	Short-term	Long-term	Short-term
Loan to autonomous entities (1)	¢	7,260	-	7,046	-
Private people		-	1,839	-	1,669
Others		32	138	62	300
In legal collections		-	108	-	108
Payment arrangements		-	127	-	54
Total Group ICE	¢	7,292	2,212	7,108	2,131

(1) Loan to autonomous entities

Through an inter-institutional agreement between ICE and the 911 emergency system, the “Agreement to Pay Accounts due from the 911 Emergency System to ICE” was subscribed on December 21, 2012. In this agreement, the debt was expressly acknowledged and accepted and a “payment arrangement” was formally subscribed by the 911 emergency system to settle such debt. As of December 31, 2013 and 2012, the debt is equivalent to ¢4,784.

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

Additionally, this item includes ICE’s loan to EPR to repay loan IDB No. 1908 for ¢2,261 (equivalent to US\$4.5 million).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Accounts receivable services rendered	As of March 31		As of December 31	
		2014		2013
Private people	¢	53,249		49,990
Judicial and administrative collection		36,588		36,590
Electric cooperatives and municipal companies of electric distribution		13,680		8,375
Operators and suppliers of services		4,571		5,790
Telephone administrations		1,072		1,562
Public offices		4,665		2,798
Selling of devices (terminals)		192		269
Electric services consumers		22,095		20,791
Foreign lines		453		546
Others		2,233		1,328
Total Group ICE	¢	138,798		128,039

Accounts receivable not commercial	As of March 31		As of December 31	
		2014		2013
Judicial and administrative collection	¢	8,928		-
Private people (1)		17,315		45,702
Government tax		7,527		4,594
Other		322		955
Toro 3		-		179
Employees		191		219
Fiscal credit sales tax		1,479		1,513
Covenants, services cleared and others		1,026		1,053
Damages to electric installations		763		730
Retention 2% income tax		314		822
Commercial transactions receivable		545		580
Other services rendered		294		74
Funds of savings and loans		200		200
Advance payment sales tax		118		110
Various services government		628		109
Accounts receivable various		399		416
Advance payment income tax		61		108
Advance payments to suppliers		1		72
Total Group ICE	¢	40,111		57,436

(1) Private Individuals

As of March 31, 2014, this item includes advance payments made by ICE to purchase fuel to generate power in thermal power plants for ¢1.092, advance payments to private individuals for ¢2.656, interest and commissions ¢1.747, receivables for unpriced services for ¢1.743 corresponding to the services provided by the Strategic Business Units, and ¢7.130 for ICE's deposits in courts.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement in the allowance for doubtful accounts is as follows:

Allowance for doubtful accounts	As of December 31, 2012	Prior period adjustments	Used	Recoveries	Expense	As of December 31, 2013	Prior period adjustments	Used	Recoveries	Expense	As of March 31, 2014
Receivables for services rendered and non-trade receivables	¢ 35,616	1,829	(12,526)	1,259	6,739	32,917	(2,110)	(1,391)	154	1,002	30,572
Total ICE Group	¢ 35,616	1,829	(12,526)	1,259	6,739	32,917	(2,110)	(1,391)	154	1,002	30,572

Note 11. Operating inventory

Operating inventory by location is as follows:

Operating inventory	As of March 31 2014	As of December 31 2013
San José	¢ 29,960	27,473
Limón	17,007	19,990
Puntarenas	15,888	18,162
Guanacaste	11,994	12,143
Alajuela	2,921	3,295
Cartago	3,241	3,157
Subtotal ICE Group	81,011	84,220
Reclassification to inventory for investment and other assets	(34,924)	(44,725)
Total ICE Group	¢ 46,087	39,495

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Allowance for valuation of inventory

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

	As of December 31				External Audit adjustments to be recorded	Used	Expenses	As of March 31 2013	
	2012	Used	Expenses	2013					
Allowance for valuation of inventory	¢	5,976	(2,414)	7,394	10,956	(4,954)	(194)	2	5,810
Total ICE Group	¢	5,976	(2,414)	7,394	10,956	(4,954)	(194)	2	5,810

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

Materials and equipment held in custody	As of March 31 2014	As of December 31 2013	
Terminals and other devices	¢	5,280	2,278
Spare parts not in warehouse custody		623	615
Total ICE Group	¢	5,903	2,893

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 12. Temporary investments

Temporary investments are as follows:

				As of March 31, 2014			
Issuer		Type of financial instrument	Balance	Face value	Rate of return	Term in months	
ICE Electricity							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco de Costa Rica	€ 5,826	-	3.27% - 3.85%	Demand	
		Instituto Nacional de Seguros	1,507	-	2.85% - 3.89%	Demand	
		Repurchase operations	5,094	5,112	4.53% - 4.84%	March 2014 - Apr 2014	
		SAFI BAC San José	50	-	2.92%	Demand	
		Scotiabank de Costa Rica	2	-	2.23%	Demand	
		Banco Popular	4	-	2.31%	Demand	
		Banco Central de Costa Rica	500	500	5.03%	March 2014 - Apr 2014	
	US Dólares	Banco de Costa Rica	3,472	-	1.31%	Demand	
		Banco Internacional de Costa Rica	37,216	-	0.20%	Demand	
		Instituto Nacional de Seguros	4,679	4,273	1.23% - 1.54%	Demand	
		Scotiabank de Costa Rica	2,753	2,514	1.07%	Demand	
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	51,006	51,006	3.08% - 4.00%	March 2014 - Apr 2014	
		BAC San José	5,000	5,000	5.30%	March 2014 - Apr 2014	
		Banco Scotiabank de Costa Rica, S.A.	4,000	4,000	3.85%	March 2014 - Apr 2014	
		Banco Lafise	2,000	2,000	5.25%	March 2014 - Apr 2014	
		Banco CITIBANK (CMB COSTA RICA)	2,000	2,000	5.55%	March 2014 - Apr 2014	
	US Dólares	Banco Internacional de C.R. -Miami-	41,269	37,685	1% - 1.30%	March 2014 - Apr 2014	
		Banco de Costa Rica	1,245	1,137	0.15%	March 2014 - Apr 2014	
Subtotal ICE Electricity			167,623				
ICE Telecom							
Committed:							
<i>Held-to-maturity</i>	US Dólares	Banco Internacional de Costa Rica	550	502	1.80%	Febr 2014 - Apr 2014	
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	5,500	5,500	5.77%-6.41%	Apr 2013 to Jul 2014	
		Banco de Costa Rica	6,104	-	3.27% - 3.85%	Demand	
		Banco de Costa Rica	1,750	1,750	5.92%-5.95%	Aug 2013 to Aug 2014	
		Banco de Costa Rica	3,742	3,848	5.28% - 5.89%	Nov 2013 to Sept 2014	
		Government	1,349	1,349	6.19%	March 2014 to Jan 2015	
		Government	11,172	115,000	5.32% - 5.95%		
		Instituto Nacional de Seguros	1,004	-	3.89%	Demand	
		Banco Popular	1	-	2.31%	Demand	
		Banco Popular	18,015	18,015	5.33% - 6.70%	Sept 2013 to March 2015	
		Banco Central de Costa Rica	2,420	2,500	5.34% - 6.00%	Oct 2013 to Jan 2015	
		Banco Central de Costa Rica	2,000	2,000	6.18%	March 2014 - March 2015	
		Banco CITIBANK (CMB COSTA RICA)	2,205	2,205	5.21% - 6.14%	Jul 2013 to Jul 2014	
		Banco Crédito Agrícola de Cartago	6,190	6,190	5.74%-6.35%	Apr 2013 to March 2015	
		Banco BAC San José, S.A.	4,456	4,456	5.94% - 6.25%	May 2013 to Oct 2014	
		SAFI BAC San José	50	-	2.92%	Demand	
		Repurchase operations	6,733	6,766	4.56%-5.72%	Febr 2014 to Apr 2014	
		Scotiabank de Costa Rica	258	-	3.22%	Demand	
		Grupo Mutual Alajuela - La Vivienda de Ahorro y Préstamo	3,000	300	5.85% - 6.80%	March 2014 to March 2015	
		Banco Lafise	1,637	1,637	6.94% - 7.15%	Jan 2014 - Jan 2015	
		Mutual de Ahorro y Préstamo	2,833	2,833	5.79% - 6.35%	Aug 2013 to Jan 2015	
		Banco Impresa	1,000	1,000	5.89%	Nov 2013 to Nov 2014	
		Banco Cathay	1,000	1,000	6.79% - 6.89%	Jan 2014 - Jan 2015	
		Financiera Desyfin	1,000	1,000	7.69% - 8.21%	Feb 2014 - Feb 2015	
		Bono HSBC	240	240	6.25%	Oct 2013 to Aug 2014	
		Banco Davivienda (Costa Rica) S.A.	1,000	1,000	5.96%	Feb 2014 - Feb 2015	
		Banco BANSOL Banco de Soluciones	1,975	1,975	6.2% - 6.79%	Oct 2013 to Jan 2015	
		Banco Promérica	105	105	6.64%	Oct 2013 to Oct 2014	
	US Dólares	Banco de Costa Rica	651	-	1.41%	Demand	
		Banco Internacional Costa Rica	1,340	-	0.20%	Demand	
		Banco Crédito Agrícola de Cartago	550	50	2.94%	Ene 2014 - Ene 2015	
		Banco Cathay de Costa Rica S.A.	296	270	4.45%	Dec 2013 to Oct 2014	
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	2,840	2,840	3.08%	March 2014 to Apr 2014	
		Banco Popular	1,000	1,000	6.55%	Feb 2014 - Feb 2015	
	US Dólares	Banco Internacional de Costa Rica	1,101	1,005	3.00%	March 2013 a Sept 2014	
Subtotal ICE Telecom			95,065				
Subtotal ICE			262,689				
CNFL:							
<i>Held-to-maturity</i>	US Dólares	Banco Nacional de Costa Rica	137	137	1.05	90 days	
		Banco de Costa Rica	107	107	1.15	30 months	
Subtotal CNFL			€ 245				
CRICSA							
<i>Available-for-sale</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.	15	-	-	-	
Subtotal CRICSA			15				
Cable Visión							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	147	-	3.54%	Demand	
Subtotal Cable Visión			147				
Total ICE Group			€ 263,095				

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

				As of December 31, 2013			
	Issuer	Type of financial instrument	Balance	Face value	Rate of return	Term in months	
ICE Electricity							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco de Costa Rica	6	-	3.44% - 4.08%	Demand	
		SAFI BAC San José	50	-	3.07%	Demand	
		Banco Popular	4	-	2.64%	Demand	
	US Dólares	Banco de Costa Rica	1,368	-	1.31%	Demand	
		Banco Internacional de Costa Rica	39,626	-	0.20%	Demand	
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	9,517	9,517	3.00%	Dec 2013 to Jan 2014	
	Dólares	Banco de Costa Rica	5,025	5,025	0.15%	Dec 2013 to Jan 2014	
Subtotal ICE Electricity			55,593				
ICE Telecom							
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	6,100	6,100	5.77%-6.41%	May 2013 to Jul 2014	
		Banco de Costa Rica	11	-	3.44%-4.08%	Demand	
		Banco de Costa Rica	5,682	5,682	5.91%-7.49%	Jun 2013 to Aug 2014	
		Banco de Costa Rica	341	348	5.28%	Nov 2013 to May 2014	
		Government	1,500	1,500	5.82%-6.10%	May 2013 to Mar 2014	
		Government	8,225	8,500	5.01% - 5.46%	Aug 2013 to Aug 2014	
		Banco Popular y de Desarrollo Comunal	1	-	2.39%	Demand	
		Banco Popular y de Desarrollo Comunal	13,067	13,067	5.61%-6.34%	Mar 2013 to Aug 2014	
		Banco Central de Costa Rica	3,807	3,900	4.72% - 6.06%	Apr 2013 to Nov 2014	
		Banco CITIBANK (CMB COSTA RICA)	1,750	1,750	6.14%	Jul 2013 to Jul 2014	
		Banco Crédito Agrícola de Cartago	4,960	4,960	5.74%-6.35%	Apr 2013 to Aug 2014	
		Banco BAC San José, S.A.	4,456	4,456	5.94% - 6.25%	May 2013 to Oct 2014	
		SAFI BAC San José	50	-	2.95%	Demand	
		Repurchase operations	1,458	1,458	3.30%-5.30%	Aug 2013 to Jan 2014	
		Grupo Mutual Alajuela-La Vivienda de Ahorro y Prestamo	300	300	6.10%	Jul 2013 to Mar 2014	
		Mutual Cartago de Ahorro y Préstamo	1,275	1,275	6.14% - 6.24%	Aug 2012 to Sep 2014	
		Banco Improsa	1,000	1,000	5.89%	Nov 2013 to Nov 2014	
		Bono HSBC	240	240	6.25%	Oct 2013 to Aug 14	
		Banco BANSOL Banco de Soluciones	350	350	6.54%	Oct 2013 to Jun 14	
		Banco Promérica	105	105	6.64%	Oct 2013 to Oct 2014	
	US Dólares	Banco de Costa Rica	132	-	1.31%	Demand	
		Banco Internacional Costa Rica	6,427	-	0.20%	Demand	
		Banco Crédito Agrícola de Cartago	251	251	3.68%	Feb 2013 to Jan 2014	
		Repurchase operations	544	544	2.91% - 5.30%	Dec 2013 to Jan 2014	
		Banco Cathay de Costa Rica S.A.	270	270	4.45%	Dec 2013 to Oct 2014	
<i>Held-to-maturity</i>	Colones	Banco de Costa Rica	11,184	11,184	3.00%	Dec 2013 to Jan 2014	
		BANHVI	2,350	2,350	8.74%	Jan 2013 to Jan 2014	
	US Dólares	Banco Internacional de Costa Rica	1,005	1,005	3.00%	Sept 2013 to Mar 2014	
Subtotal ICE Telecom			76,841				
Subtotal ICE			132,434				
CNFL:							
<i>Held-to-maturity</i>	US Dólares	Banco Nacional de Costa Rica - Dólares	501	502	0.75%	90 days	
	US Dólares	Banco de Costa Rica	101	100	1.15%	Sept 2012 to Mar 2015	
Subtotal CNFL			602				
CRICSA							
<i>Available-for-sale</i>	Colones	BN Sociedad de Fondos de Inversión, S.A.	15	-	-	Demand	
Subtotal CRICSA			15				
CABLE VISIÓN							
Committed:							
<i>Available-for-sale</i>	US Dólares	Banco Nacional de Costa Rica	615	-	1.24%	Demand	
Uncommitted:							
<i>Available-for-sale</i>	Colones	Banco Nacional de Costa Rica	116	-	3.54%	Demand	
Subtotal CABLE VISIÓN			731				
Total ICE Group			6	133,782			

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Valuation of Investments

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

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

As of March 31, 2014 and as a result of the valuation of the short-term investments, ICE recognized a net unrealized gain for the sum of (¢131) (¢20 in December 2013), which is presented as part of the entry “Results of the Valuation of Financial Instruments”, in the equity section.

Note 13. Restricted-Use Funds

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

	As of March 31 2014	As of December 31 2013
ICE:		
Guarantees received from third parties:		
In U.S. dollars	¢ 946	914
In colones	374	357
Specific purpose funds:		
BCR Platinum (¢) - Cash for payments of ICE services	20	2,468
BNCR Gold - Cash for amortization of short-term debt	2	1,667
Total ICE Group	¢ 1,342	5,406

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 14. Prepaid Expenses

Prepaid expenses are detailed as follows:

Prepaid expenses	As of March 31 2014	As of December 31 2013
ICE:		
Mobiles devices and terminals (1)	¢ 37,451	37,882
Use agreement (2)	15,945	18,688
Fuel (3)	7,877	7,877
Insurance policy U-500, net (4)	1,345	4,029
All construction risk policy	3,627	4,131
Several insurance policies	13	19
Stationery	-	338
Subtotal ICE	66,258	72,964
CNFL:		
Insurance policies U-500, net	4	359
Several insurance policies	989	359
Subtotal CNFL	993	718
RACSA:		
Telephone directory	3,191	2,183
Others	35	36
National Insurance Institute-Auto insurance	2	4
Insurance policies U-500, net	-	60
Vacation request form	31	21
Subtotal RACSA	3,259	2,304
CABLE VISIÓN:		
Insurance policies	3	5
Licenses	3	3
Judicial attachments	19	-
Leasing interests	23	21
Services	5	-
Circulation fees	2	2
Subtotal CABLE VISIÓN	55	31
Total Grupo ICE	¢ 70,565	76,017

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

U-500 insurance policy	As of March 31, 2014	As of December 31, 2013
Opening balance	¢ 4,448	4,396
Amount of premium	-	12,415
Amortization of premium	(3,099)	(12,363)
Total ICE Group	¢ 1,349	4,448

(1) Mobile terminals and devices

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

(2) Use agreements

On November 5, 2007, ICE and BCR (trustee) subscribed a lease agreement under a Securitization Trust for construction of a thermal power plant called Garabito Thermal Power Plant (see note 30). The lease term of the aforementioned thermal power plant according to that trust is 142 months (11 years and 10 months) starting June 2010. Since the plant did not start commercial operations on the anticipated date (June 2010), management of the Executing Unit of the Garabito Thermal Power Plant and ICE agreed on November 19, 2010 that ICE would begin to amortize prepaid expenses starting January 2011 corresponding to lease payments made by ICE from June to December 2010, applying the first payment (made in June 2010) in January 2011 and so on until March 2022, which is the expiration date of the lease agreement.

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

(3) Fuel

In 2012, the Public Services Regulatory Authority (ARESEP), according to Resolution 977-RCR-2012 of November 2, 2012, partially approved the request filed by ICE for the recognition through rate adjustments of fuel and additional expenses for the first half of 2012. Those expenses for a total of ¢19,225, were not recognized in the rate approved in ARESEP's prior ruling. Of that amount, ICE recovered ¢3,765 while the outstanding amount of ¢15,460 corresponds to lags in the recognition of fuel and expenses in 2012. According to the ARESEP's Resolution No. RJD-003-2013 issued on February 25, 2013, said delays must be recognized by means of rate adjustments no later than July 1, 2013, in quarterly payments. The balance pending as of March 31, 2014 is ¢7.877. According to resolution 795-SJD-2013/125269 of November 29, 2013, ARESEP accepts the request of ICE of carrying forward the delay for fuels of 2012 approved for the first and second quarter of 2014 through

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

agreement 04-14-2013, to be applied to the rates of the third and fourth quarter of 2014, when the aforementioned balance will be amortized.

(4) U-500 insurance policy

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March 31, 2014	As of December 31, 2013
ICE:				
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative and technical buildings (central offices, blocks A - B, and block C (Procurement Department), PySA building, and Power Control Center), warehouses, telephone exchanges, shelters, base stations, electricity agencies, telephone agencies, Comprehensive Customer Service Center (CAIC), power generation centers, power transformers, autotransformers, and mobile transformers.	3,544,763	3,133,978
02 01 INS 613 00	Construction and assembly works all-risk insurance. Covers tremors, earthquakes, volcanic eruptions, cyclones, hurricanes, hail, tempests, windstorms, floods, water overflow, seaquake, mud silting, testing period, civil liability, adjacent property, and debris removal.	Project to expand Cachi	75,114	64,319
0201 TRC 0196	Construction and assembly works all-risk basic direct damage, earthquake, volcanism, seaquake, tempest, cyclone, rising floodwaters, flood, landslide, extended maintenance, and debris removal. Civil liability, delay in start-up, transportation, sabotage, and terrorism	Reventazón Hydroelectric Project	594,024	508,657
Local Transportation for Mobile Terminals	Means of transportation risks (covers loss of transported goods on route); accidents in the means of transportation as a result of: accidental fall on curbs, cliffs, precipices, rivers, lagoons, and oceans, collision and/or accident of the means of transportation against a fixed or moving object, animals, or people, fire, lightning, cyclones, earthquakes, tremors, overturn or fall of container, collision against moving or fixed objects, animals, or people provided they are fastened to the chassis or platform. This insurance was underwritten in December 2012.	Mobile terminals transported on ICE's vehicles to different points of sale for marketing purposes	40,950	35,350
0201INC0004621 Customs Warehouse and Bonded Warehouse	Covers direct physical damage, recovery value of fixed assets, assault, automatic coverage for new goods, errors and omissions, loading and unloading, replacement of accounting books, technical and professional fees, automatic reinstatement of insured amount in the event of loss (not applicable to catastrophic risk or robbery), extraordinary expenses, reconstruction of electronic files, multiple location, fire extinguishment expenses, goods in custody, and control over the insured good.	Goods imported by ICE and in custody of the bonded warehouse	2,048	1,753
0101CGM7800 (55000)	Covers inland, maritime, and air transport of materials acquired by ICE through temporary import and/or export permits issued worldwide, as follows: A. All risk; C. Named-risk; D. War; and E. Strike.	All imported materials	1,027	1,027
02 01 EQE-0000335-00 Electronic Equipment All Risk LIDAR	Covers all risks of loss or damage and collision and/or overturn of a vehicle transporting insured assets (mobile or portable equipment), as follows: R. Direct damage to electronic equipment.	LIDAR electronic equipment and vehicle where it is installed	553	473
AUM-052	Covers vehicles for personal use assigned to ICE's senior management, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Senior management vehicles	31	31

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March, 31 2014	As of December 31, 2013
0201VAG134-00 Travelers in Dollars	Covers personal accident (death, dismemberment, total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), and daily costs of a hospital stay. Exchange rate \$516.41, amount of insurance US\$21,530.96	Officers traveling abroad	25	25
01-01-ACG-245-01 Collective Accident	Covers accidental death, permanent disability, and medical expenses.	Non-employee passengers in ICE vehicles	20	20
0201NS000062 Civil Liability, General Global Crossing	General civil liability that covers bodily injury or death of third parties and damage to third party property as combined single limit civil liability and total limit civil liability per year, related to activities, property, and legal actions filed abroad.	Civil liability arising from activities and property while providing international interconnection access service, MSM access points, and equipment maintenance and/or operation in the Global Crossing building located in Los Angeles (USA).	15	13
Basic Collective Accident, 01ACG264	Covers accidental death, total and permanent disability, and medical expenses for accident.	Employees of ICE's Institutional Protection and Security Office	11	11
Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March, 31 2014	As of December 31, 2013
CNFL:				
U-500 currently ING-008	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; civil liability; and commercial crime.	Administrative buildings, hydroelectric power plants, and substations. Amount insured expressed in U.S. dollars.	278,832	289,463
AUM-144	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons and C: Umbrella liability or excess liability for damages to third party property.	CNFL's vehicle fleet	6,443	6,060
Maritime 11955	Maritime Cargo Insurance	Imports	1,455	1,455
AUM-172	Covers CNFL's vehicle fleet, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision or overturn; F: Robbery and/or theft; and H: Additional risks.	Vehicles (insurable interest)	140	186
FCP-0000041-00	Fidelity Guarantee Insurance		50	50
EQC-3868	Contractor's Equipment Insurance	Forklifts and tractors	50	50

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March, 31 2014	As of December 31, 2013
RACSA:				
U-500	Covers all risks of physical damage to property (acts of God); additional expenses and/or increases in operating costs; theft and/or robbery and/or assault, excluding money (cash) and assets convertible into cash; damages to assets in incidental inland transit, excluding money (cash) and assets convertible into cash; debris removal; documents; designs; professional consultant fees; construction work in progress; minor infrastructure and the like, provided that such infrastructure is built on existing or adjacent sites or facilities; temporary transfer of assets; reconstruction of electronic files; replacement of books; errors and omissions; policy issue expenses; fire extinguishment expenses; costs to facilitate recovery; wire theft; terrorism; and civil liability.	RACSA's central buildings (Buildings A, B, and C located at the intersection of Avenida 5 and Calle 1) and the office furniture and equipment, and electronic and telecommunications equipment contained therein; inventories in warehouses (supplies and electronic and telecommunications equipment); and the RACSA-ZURQUI Teleport buildings (located in Calle Blancos) and their contents.	83,427	75,235
AUM-0502-06 - RACSA	Covers company vehicles, as follows: A: Umbrella liability or excess liability for injury and/or death of persons; C: Umbrella liability or excess liability for damages to third party property; D: Collision and/or overturn; F: Robbery and/or theft; and H: Additional risks.	Vehicle fleet	177	183
EQE 0009580 Electronic Equipment- RACSA	Mobile and/or portable equipment all-risk insurance, as follows: E: Risks of loss or damage to mobile and/or portable equipment and R: Direct damage to electronic equipment and collision and/or overturn of a vehicle transporting insured assets.	Sales force laptops	28	28
Collective Traveler OC10001137- RACSA	Covers personal accident (death, loss of limb(s), total and permanent disability), medical expenses for accident or acute illness, additional expenses (funeral expenses, emergency dental treatment, medical repatriation, repatriation of remains, air travel for a companion upon medical recommendation, accommodation, board, and local transportation for a companion), daily costs of a hospital stay, lost luggage, and lost passport.	Employees traveling abroad	28	25
INC-0256115-17 Fire - RACSA	Insurance against accidental fire or lightning strike, sundry risks, flood, landslide, and convulsions of nature.	El Cerrito Farm storehouse	28	28
EQC- 0004970 Contractor Equipment- RACSA	Insurance against: E: Direct damage including losses to the equipment caused by collision, accidental overturn, accidental fire, lightning strike, and transport of the equipment by other means; and L: Combined Single Limit Civil Liability.	El Cerrito Farm tractor	10	10
Type of policy	Type of coverage	Insured assets	Amount insured	
			As of March, 31 2014	As of December 31, 2013
CABLE VISIÓN:				
Umbrella liability	Covers umbrella liability for injury of persons and damages to third party property.	Damages to third parties.	10	10
Vehicle fleet	Umbrella liability for damages to third parties.	Injury or death of persons and damages to third party property.	100	100
			200	200
			30	30

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 15. Service Agreements

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

Service agreements	As of March 31, 2014	As of December 31, 2013
<u>ICE:</u>		
Reventazón Hydroelectric Project (1)	¢	91,620
Toro 3 Hydroelectric Project	-	-
Other	368	11
Subtotal Group ICE	67	91,631
Elimination of institutional services	-	(47)
Total ICE Group	¢	435
		91,584

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

(1) Reventazón Hydroelectric Plant

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

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

- The purposes of the trust are as follows:
 - a. Develop, continue the construction, lease, operate, and offer maintenance to the Reventazón Hydroelectric Power Project and subscribe the necessary financing to achieve those goals.
 - b. Create autonomous and independent equity to secure and guarantee compliance with the Trust's obligations.
 - c. Organize the Guarantee Trust to which the Trust Equity will be transferred, whereby this Trust will act as the trustor, the secured creditors as the beneficiaries, and this Trust's trustee as the trustee. The trustee of the Guarantee Trust is Banco Scotiabank.
 - d. Comply with the Trust's obligations established in the transaction documents, including making payments to secured creditors that granted loans or invested in securities for the development, financing, construction, lease, operation, and maintenance of the Reventazón Hydroelectric Power Project.
 - e. Once (i) the objectives of this Trust have been met, (ii) the obligations established in the transaction documents have been fulfilled, and (iii) the trustee receives written authorization from the representative of the secured creditors; transfer the Trust Equity to the Trustor, who also acts as the Main Beneficiary.
 - f. Pursue any other objective or purpose derived from the nature of this Trust Agreement and the transaction documents that does not infringe good faith in business or violates the relevant legislation.

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

- Reventazón Hydroelectric Power Project; (ii) works and equipment involved in the project's development process; (iii) the Trustor's contributions in cash or kind; (iv) resources obtained by the Trust under loan agreements and from issue, placement, and management of securities, if issued; (v) income from the lease of the plant and any other income generated by the Trust in the normal course of business; (vi) licenses, authorizations, studies, and documents required to support the attainment of the Trust's objectives; (vii) trust accounts and investments and returns derived therefrom and any other resources that the Trustee manages in accordance with this Trust; (viii) any income earned by the Trust generated from the project, directly or indirectly; (ix) future goods that would be included in the Trust Equity; (x) the equity of the Guarantee Trust upon its return to the Trust as trustor in accordance with the terms and conditions of the Guarantee Trust.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- The Trustee shall manage and, if appropriate, make use of the Trust Equity in accordance with purposes and provisions of the agreement and meeting all of the Trust's obligations.
- All funds received by the Trust on any account or reason shall be immediately deposited by the Trustee in the bank accounts held with the Guarantee Trust, in accordance with the terms and conditions of the Guarantee Trust; except for the funds obtained from bridge loans, which shall be deposited in the accounts opened by the Trust for such purposes.

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

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

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

Lease agreement for the Reventazón Hydroelectric Power Project:

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 16. Design and Planning of Project Implementation

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

Implementation design and planning	As of March 31	As of December 31
	2014	2013
El Diquís Hydroelectric Plant (1) ¢	72,068	71,023
Borinquén Geothermal Power Plant (2)	20,089	19,847
Verbena Transmission	1,822	-
Reinforcement of South - Center Transmission	4,331	4,222
La Carpio Diversion	1,115	
Transmission Lines	558	2,348
Other	723	1,264
Subtotal Grupo ICE	100,706	98,704
* Elimination of institutional services	(33)	(154)
Total Grupo ICE ¢	100,673	98,550

* Internal consumption of electricity and telephone services of the different areas of the institution.

(1) El Diquís Hydroelectric Project (PHED):

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

As of March 31, 2014 PHED includes costs incurred prior to construction and disbursements made during the investment phase, which encompasses the design of the works, and technical, economic, and financial studies for a total of ¢72.068 (¢71.023 as of December 31, 2013), necessary for completing the Feasibility Studies and the final Environmental Impact Study. PHED is in the process of completing, followed by a presentation to the National Technical Environmental Secretariat (SETENA), the Environmental Impact Study. The viability or Environmental License is necessary to begin construction, which is issued with SETENA's approval of the study. To start its construction, there should be an environmental license or viability issued and approved by SETENA.

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(2) Borinquén Geothermal Power Plant:

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

Costs incurred as of March 31, 2014 correspond to work related to site preparation for deep-well drilling. Construction is expected to begin in late 2015.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 17. Non Operating Assets

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

Non - operating assets	As of December 31,						
	2012 (Restated)*	Additions at cost	Retirements and transfers	2013	Additions at cost	Retirements and transfers	As of March 31, 2014
Historical cost:							
Land	¢ 23,095	930	16	24,041	1,185	-	25,226
Buildings	4,740	-	155	4,895	-	(76)	4,819
Land and rights of way (1)	-	968	(968)	-	13	(13)	-
Artwork and collector's items	23	-	-	23	-	-	23
Substations	1,963	-	-	1,963	-	-	1,963
Hydroelectric plants	674	-	-	674	-	-	674
General equipment	899	-	-	899	-	-	899
Surco Tico, S.A.- Forestry project	841	86	-	927	-	-	927
Other assets	146	(1)	(1)	145	-	-	145
Total cost ICE Group	32,381	1,983	(798)	33,567	1,198	(89)	34,676
Accumulated depreciation - cost:							
Land	35	9	-	44	2	-	46
Buildings	477	232	89	798	60	(9)	849
Artwork and collector's items	-	-	-	-	-	-	-
Substations	183	63	-	246	15	-	261
Hydroelectric plants	117	17	-	134	5	-	139
General equipment	2	-	-	2	-	-	2
Other assets	14	-	-	14	-	-	14
Total accumulated depreciation - cost ICE Group	828	321	89	1,238	82	(9)	1,311
Revaluation:							
Land	6,364	818	313	7,495	-	-	7,495
Buildings	1,271	215	1,420	2,906	-	(6)	2,900
Land and rights of way (1)	-	206	(206)	-	-	-	-
Substations	134	40	-	174	-	-	174
Hydroelectric plants	7,374	162	-	7,536	-	-	7,536
General equipment	1	-	-	1	-	-	1
Other assets	157	11	-	168	-	-	168
Total revaluation ICE Group	15,301	1,452	1,527	18,280	-	(6)	18,274
Accumulated depreciation - revaluation:							
Land	213	17	-	230	1	-	231
Buildings	798	57	1,353	2,208	15	-	2,223
Substations	9	5	4	18	2	-	20
Hydroelectric plants	5,185	159	-	5,344	23	-	5,367
General equipment	1	-	-	1	-	-	1
Other assets	47	5	-	52	-	-	52
Total accumulated depreciation- revaluation ICE Group	6,253	243	1,357	7,853	41	-	7,894
Total non - operating assets ICE Group	¢ 40,601	2,872	(717)	42,756	1,075	(86)	43,745

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(1) Land and rights of way:

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

Note 18. Intangible Assets

Intangible assets are as follows:

	As of March 31 2014	As of December 31 2013
Intangible assets:		
Licences, systems, and applications ¢	84,849	84,089
Rights of way and easements	23,982	23,777
Rights guaranteed by law	2	-
Goodwill (Note A)	5,372	5,372
Total cost ICE Group	114,205	113,238
Accumulated amortization:		
Licences, systems, and applications	55,701	53,203
Total amortization ICE	55,701	53,203
Total net ICE Group ¢	58,504	60,035

Amortization Method

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement in intangible assets is as follows:

	<u>Licences, systems, and applications</u>		<u>Rights of way and easements</u>		<u>Rights guaranteed by law</u>		<u>Goodwill</u>		<u>Totals</u>	
	As of March 31, 2014	As of December 31, 2013	As of March 31, 2014	As of December 31, 2013	As of March 31, 2014	As of December 31, 2013	As of March 31, 2014	As of December 31, 2013	As of March 31, 2014	As of December 31, 2013
Cost:										
Initial balance	¢ 84,089	72,103	23,777	23,951	-	-	5,372	-	113,238	96,054
Additions	6,203	19,529	214	-	2	-	-	5,372	6,419	24,901
Transfers	(1,501)	(3,491)	(9)	-	-	-	-	-	(1,510)	(3,491)
Withdrawals	(3,942)	(3,981)	-	-	-	-	-	-	(3,942)	(3,981)
Adjustments	-	(71)	-	(174)	-	-	-	-	-	(245)
Total cost ICE Group	¢ 84,849	84,089	23,982	23,777	2	-	5,372	5,372	114,205	113,238
Accumulated amortization:										
Initial balance	¢ 53,203	40,052	-	-	-	-	-	-	53,203	40,052
Amortization - expense	3,129	11,454	-	-	-	-	-	-	3,129	11,454
Amortization - investment	419	1,926	-	-	-	-	-	-	419	1,926
Reclassifications	-	9	-	-	-	-	-	-	-	9
Transfers	-	(5)	-	-	-	-	-	-	-	(5)
Withdrawals	(1,050)	(233)	-	-	-	-	-	-	(1,050)	(233)
Total amortization ICE Group	55,701	53,203	-	-	-	-	-	-	55,701	53,203
Total net ICE Group	¢ 29,148	30,886	23,982	23,777	2	-	5,372	5,372	58,504	60,035

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 19. Guarantee and Savings Fund (Restricted Fund)

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

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

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

	As of March 31, 2014		As of December 31, 2013		
	Amount	%	Amount	%	
<u>ICE:</u>					
Electricity	¢ 73,534	39%	71,746	39%	
Telecom	101,816	54%	99,341	54%	
Corporate	13,198	7%	12,877	7%	
Subtotal ICE	188,548	100%	183,964	100%	
<u>RACSA:</u>					
RACSA Guarantee and Savings Fund	2,431	100%	2,400	100%	
Subtotal RACSA	2,431	100%	2,400	100%	
Total ICE Group	¢ 190,979	100%	186,364	100%	

Of that amount, ¢110,417 corresponds to the Supplemental Pension System and ¢78,130 to the Savings Fund (4,5% and 6%, respectively, of the monthly salaries of ICE's permanent employees.)

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 20. Amortizable Items

Amortizable items are as follows:

Cost	Term	Method	As of December 31, 2012	Liquidation	Increase	As of December 31, 2013	Liquidation	Increase	As of March 31, 2013
Projects									
Miravalles III Geothermal Project	180 months	Straight line	¢ 176	-	-	176	-	-	176
Electrona Belén Hydroelectric Project	480 months	Straight line	573	-	-	573	-	-	573
Investment transaction costs:									
Investment transaction costs	30 days	Effective interest	0	(13)	13	0	-	4	4
Investment transaction costs	60 days	Effective interest	17	(36)	19	-	-	5	5
Investment transaction costs	90 days	Effective interest	23	(31)	16	8	(7)	-	1
Investment transaction costs	120 days	Effective interest	10	(44)	37	3	(3)	4	4
Investment transaction costs	More than 180 days	Effective interest	218	(218)	1,727	1,727	(193)	371	1,905
Sub total, investment and project transaction costs			1,017	(342)	1,812	2,487	(203)	384	2,668
Financing agreement fees:									
A bonds	120 months	Effective interest	296	-	-	296	-	-	296
B bonds	120 months	Effective interest	358	-	-	358	-	-	358
Citibank	120 months	Effective interest	378	-	-	378	-	-	378
CABEI No. 1856	180 months	Effective interest	143	(143)	-	-	-	-	-
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	644	-	-	644	-	-	644
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	975	-	-	975	-	-	975
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	1,532	-	-	1,532	-	-	1,532
INS Title 1	60 months	Effective interest	90	(90)	-	-	-	-	-
INS Title 2	60 months	Effective interest	9	(9)	-	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	834	-	-	834	-	-	834
M & T Bank	84 months	Effective interest	56	-	-	56	-	-	56
Scotiabank tranche A	36 months	Effective interest	157	(157)	-	-	-	-	-
Scotiabank tranche B	60 months	Effective interest	157	-	-	157	-	-	157
BNP Paribas A	60 months	Effective interest	33	-	-	33	-	-	33
BNP Paribas B	60 months	Effective interest	115	-	-	115	-	-	115
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	57	-	-	57	-	-	57
Deutsche Bank Trust Company Americas	12 months	Effective interest	1	-	-	1	-	-	1
M & T Bank N°2	60 months	Effective interest	88	-	-	88	-	-	88
Nordea Export & Project Finance No.2	60 months	Effective interest	213	-	-	213	-	-	213
International issue of bonds 2043	120 months	Effective interest	-	(4)	165	161	-	-	161
Banistmo #2	60 months	Effective interest	-	-	8	8	-	-	8
Banistmo #3	84 months	Effective interest	-	-	8	8	-	-	8
International issue of bonds	120 months	Effective interest	945	-	-	945	-	-	945
Sub total, financing agreement fees			7,081	(403)	181	6,859	-	-	6,859
Total amortizable items - Cost - ICE Group			¢ 8,098	(745)	1,993	9,346	(203)	384	9,527

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Absorption Amortizable Items	Term	Method	As of December 31, 2012	Amortizations	Liquidation	As of December 31, 2013	Amortizations	Liquidation	As of March 31, 2014
Projects									
Miravalles III Geothermal Project	180 months	Straight line	€ 149	12	-	161	3	-	164
Electriona Belén Hydroelectric Project	480 months	Straight line	301	14	-	315	4	-	319
Investment transaction costs:									
Investment transaction costs	30 days	Effective interest	1	8	(8)	1	1	-	2
Investment transaction costs	60 days	Effective interest	11	10	(21)	-	2	-	2
Investment transaction costs	90 days	Effective interest	13	12	(21)	4	-	(5)	(1)
Investment transaction costs	120 days	Effective interest	3	20	(21)	2	1	(2)	1
Investment transaction costs	More than 180 days	Effective interest	139	403	(154)	388	139	(175)	352
Sub total, investment and project transaction costs			617	479	(225)	871	150	(182)	839
Financing agreement fees:									
A bonds	120 months	Effective interest	301	46	-	347	10	-	357
B bonds	120 months	Effective interest	257	40	-	297	12	-	309
Citibank	120 months	Effective interest	228	46	-	274	12	-	286
CABEI No. 1856	180 months	Effective interest	40	103	(143)	-	-	-	-
Corporación Andina de Fomento (C.A.F.)	180 months	Effective interest	178	40	-	218	10	-	228
IADB Reconversion 1931 A/OC-CR - Tranche A	180 months	Effective interest	232	71	(5)	298	16	-	314
IADB Reconversion 1931 A/OC-CR - Tranche B	120 months	Effective interest	497	130	(4)	623	22	(4)	641
INS Title 1	60 months	Effective interest	71	18	(89)	-	-	-	-
INS Title 2	60 months	Effective interest	8	1	(9)	-	-	-	-
Nordea Export & Project Finance No.1	60 months	Effective interest	573	173	-	746	44	-	790
M & T Bank	84 months	Effective interest	23	8	-	31	2	-	33
Scotiabank tranche A	36 months	Effective interest	157	43	(200)	-	-	-	-
Scotiabank tranche B	60 months	Effective interest	88	101	-	189	89	-	278
BNP Paribas A	60 months	Effective interest	14	7	-	21	2	-	23
BNP Paribas B	60 months	Effective interest	50	23	-	73	6	-	79
Honk Kong Shangai Bank Corporation (HSBC)	60 months	Effective interest	22	12	-	34	3	-	37
Nordea Export & Project Finance No.2	12 months	Effective interest	86	43	-	129	11	-	140
M & T Bank N°2	12 months	Effective interest	34	18	-	52	4	-	56
International issue of bonds	120 months	Effective interest	62	74	-	136	19	-	155
Sub total, financing agreement fees			2,921	997	(450)	3,468	263	(4)	3,727
Total amortizable items - Cost - ICE Group			€ 3,538	1,476	(675)	4,339	413	(186)	4,566

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 21. Securities Payable (Bonds)

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

Securities payable	As of December 31,				2013	Amortization	Foreign exchange differences	Disbursements	As of March 31, 2013	Long-term	Short-term
	2012	Amortization	Foreign exchange differences	Disbursements							
ICE:											
Internal debt:											
INS Security No. 1	€ 12,171	12,171	-	-	€ -	-	-	-	€ -	-	-
INS Security No. 2	1,208	1,208	-	-	-	-	-	-	-	-	-
INS Security No. 3	-	-	-	-	-	-	-	-	-	-	-
Series A1 bonds	50,000	-	-	-	50,000	-	-	-	50,000	50,000	-
Series A2 bonds	6,328	-	-	-	6,328	-	-	-	6,328	6,328	-
Series B1 bonds	38,192	-	(508)	-	37,684	-	3,585	-	41,269	41,269	-
Series B2 bonds	25,462	-	(338)	-	25,124	-	2,389	-	27,513	27,513	-
Series A2 bonds - 2010	28,426	-	-	-	28,426	-	-	-	28,426	28,426	-
Series B3 bonds - U.S. dollars (Electricity)	38,192	-	(507)	-	37,685	-	3,584	-	41,269	41,269	-
Series A3 bonds - colones	20,000	-	-	-	20,000	-	-	-	20,000	20,000	-
Series E1 bonds - U.S. dollars (Electricity)	29,824	-	(396)	-	29,428	-	2,798	-	32,226	32,226	-
Series A4 bonds - Telecom	10,000	-	-	-	10,000	-	-	-	10,000	10,000	-
Series A5 bonds - Electricity	20,000	-	-	-	20,000	-	-	-	20,000	20,000	-
Series A2 bonds -Electricity	15,246	-	-	-	15,246	-	-	-	15,246	15,246	-
Series E1 bonds - Electricity	8,369	-	(111)	-	8,258	-	785	-	9,043	9,043	-
Series A6 bonds - Electricity	18,756	-	-	-	18,756	-	-	-	18,756	18,756	-
Series E2 bonds - Electricity	63,654	-	(845)	-	62,809	-	9,561	-	72,370	72,370	-
Series F1 bonds	16,853	-	(223)	-	16,630	-	1,581	-	18,211	18,211	-
Series F3 bonds - U.S. dollars (Electricity)	5,627	-	-	-	5,627	-	-	-	5,627	5,627	-
Series F4 bonds - U.S. dollars (Telecom)	15,277	-	(203)	-	15,074	-	1,434	-	16,508	16,508	-
Series F4 bonds - U.S. dollars (Electricity)	73,838	-	(980)	-	72,858	-	6,928	-	79,786	79,786	-
Subtotal internal debt - ICE	€ 497,423	13,379	(4,111)	-	€ 479,933	-	32,645	-	€ 512,578	512,578	-

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Securities payable	As of December 31,								As of March 31, 2013	Long-term	Short-term
	2012	Amortization	Foreign exchange differences	Disbursements	2013	Amortization	Foreign exchange differences	Disbursements			
ICE:											
External debt:											
A bonds - Credit Suisse First Boston	€ 20,369	20,099	(270)	-	€ -	-	-	-	€ -	-	-
B bonds - Credit Suisse First Boston	30,554	-	-	-	30,554	30,148	(406)	-	-	-	-
International bond issue 2012	254,615	-	(3,380)	-	251,235	-	23,890	-	275,125	275,125	-
International bond issue 2013	-	-	(3,380)	254,615	251,235	-	25,647	-	276,882	276,882	-
Other:											
Premium Series A1 bonds	144	16	-	-	128	3	-	-	125	125	-
Premium Series A2 bonds	87	7	-	-	80	1	-	-	79	79	-
Premium Series B1 bonds	149	12	-	-	137	3	-	-	134	134	-
Premium Series B2 bonds	299	82	-	-	217	21	-	-	196	196	-
Series A2 bonds - 2010	8	1	-	-	7	-	-	-	7	7	-
Series B3 bonds - U.S. dollars (Electricity)	1,135	86	-	-	1,049	23	-	-	1,026	1,026	-
Premium Series A3 bonds (Electricity)	4	-	-	-	4	-	-	-	4	4	-
Premium Series E1 bonds (Electricity)	178	18	-	-	160	5	-	-	155	155	-
Premium Series E1 bonds - U.S. dollars (Electricity)	4	-	-	-	4	-	-	-	4	4	-
Premium Series A6 bonds - colones (Electricity)	1	-	-	-	1	-	-	-	1	1	-
Premium Series F3 bonds - U.S. dollars (Electricity)	3	-	-	-	3	-	-	-	3	3	-
Premium international bond issue - ICE 2012	6,192	519	-	-	5,673	136	-	-	5,537	5,537	-
Premium Series F4 bonds - U.S. dollars (Telecom)	174	7	-	-	167	2	-	-	165	165	-
Premium Series F4 bonds - U.S. dollars (Electricity)	116	4	-	-	112	2	-	-	110	110	-
Discounts:											
Series A2 bonds - 2010	(595)	(43)	-	-	(552)	(6)	-	-	(546)	(546)	-
Series A3 bonds (Electricity)	(88)	(7)	-	-	(81)	(2)	-	-	(79)	(79)	-
Series A4 bonds (Telecom)	(20)	(3)	-	-	(17)	(1)	-	-	(16)	(16)	-
Series A2 bonds (Electricity)	(427)	(32)	-	-	(395)	(5)	-	-	(390)	(390)	-
Series E2 bonds - U.S. dollars (Electricity)	(198)	(11)	-	-	(187)	(3)	-	-	(184)	(184)	-
Series F1 bonds	(221)	(30)	-	-	(191)	(8)	-	-	(183)	(183)	-
Series F4 bonds - U.S. dollars	(186)	(6)	-	-	(180)	(2)	-	-	(178)	(178)	-
Series International bonds 2013	-	(22)	-	(4,178)	(4,156)	(6)	-	-	(4,150)	(4,150)	-
Subtotal external debt - ICE	€ 312,298	20,698	(7,030)	250,437	€ 535,007	30,311	49,131	-	€ 553,827	553,827	-
Standardized commercial paper											
Standardized commercial paper Series C1, C2 and D1 (6)	78	78	-	-	-	-	-	-	-	-	-
Subtotal short-term securities payable - ICE	78	78	-	-	-	-	-	-	-	-	-
Subtotal securities payable - ICE	809,798	34,155	(11,141)	250,437	€ 1,014,940	30,311	81,776	-	€ 1,066,405	1,066,405	-
CNFL:											
Internal debt:											
Series B1 bonds	15,000	-	-	-	15,000	-	-	-	15,000	15,000	-
Series B2 bonds	14,600	-	-	-	14,600	-	-	-	14,600	14,600	-
Series B3 bonds	12,000	-	-	-	12,000	-	-	-	12,000	12,000	-
Series B4 bonds	-	-	-	10,300	10,300	-	-	-	10,300	10,300	-
Subtotal CNFL	41,600	-	-	10,300	51,900	-	-	-	51,900	51,900	-
Total ICE Group	€ 851,398	34,155	(11,141)	260,737	€ 1,066,840	30,311	81,776	-	€ 1,118,305	1,118,305	-

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The characteristics of these debt bonds are detailed as follows:

Securities payable										
Creditor	Instrument	Currency	Interest rate	Type of rate	Load	Contract date	Maturity date		As of March 31, 2014	As of December 31, 2013
ICE:										
Bonos colones:										
Series A1 bonds	Standardized bonds	Colones	8.25%	Variable	-	30-Sep-09	30-Sep-21	€	50,000	50,000
Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		6,328	6,328
Series A2 bonds - 2010	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		28,426	28,426
Series A2 bonds - 2011	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		15,246	15,246
Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20		20,000	20,000
Series A4 bonds	Standardized bonds	Colones	10.30%	Fixed	-	14-Dec-10	14-Dec-17		10,000	10,000
Series A5 bonds	Standardized bonds	Colones	8.70%	Variable	-	16-Dec-10	16-Dec-25		20,000	20,000
Series A6 bonds	Standardized bonds	Colones	8.75%	Variable	-	11-Aug-11	11-Aug-23		18,756	18,756
Series F3 bonds	Standardized bonds	Colones	9.55%	Variable	-	3-Apr-12	3-Apr-23		5,627	5,627
Premium Series A1 bonds	Standardized bonds	Colones	8.25%	Variable	-	30-Sep-09	30-Sep-21		125	128
Premium Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		79	80
Premium Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		7	7
Premium Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20		3	3
Premium Series A6 bonds	Standardized bonds	Colones	8.75%	Variable	-	11-Aug-11	11-Aug-23		1	1
Premium Series F3 bonds	Standardized bonds	Colones	9.55%	Variable	-	3-Apr-12	3-Apr-23		3	3
Discount Series A2 bonds	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		(544)	(552)
Discount Series A2 bonds - 2011	Standardized bonds	Colones	8.30%	Variable	-	6-Nov-09	6-Nov-24		(390)	(395)
Discount Series A4 bonds	Standardized bonds	Colones	10.30%	Fixed	-	14-Dec-10	14-Dec-17		(16)	(17)
Discount Series A3 bonds	Standardized bonds	Colones	11.41%	Fixed	-	3-Nov-10	3-Nov-20		(79)	(81)
Bonds in U.S. dollars:										
International bonds 2012	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-Nov-11	10-Nov-21		275,125	251,235
International bonds 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	-	15-May-13	14-May-43		276,882	251,235
Credit Suisse First Boston	Series B bonds	U.S. dollars	6.45%	Fixed	-	3-Feb-04	3-Feb-14		-	30,554
Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21		41,269	37,685
Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16		27,513	25,124
Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22		41,269	37,685
Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20		32,226	29,428
Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20		9,043	8,258
Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24		72,370	62,809
Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19		18,211	16,630
Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27		96,294	87,932
Premium Series B1 bonds	Standardized bonds	U.S. dollars	7.65%	Fixed	-	17-Nov-09	17-Nov-21		134	137
Premium Series B2 bonds	Standardized bonds	U.S. dollars	5.71%	Fixed	-	20-May-10	20-May-16		196	217
Premium Series B3 bonds	Standardized bonds	U.S. dollars	7.18%	Fixed	-	24-Jun-10	24-Jun-22		1,026	1,049
Premium Series E1 bonds	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20		155	160
Premium Series E1 bonds - 2011	Standardized bonds	U.S. dollars	5.98%	Fixed	-	14-Feb-11	12-Nov-20		3	3
Premium international bond issue 2012	Standardized bonds	U.S. dollars	6.95%	Fixed	-	10-Nov-11	10-Nov-21		5,537	5,673
Premium series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27		275	279
Discount Series International bonds - 2013	Standardized bonds	U.S. dollars	6.38%	Fixed	-	15-May-13	14-May-43		(4,150)	(4,155)
Discount Series E2 bonds - 2011	Standardized bonds	U.S. dollars	7.61%	Fixed	-	12-Dec-11	12-Dec-24		(184)	(187)
Discount Series F1 bonds	Standardized bonds	U.S. dollars	5.97%	Fixed	-	13-Feb-12	13-Feb-19		(183)	(191)
Discount Series F4 bonds	Standardized bonds	U.S. dollars	7.61%	Fixed	-	7-Sep-12	7-Sep-27		(178)	(180)
Sub total ICE									1,066,405	1,014,940
CNFL:										
Bonds in U.S. dollars:										
Series B3 bonds	Standardized bonds	Colones	BDR + 3.21%	Variable	-	25-Jan-12	25-Jan-27		12,000	12,000
Series B2 bonds	Standardized bonds	Colones	BDR + 3.27%	Variable	-	28-Jun-11	28-Jun-23		14,600	14,600
Series B1 bonds	Standardized bonds	Colones	11.45%	Fixed	-	30-Sep-10	30-Sep-17		15,000	15,000
Series B4 bonds	Standardized bonds	Colones	BDR + 3.43%	Variable	-	16-May-13	16-May-33		10,300	10,300
Subtotal CNFL									51,900	51,900
Total ICE Group									€ 1,118,305	1,066,840

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

ICE's Bond Issues

A detail of the main characteristics of the issue of bonds made by ICE as of March 31, 2014 is as follows:

In millions of colones										
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance		Premium bond issue	Discount on bond issue
A1	30-Sep-09	30-Sep-21	1,75% Variable	¢	50,000	50,000	-	¢	125	-
A2	6-Nov-09	6-Nov-24	8,30% Variable		50,000	50,000	-		86	934
A3	3-Nov-10	3-Nov-20	11,41% fixed		20,000	20,000	-		3	79
A4	14-Dec-10	14-Dec-17	10,30% fixed		10,000	10,000	-		-	16
A5	16-Dec-10	16-Dec-25	8,70% Variable		20,000	20,000	-		-	-
A6	11-Aug-11	11-Aug-23	8,75% Variable		50,000	18,756	31 244		1	-
F3	3-Apr-12	3-Apr-23	9,60% Variable		50,000	5,627	44 373		3	-
				¢	250,000	174,383	75,617	¢	218	1,029

Millones de dólares										
Series	Issue date	Maturity date	Nominal annual interest rate		Authorized and issued	Placed by series	Available balance		Premium bond issue	Discount on bond issue
B1	17/11/2009	17-Nov-21	7,65% fixed	US\$	75	75	-	US\$	134	-
B2	20-May-10	20-May-16	5,71% fixed		50	50	-		196	-
B3	24-Jun-10	24-Jun-22	7,18% fixed		75	75	-		1,026	-
E1	14-Feb-11	12-Nov-20	5,98% fixed		75	75	-		158	-
E2	12-Dec-11	12-Dec-24	7,61% fixed		125	125	-		-	184
F1	13-Feb-12	13-Feb-19	5,97% fixed		100	33	67		-	183
F4	7-Sep-12	7-Sep-27	7,61% fixed		175	175	-		275	178
				US\$	675	608	67	US\$	1,790	545

1) Series B Bonds - Credit Suisse First Boston

In February 2014, Series B Bonds of Credit Suisse First Boston were fully amortized. The issue was conducted in U.S. dollars for a total of US\$60 million equivalent to ¢30n554, bearing interest at the fixed rate of 6,45% per annum. The purpose of the issue is to finance transmission works, improvements and reconstruction of the National Electricity Service.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 22. Note Payable

As of March 31, 2014, the movements of the notes payable are detailed as follows:

	As of December 31,				2013	Amortization	Foreign exchange differences	Disbursements	As of March 31, 2014	Long-term	Short-term	2014 (in U.S. dollars)
	2012	Amortization	Foreign exchange differences	Disbursements								
ICE												
Internal debt:												
Purchase of non-restructured debt - Tranche V	€ 563	225	(5)	-	333	-	12	-	345	122	223	0.6
Subtotal Tranche V	563	225	(5)	-	333	-	12	-	345	122	223	US\$ 0.6
Banco Nacional de Costa Rica (B.N.C.R)	33,226	1,284	-	-	31,942	363	0	-	31,579	29,217	2,362	57.4
Sub-total	33,226	1,284	-	-	31,942	363	-	-	31,579	29,217	2,362	57.4
Scotiabank												
Scotiabank - Tranche A	12,731	637	(160)	-	11,934	628	1,075	-	12,381	10,318	2,063	22.5
Scotiabank - Tranche B	7,275	3,613	(73)	-	3,589	-	341	-	3,930	-	3,930	7.1
Subtotal Scotiabank	20,005	4,250	(233)	-	15,523	628	1,416	-	16,311	10,318	5,993	US\$ 29.6
BCR Trust - Telecom building	24,588	1,572	-	-	23,016	438	-	-	22,578	21,180	1,398	41.0
Supplier credit	28,128	7,245	(415)	10,034	30,502	2,780	2,637	-	30,359	24,392	5,967	55.2
Subtotal internal debt	€ 106,510	14,576	(653)	10,034	101,316	4,209	4,065	-	101,172	85,229	15,943	US\$ 183.9
External debt												
CABEI:												
CABEI No. 1599	54,005	54,005	-	-	-	-	-	-	-	-	-	-
CABEI No. 1856	43,710	43,710	-	-	-	-	-	-	-	-	-	-
CABEI No. 1962	31,721	31,721	-	-	-	-	-	-	-	-	-	-
CABEI Restructuring	13,367	4,074	(123)	-	9,170	1,099	767	-	8,838	5,124	3,714	16
CABEI No. 1516 - Moín III Thermal Plant	4,451	4,451	-	-	-	-	-	-	-	-	-	-
CABEI No. 2109 - Tranche A	-	-	(27)	2,037	2,010	-	191	-	2,201	2,201	-	4
CABEI No. 2109 - Tranche B	-	-	-	7,954	7,954	-	756	-	8,710	8,710	-	16
CABEI No. 2076 (1)	26,145	-	(610)	19,779	45,314	-	4,705	4,161	54,180	54,180	-	98
Subtotal CABEI	€ 173,399	137,961	(760)	29,770	64,448	1,099	6,419	4,161	73,929	70,215	3,714	US\$ 134

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

	As of December 31,								As of March		Short-term	2014 (in U.S. dollars)	
	2012	Amortization	Foreign exchange differences	Disbursements	2013	Amortization	Foreign exchange differences	Disbursements	31, 2014	Long-term			
European Investment Bank (BEI)	€	2,485	2,485	-	-	-	-	-	-	-	-	-	-
IDB:													
IDB No. 598		1,665	555	(30)	-	1,080	270	969	-	1,779	889	890	3.2
IDB No. 1931 A/OC-CR Conversion - Tranche B		84,023	15,277	(913)	-	67,833	7,537	5,734	-	66,030	57,776	8,254	120.0
IDB No. 1931 A/OC-CR Conversion - Tranche A		76,194	7,257	(915)	-	68,022	3,580	6,128	-	70,570	66,649	3,921	128.3
IDB No. 1908/OC-CR (2)		66,993	-	(1,072)	24,000	89,921	-	8,551	-	98,472	96,442	2,030	179.0
BID N° 2747 - CCLIP (5)		-	-	(30)	7,570	7,540	-	717	-	8,257	8,257	0	15.0
Subtotal IDB		228,874	23,089	(2,960)	31,570	234,396	11,387	22,099	-	245,108	230,013	15,095	US\$ 445.4
BNP Paribas:													
BNP Paribas loan B		3,632	1,443	(39)	-	2,150	-	205	-	2,355	785	1,570	4.3
Subtotal BNP Paribas		3,632	1,443	(39)	-	2,150	-	205	-	2,355	785	1,570	US\$ 4.3
Nordea:													
Nordea Export & Project Finance		5,868	3 912	(26)	-	1,869	312	149	-	1,706	1,365	341	3.1
Nordea Export & Project Finance		2,867	950	(32)	-	1,088	-	104	-	1,192	596	596	2.2
Subtotal Nordea		8,735	4,862	(58)	-	2,957	312	253	-	2,898	1,961	937	US\$ 5.3
M & T Bank													
M&T Bank		2,526	631	(26)	-	1,869	312	149	-	1,706	1,365	341	3.1
M&T No. 2		1,654	548	(18)	-	1,088	-	104	-	1,192	596	596	2.2
Subtotal M&T Bank		4,179	1,179	(44)	-	2,957	312	253	-	2,898	1,961	937	US\$ 5.3
Otros Acreedores:													
Andean Development Corporation (CAF)		44,558	4,244	(535)	-	39,779	-	3,783	-	43,562	38,976	4,586	79.2
Citibank		12,061	3,994	(133)	-	7,934	-	754	-	8,688	4,344	4,344	15.8
Japan Bank for International Cooperation		78,665	5,827	(14,004)	-	58,834	-	6,951	-	65,785	59,531	6,254	119.6
Natexis Banque		24	24	-	-	0	-	-	-	-	-	-	0.0
Cisco Systems Capital Corporation		222	222	-	-	0	-	-	-	-	-	-	0.0
Cisco Systems (3)		21,204	3,229	(284)	3,088	20,779	821	1,898	-	21,856	18,419	3,437	39.7
Multibank INC.		1,617	805	(14)	-	798	-	76	-	874	291	583	1.6
Banitsmo S.A (anteriormente HSBC Bank Panamá S.A.)		6,111	2,037	(54)	-	4,020	502	526	-	4,044	2,202	1,842	7.3
Banitsmo N°2		-	-	-	26,631	26,631	1,332	2,406	-	27,705	23,331	4,374	50.3
Banitsmo N°3		-	-	-	30,902	30,902	1,104	2,834	-	32,632	29,006	3,626	59.3
Subtotal other creditors		164,461	20,382	(15,024)	60,621	189,677	3,759	19,228	-	205,146	176,100	29,046	US\$ 372.8
Subtotal external debt		585,766	191,401	(18,885)	121,961	497,443	18,487	48,383	4,161	531,500	480,104	51,396	US\$ 965.9
Total ICE - Long-term loans payable	€	692,276	205,977	(19,538)	131,995	598,759	22,696	52,448	4,161	632,672	565,333	67,339	US\$ 1,149.8

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

	As of December 31,				2012	Amortization	Foreign exchange differences	Disbursements	As of June 30, 2013	Long-term	Short-term	2013 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements								
Short-term loans payable - ICE:												
Internal debt:												
Scotiabank (2)	17,685	51,162	(210)	51,776	18,089	-	4,443	28,641	51,173	-	51,173	93.0
Subtotal internal debt	€ 17,685	51,162	(210)	51,776	18,089	-	4,443	28,641	51,173	-	51,173	93.0
External debt:												
Citibank No.1	-	7,638	-	14,673	7,035	7,035	-	-	-	-	-	-
Bladex	-	79,440	(413)	130,099	50,246	-	4,779	0	55,025	-	55,025	100.0
Global Bank Corporation	-	-	-	5,025	5,025	5,025	-	-	-	-	-	-
Mercantil Commercebank (3)	6,620	39,686	(68)	45,696	12,562	12,562	1,434	15,074	16,508	-	16,508	30.0
Subtotal external debt	6,620	126,764	(481)	195,493	74,868	24,622	6,213	15,074	71,533	-	71,533	US\$ 130.0
Total short-term loans payable - ICE	24,306	177,926	(691)	247,269	92,958	24,622	10,656	43,715	122,706	-	122,706	223.0
Total internal debt - ICE	124,195	65,738	(863)	61,810	119,405	4,209	8,508	28,641	152,345	85,229	67,116	276.9
Total external debt - ICE	592,386	318,165	(19,366)	317,454	572,311	43,109	54,596	19,235	603,033	480,104	122,929	1,095.9
Total debt - ICE	€ 716,581	383,903	(20,229)	379,264	691,716	47,318	63,104	47,876	755,378	565,333	190,045	1,372.8

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

	As of December 31,								As of March		Short-term	2014 (in U.S. dollars)
	2011	Amortization	Foreign exchange differences	Disbursements	2012	Amortization	Foreign exchange differences	Disbursements	31, 2014	Long-term		
CNFL:												
External debt:												
Instituto Crédito Oficial (Spain)	€ 13,034	640	(176)	-	12,218	351	1,160	-	13,027	12,323	704	23.7
Deutsche Bank, Sociedad Anónima Española	3,259	1,281	(48)	-	1,930	-	182	-	2,112	704	1,408	3.8
Kreditanstalt für Wiederaufbau loan 1	8,096	1,329	(110)	-	6,657	729	632	-	6,560	5,103	1,457	11.9
Kreditanstalt für Wiederaufbau loan 2	3,628	477	(49)	-	3,102	261	295	-	3,136	2,613	523	5.7
BICSA - Line of credit	1,528	-	(20)	-	1,508	-	144	-	1,652	1,430	222	3.0
BICSA Línea de Crédito Desembolso N°2	-	-	2	1,503	1,505	-	143	-	1,648	1,473	175	3.0
BCR Balsa Inferior	31,550	-	-	8,878	40,428	-	0	-	40,428	40,428	0	73.5
BICSA Balsa Inferior	6,111	1,503	(83)	-	4,525	-	429	-	4,954	4,427	527	9.0
Banco Nac. De Desarrollo Econ. Y Soc. (4)	-	-	22	11,501	11,523	-	1,234	3,175	15,932	15,932	0	29.0
Bco Nacional-Bco Costa Rica Balsa Inferior (5)	-	-	13	4,818	4,831	-	497	3,286	8,614	8,255	359	15.7
Bco Nacional-Bco Costa Rica Eólico Valle Central	-	-	41	22,222	22,263	-	2,117	-	24,380	23,760	620	44.3
Bco Nacional-Reconstruc. Líneas Coronado (6)	-	-	2	695	697	-	80	630	1,407	1,407	0	2.6
Bco Nacional-Reconstruc. Planta Ventanas (7)	-	-	-	-	-	-	29	447	476	476	0	0.9
Subtotal external debt - CNFL	€ 67,205	5,230	(406)	49,617	111,187	1,341	6,942	7,538	124,326	118,331	5,995	US\$ 225.9
RACSA:												
External debt:												
Control Electrónico, S.A. (CESA)	5	5	-	-	-	-	-	-	-	-	-	-
BICSA	1,029	-	(13)	-	1,016	-	91	-	1,107	-	1,107	2.0
Guaranteed Financing Agreement	-	-	170	-	170	-	(115)	-	55	-	55	0.1
Loan conversion	148	-	7	-	155	-	(57)	-	98	98	-	0.2
ICE Convenio de Financiamiento Garantizado (CONAVI-BN)	-	-	18	-	18	-	203	-	221	221	-	0.4
BICSA Full Móvil	-	-	-	-	-	-	-	554	554	-	554	1.0
Subtotal external debt - RACSA	€ 1,182	5	182	-	1,359	-	122	554	2,035	319	1,716	US\$ 3.7
CABLE VISION:												
Deuda interna:												
Operacion 10074 Scotia Leasing	-	-	-	-	2	1	-	-	1	-	1	0.0
Operacion 10541 Scotia Leasing	-	-	-	-	3	1	-	-	2	-	2	0.0
Operacion 450016955 BAC Leasing	-	-	-	-	12	-	1	-	13	-	13	0.0
Operacion 450016956 BAC Leasing	-	-	-	-	12	-	1	-	13	-	13	0.0
Operacion 450016957 BAC Leasing	-	-	-	-	12	-	1	-	13	-	13	0.0
Operacion 450016958 BAC Leasing	-	-	-	-	12	-	1	-	13	-	13	0.0
Subtotal deuda interna - CABLE VISION	-	-	-	-	53	2	4	-	55	-	55	US\$ 0.1
Total internal debt - ICE Group	124,195	65,738	(863)	61,863	119,458	4,211	8,512	28,641	152,400	85,229	67,171	217.1
Total external debt - ICE Group	660,772	323,399	(19,590)	367,071	572,311	44,449	61,660	27,327	603,033	480,104	122,929	1,040.1
Total debt - ICE Group	€ 784,967	389,137	(20,453)	428,934	804,315	48,660	70,172	55,968	881,794	683,983	197,811	US\$ 1,257.2

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

General characteristics of the debt (amount in million dollars and colones, according to the indication)																		
Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (march 2014)	Accumulated disbursed amount (december 2013)	Currency	Guarantee	Financing			
Loans payable - ICE:																		
ICE Electricity																		
Internal debt:																		
Restructured debt - Tranche V	21-May-89	21-May-15	25	15	10	Half-yearly	6.75%	Fixed	6.75%	-	4	4	4	US\$	Government	Restructuring of debt with commercial banks		
Series F3 bonds	3-Apr-12	3-Apr-23	11	11	-	Quarterly	9.55%	Var.	-	-	50,000	5,627	5,627	€	ICE	New power generation projects		
Banco Nacional de Costa Rica	25-Aug-10	31-Aug-25	15	-	15	Quarterly	10.50%	Var.	2%	-	35,000	35,000	35,000	€	ICE	Investment in transmission projects		
Commercial banks:																		
Scotiabank - Tranche A	18-Dec-09	22-Dec-17	8	3	5	Quarterly	4.76%	Var.	-	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks		
Scotiabank - Tranche B	18-Dec-09	22-Dec-14	5	2	3	Half-yearly	6.00%	Var.	-	-	25	25	25	US\$	ICE	Expansion of and improvements to transmission and distribution networks		
External debt:																		
European Investment Bank (BEI)	30-Nov-93	25-Nov-13	20	5	14.5	Half-yearly	6.32%	Fixed	2%	-	50	-	-	US\$	Government	Execution of Electrical Development Project III		
Multilateral organizations:																		
CABEI:																		
CABEI No. 1599	17-Mar-03	25-Apr-18	15	5.5	9.5	Half-yearly	6.40% - Bank policy	Var.	3%	0.75%	172	-	-	US\$	ICE	Construction of and equipment for Pirris Hydroelectric Power Plant		
CABEI 2005 Prepayment	21-Oct-05	21-Oct-15	10	2	8	Quarterly	8.50%	Fixed	2%	-	55	-	55	US\$	ICE	Loan prepayment IDB No. 200, 535, and 572 (partial)		
CABEI No. 1856	12-Apr-07	11-May-22	15	3	12	Half-yearly	7.68% - Bank policy	Var.	3%	-	110	-	-	US\$	ICE	Expansion of and maintenance to national electricity system 2007		
CABEI No. 1516 - Moin III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	7.68% - Bank policy	Var.	-	-	12	-	-	US\$	ICE	Acquisition of Moin III Thermal Power Plant		
CABEI No. 1516 - Moin III Thermal Plant	11-Jun-07	14-Oct-14	7	-	7	Half-yearly	6.35% - Bank policy	Var.	-	-	21	-	-	US\$	ICE	Acquisition of Moin III Thermal Power Plant		
CABEI No. 1962	19-Jun-09	19-Jun-24	15	3	12	Half-yearly	6.40% - Bank policy	Var.	-	0.75%	65	-	-	US\$	ICE	Programa de Obras Electricas 2008 - 2009		
CABEI No. 2076	13-Feb-12	27-Nov-28	16	4	12	Half-yearly	6.40%	Fixed	30%	0.25%	140	95	51	US\$	ICE	Expansion of Cachi Hydroelectric Power Plant to increase capacity from 100 MW to 160 MW		
CABEI No. 2109	22-May-13	22-May-33	20	4	16	Half-yearly	6.40%	Var.	-	0.25%	225	20	4	US\$	ICE	Planta Moin		
IDB:																		
IDB No. 463/SF-CR	13-Apr-76	13-Apr-11	35	8	27	Half-yearly	2.00%	Fixed	2%	0.50%	-	-	-	US\$	Government	Rural electrification with cooperatives (various currencies)		
IDB No. 598	9-Sep-80	9-Sep-15	35	8	27	Half-yearly	2.00%	Fixed	2%	0.50%	26	-	-	\$/JPY-EURO	Government	National Rural Electrification Project (various currencies)		
Conversion IDB No. 1931 A/OC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	4.77%	Var.	2%	0.50%	159	159	159	US\$	ICE	Loan prepayment OEFC, IDB No. 796, and Credit Suisse - Electricity and Telecom		
Conversion IDB No. 1931 A/OC-CR - Tranche B	10-Jul-08	15-Feb-18	10	3	7	Half-yearly	4.15%	Var.	2%	0.50%	196	196	196	US\$	ICE	Loan prepayment OEFC, IDB No. 796, and Credit Suisse - Electricity and Telecom		
IDB No. 1908/OC-CR CLIPP	25-May-09	25-May-34	25	5	20	Half-yearly	1.17%	Var.	-	-	250	179	158	US\$	Government	Electricity Development Program 2008-2011		
IDB N° 2747	31-Oct-12	15-Oct-37	25	5	20	Half-yearly	1.17%	Var.	-	-	250	15	-	US\$	Government	Meet the growth in demand for Electric Power		
Bilateral organizations:																		
Andean Development Corporation (CAF)	9-Apr-08	9-Apr-23	15	3	12	Half-yearly	2.14%	Var.	2%	-	100	100	100	US\$	ICE	Studies for or construction of Toro III, Diquis, Pacuare, and Pirris Projects		
Japan Bank for International Cooperation	9-Apr-01	20-Apr-26	25	7	18	Half-yearly	2.20%	Fixed	2%	-	295	188	164	JPY	Government	Pirris Hydroelectric Project		
Commercial banks:																		
Citibank	14-Dec-05	19-Dec-15	10	1	9	Half-yearly	8.25%	Var.	-	-	75	75	75	US\$	ICE	Loan prepayment 572		
M&T Bank No. 1	16-Dec-09	30-Sep-16	7	-	7	Half-yearly	2.53%	Var.	-	-	9	9	9	US\$	ICE	Cost of equipment (steel sheeting, tunnel, and surge tank - Toro III Hydroelectric Power Plant)		
M&T Bank No. 2	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	2.29%	Var.	-	-	10	5	5	US\$	ICE	Projects executed by UEN PySA		
BNP Paribas - loan A	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	6M LIBOR + 4.50%	Var.	1%	-	-	-	-	US\$	ICE	Sundry projects		
Multibank INC	17-Aug-12	20-Jun-15	3	-	3	Half-yearly	4.90%	Var.	1%	-	3	3	3	US\$	ICE	Sundry projects		
BNP Paribas - loan B	1-Sep-10	20-Jun-15	5	-	5	Half-yearly	1.56%	Var.	1%	-	16	14	14	US\$	ICE	Sundry projects		

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

General characteristics of the debt (amount in million dollars and colones, according to the indication)																
	Contract date	Maturity date	Term (in years)	Grace period (in years)	Amortization (in years)	Payment period	Interest rate	Type of interest rate	Arrears interest	Load	Contract amount	Accumulated disbursed amount (march 2013)	Accumulated disbursed amount (december 2013)	Currency	Guarantee	Financing
ICE Telecom																
Internal debt:																
Restructured debt - Tranche V	21-Nov-89	21-May-15	25	-	25	Half-yearly	6.75%	Fixed	7%	-	1	1	1	US\$	Government	Restructuring of debt with commercial banks
Series B2 bonds	20-May-10	20-May-16	6	6	1	Quarterly	5.71%	Fixed	-	-	50	50	50	US\$	ICE	Telecom sector needs
Series F1 bonds	13-Feb-12	13-Feb-19	7	7	-	Quarterly	5.97%	Fixed	-	-	100	33	33	US\$	ICE	Telecom sector needs
Series A4 bonds	14-Dec-10	14-Dec-17	7	7	-	Quarterly	10.30%	Fixed	-	-	10	10	10	€	ICE	Operation support system
BCR Trust - Telecom building	22-Apr-10	22-Jul-22	12	-	12	Monthly	10.30%	Var.	-	-	28	28	28	€	ICE	Securitization of property - ICE
External debt:																
Multilateral organizations:																
Conversion IDB No. 1931 AOC-CR - Tranche A	10-Jul-08	15-Feb-23	15	3	12	Half-yearly	4.77%	Var.	2%	-	12	12	12	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse
Conversion IDB No. 1931 AOC-CR - Tranche B	10-Jul-08	15-Feb-18	10	3	7	Half-yearly	4.15%	Var.	2%	-	14	14	14	US\$	ICE	Loan prepayment OECF, IDB No. 796, and Credit Suisse
Organismos bilaterales:																
Natexis Banque	9-Sep-82	30-Jun-13	31	16	15	Half-yearly	3.50%	Fixed	3%	-	4	-	-	Euros	Government	Restructuring of debt with Alcatel CIT
Commercial banks:																
Nordea Export & Project Finance No. 1	29-Jun-09	28-Feb-14	5	-	5	Half-yearly	2.51%	Fixed	-	-	37	-	37	US\$	ICE	Purchase of equipment and services from Ericsson
Nordea Export & Project Finance No. 2	4-Nov-10	8-Dec-15	5	-	5	Half-yearly	2.51%	Fixed	-	-	10	9	9	US\$	ICE	Purchase of equipment and services from Ericsson
Cisco Systems No. 1	15-Apr-10	6-Apr-13	3	-	3	Quarterly	3.25%	Fixed	18%	-	50	-	-	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 2 - No. 3	25-May-11	13-Sep-18	7	1	6	Quarterly	3.00%	Fixed	13%	-	56	9	9	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 4	25-May-11	13-Sep-18	7	1	6	Quarterly	3.39%	Fixed	13%	-	56	7	7	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 5 - No. 6	25-May-11	8-Oct-18	7	1	6	Quarterly	3.01%	Fixed	13%	-	56	15	15	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 7 - No. 8	25-May-11	29-Nov-18	7	1	6	Quarterly	3.04%	Fixed	13%	-	56	11	11	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 9	13-Sep-12	8-Aug-19	7	1	7	Quarterly	3.00%	Fixed	13%	-	1	1	1	US\$	ICE	Purchase of equipment and services from CISCO
Cisco Systems No. 10	18-Apr-13	12-Mar-20	7	1	6	Quarterly	3.00%	Fixed	0%	-	13	-	2	US\$	ICE	Training multilayer interoperability
Cisco System No. 11	5-Apr-13	24-Aug-20	7	1	6	Quarterly	3.00%	Fixed	13%	-	-	-	2	US\$	ICE	Expansion and modernization of the IP Network
Cisco System No. 12	14-Nov-13	8-Oct-20	7	1	6	Quarterly	3.00%	Fixed	13%	-	56	6	6	US\$	ICE	Exp/Expansion and modernization of the DWDM Network
ECT Telecom (provider credit)	16-Mar-11	1-Jun-16	5	-	5	Quarterly	4.95%	Fixed	-	-	11	11	11	US\$	ICE	Expansion and modernization of DWDM network
ECT Telecom 2 (provider credit)	8-Dec-11	11-Nov-16	5	-	5	Quarterly	4.95%	Fixed	-	-	4	4	4	US\$	ICE	Installation of network equipment and training
ECT Telecom 3 (provider credit)	26-Feb-13	31-Jan-18	5	-	5	Quarterly	4.95%	Fixed	-	-	12	12	12	US\$	ICE	Expansion and modernization of DWDM network
Huawei Technologies Co. LTD. (provider credit)	25-May-11	15-Jan-17	5.5	-	5.5	Half-yearly	5.45%	Fixed	-	-	60	60	53	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system
Huawei Technologies Co. LTD. Phase I and II (provider credit)	10-Apr-12	30-Jan-18	5	-	5	Half-yearly	5.45%	Fixed	-	-	-	-	-	US\$	ICE	Equipment and services for expansion of 3G advanced mobile system
M&T Bank No. 2	15-Dec-10	11-Dec-15	5	-	5	Half-yearly	6M LIBOR + 1.85%	Var.	-	-	10	1	1	US\$	ICE	Expansion of mobile telephony
BANISTMO	1-Nov-10	8-Nov-15	5	-	2	Quarterly	5.19%	Var.	-	-	20	9	20	US\$	ICE	Anticipated implementation of option to purchase leased equipment under Huawei 3G platform
BANISTMO 2	27-Nov-13	6-Dec-13	5	-	5	Quarterly	4.15%	Fixed	-	-	55	53	53	US\$	ICE	Anticipated implementation of option to purchase leased equipment under Huawei 3G platform
BANISTMO 3	12-Dec-13	12-Dec-20	7	-	7	Quarterly	4.95%	Fixed	-	-	62	62	62	US\$	ICE	Financing of investment projects in the Telecommunications Sector 2014
Honk Kong Shanghai Bank Corp. (HSBC) Panamá	1-Nov-10	8-Nov-15	5	-	5	Quarterly	6M LIBOR + 4.95%	Var.	-	-	20	-	-	US\$	ICE	Internet services
Loans payable - Subsidiaries																
CN14																
External debt:																
Instituto Crédito Oficial (Spain)	15-Jul-02	25-Sep-32	30	10	20	Half-yearly	0.70%	Fixed	6M LIBOR + 1	0.15% management	26	26	26	US\$	Government	Underground network - San José
Deutsche Bank, Sociedad Anónima Española	15-Jul-02	20-Apr-15	13	3	10	Half-yearly	5.86%	Fixed	8%	0.15% management	26	26	26	US\$	Government	Underground network - San José
Kreditanstalt für Wiederaufbau (KfW) - loan 1	16-Dec-05	30-Sep-18	10	2 years 9 months	12 years 9 months	Half-yearly	3.80%	Var.	6M LIBOR + 2	1.25%	27	26	26	US\$	ICE	El Encanto Hydroelectric Project
Kreditanstalt für Wiederaufbau (KfW) - loan 2	25-Sep-08	30-Mar-20	10	2	12	Half-yearly	3.80%	Var.	6M LIBOR + 2	1.25%	10	10	10	US\$	ICE	El Encanto Hydroelectric Project
BICSA - Line of credit, disbursement No. 1	27-May-10	27-May-13	3	-	3	Half-yearly	5.00%	Fixed	5.00%+30% = 6,50%	0.25% superv.	3	3	3	US\$	Promissory note	Acquisition of assets, materials, and equipment and financing of Balsa Inferior Hydroelectric Project
BICSA - Line of credit, disbursement No. 2	8-Dec-11	8-Dec-14	3	-	3	Half-yearly	6.50%	Fixed	-	0.125% superv.	12	12	12	US\$	Promissory note	Acquisition of assets, materials, and equipment and financing of Balsa Inferior Hydroelectric Project
Banco de Costa Rica	4-Jun-12	6-Jul-32	20	2	18	Monthly	BDR + 2% & BDR + 3%	Var.	Current rate + 2.00%	0.50% formalization & 10% appraisal	40	40	40	€	Promissory note	Balsa Inferior Hydroelectric Project
Banco Nac. De Desarrollo Econ. Y Soc.	19-Mar-13	19-Mar-23	10	2	8	Half-yearly	3.84%	Fixed	-	1% Administration	44	12	12	US\$	Promissory note	Balsa Inferior Hydroelectric Project
Sindicado BNCR-BCR	13-Sep-13	13-Mar-19	5	0,5	5	Monthly	Libor + 5,75%	Var.	-	1% Formalization	7	9	9	US\$	Promissory note	Balsa Inferior Hydroelectric Project
Sindicado BNCR-BCR	13-Sep-13	13-Mar-19	5	0,5	5	Monthly	Libor + 5,75%	Var.	-	1% Formalization	44	22	22	US\$	Promissory note	Valle Central Wind Project
Banco Nacional de Costa Rica	1-Oct-13	1-Oct-33	20	2	20	Quarterly	Libor + 5,25%	Var.	-	0,5% Formalization	6	1	1	US\$	Promissory note	Coronado Distribution Network
RACSA																
External debt:																
BICSA	30-Mar-11	30-Sep-14	3	-	3	Half-yearly	4.00%	Var.	-	-	2	2	2	US\$	Promissory note	Working capital
BICSA Full Móvil	26-Feb-14	25-Apr-14	2 months	-	2 months	Bimonthly	2.80%	Fixed	-	-	1	1	-	US\$	Promissory note	Project "Full Móvil" Financing and working capital
CABLE VISIÓN																
Internal debt:																
Operation 450016955	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object of purchase	Vehicle leasing
Operation 450016956	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object of purchase	Vehicle leasing
Operation 450016957	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object of purchase	Vehicle leasing
Operation 450016958	27-Aug-13	26-Aug-19	6	-	-	Monthly	8.50%	Fixed	-	-	12	-	-	US\$	Object of purchase	Vehicle leasing
Operation 10074	8-Dec-09	8-Nov-14	5	-	-	Monthly	Libor	Var.	-	-	15	10	9	US\$	Object of purchase	Vehicle leasing
Operation 10541	7-May-10	6-May-15	5	-	-	Monthly	6,25% sobre Prime	Var.	-	-	11	9	8	US\$	Object of purchase	Vehicle leasing

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The general characteristics of the short-term notes payable, classified into external debt for the 2014 period, are summarized as follows:

General features	Original currency	Interest rate	Type of interest rate	Contract date	Maturity date	Term (in days)	As of December 31, 2013	Amount disbursed (2014)	Amortization 2014	Estimated quantification - Exchange difference	As of March 31, 2014	Financing
ICE Electricity												
External debt												
Citibank	U.S. dollars	1M LIBOR + 2.10% margin = 2.2674%	Variable	30-Dec-13	13-Feb-14	45 days	7,035	-	7,035	-	-	Bridge Loan for Hydroelectric Project Reventazon
Bladex	U.S. dollars	1.1185% fixed	Variable	27-Dec-13	10-Feb-14	45 days	11,557	-	-	4,778	16,335	Bridge Loan for Hydroelectric Project Reventazon
Bladex	U.S. dollars	1.1675% fixed	Variable	30-Dec-13	13-Feb-14	45 days	38,690	-	-	-	38,690	Bridge Loan for Hydroelectric Project Reventazon
Global Bank	U.S. dollars	1.75% fixed	Fixed	30-Dec-13	13-Feb-14	45 days	5,025	-	5,025	-	-	Bridge Loan for Hydroelectric Project Reventazon
Mercantil Commercebank	U.S. dollars	1.14% fixed	Fixed	27-Dec-13	10-Feb-14	45 dias	2,512	-	2,512	-	-	Bridge Loan for Hydroelectric Project Reventazon
Mercantil Commercebank	U.S. dollars	1.14% fixed	Fixed	30-Dec-13	13-Feb-14	46 dias	10,049	-	10,049	-	-	Bridge Loan for Hydroelectric Project Reventazon
Mercantil Commercebank	U.S. dollars	1.30% fixed	Fixed	11-Feb-14	10-Jun-14	119 dias	-	2,512	-	1,433	3,946	Bridge Loan for Hydroelectric Project Reventazon
Mercantil Commercebank	U.S. dollars	1.14% fixed	Fixed	13-Feb-14	13-Jun-14	119 dias	-	10,049	-	-	10,049	Bridge Loan for Hydroelectric Project Reventazon
Mercantil Commercebank	U.S. dollars	1.30% fixed	Fixed	31-Jan-14	30-May-14	119 dias	-	2,512	-	-	2,512	Bridge Loan for Hydroelectric Project Reventazon
Internal debt												
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	30-Dec-13	13-Jun-14	90 days	2,513	-	-	-	2,513	Bridge Loan for Hydroelectric Project Reventazon
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	27-Dec-13	10-Jun-14	90 days	15,577	-	-	-	15,577	Bridge Loan for Hydroelectric Project Reventazon
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	28-Feb-14	30-May-14	119 days	-	16,582	-	4,444	21,025	Bridge Loan for Hydroelectric Project Reventazon
Scotiabank	U.S. dollars	1M LIBOR + 1.13% margin = 1.40%	Variable	13-Mar-14	14-Jun-14	117 days	-	12,059	-	-	12,059	Bridge Loan for Hydroelectric Project Reventazon
Total ICE							92,958	43,714	24,621	10,655	122,706	

As of March 31, 2014, relevant disbursements correspond to:

Loan Operations

- (1) CABEI 2076:** In February and March 2014, disbursements were made for US\$4,4 and US\$3,8 million equivalent to ¢2,227 and ¢1,934, respectively. Financing is at annual interest rate of 6.4%, for a 16-year term, corresponding to the expansion of the Cachí Hydroelectric Power Project.

Credit Lines

The main movements in credit lines as of March 31, 2014, which were used for working capital, are described as follows:

- (2) Scotiabank Costa Rica:** In January and February 2014, disbursements were made for US\$33 and US\$24 million equivalent to ¢18,158 and ¢13,206, respectively, with a 119-day term, at a rate of 1.40%. Moreover, in February 2014, there was a renewal of credit lines for US\$5 and US\$31 million equivalent to ¢2,751 and ¢17,058, respectively, with a LIBOR rate 1m + margin 1,13%=1,40%, and a term of 118 and 121 days.
- (3) Mercantil Commercebank:** In January and February 2014, disbursements were made for US\$5, US\$5 and US\$20 million equivalent to ¢16,508; with a 119-day term at a rate of 1.30%.

CNFL Subsidiary:

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Disbursements made in 2014 amount to approximately ¢3,175.

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

Disbursements made in 2014 amount to approximately ¢3,286.

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

Disbursements made in 2014 amount to approximately ¢630.

- (7) **Banco Nacional de Costa Rica –Ventanas Plant:** In October 2013, a loan with BNCR was recorded in the amount of \$8.6 million to finance the reconstruction of Ventanas Plant. This loan has a 20-year term, including a 24-month period of grace, during which, the interest on the capital issued will be recognized. As of month 25, monthly variable consecutive payments will be made. The interest rate is equal to a six-month LIBOR rate plus 5.25% and under no circumstances it will be lower than 6%. It has a formality and execution fee of 0,50%. If the loan is paid before the 5-year term, a fee of 3% on the amount paid will be charged. After these five years, the fee will be 1.75%.

Disbursements made in 2014 amount to approximately ¢447.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 23. Accounts Payable

Accounts payable are as follows:

Accounts payable	As of March 31, 2014	As of December 31, 2013
<u>ICE:</u>		
Materials suppliers	¢ 105,313	106,853
Other creditors	23,116	26,450
Taxes	12,956	13,982
Service providers	18,447	6,612
Payroll and employee withholdings	1,113	6,290
Subsidiaries	129	129
Subtotal ICE	161,074	160,316
<u>CNFL:</u>		
Purchase of energy	1,376	-
Taxes	1,831	1,643
Employee withholdings	1,077	1,292
Other creditors	2,783	1,408
Accrued non-financial expenses	689	1,023
Lease of Valle Central Wind Power Plant	-	-
Subtotal CNFL	7,756	5,366
<u>RACSA:</u>		
Foreign lines	300	176
Other creditors	208	255
Suppliers and local institutions	2,745	1,902
Subtotal RACSA	3,253	2,333
<u>CABLE VISIÓN:</u>		
Materials suppliers	34	24
Other creditors	475	967
Taxes	68	46
Service providers	320	223
Payroll and employee withholdings	35	28
Employee withholdings	5	1
Subtotal CABLE VISIÓN	937	1,289
Total ICE Group	173,020	169,304
Less reclassification long-term portion	(27,777)	(27,168)
Total ICE Group - Short term	¢ 145,243	142,136

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of March 31, purchase orders reclassified to long-term accounts are as follows:

Purchase order No.	Supplier	As of March 31, 2014
<u>Electricity</u>		
362644	Andritz Hydro S.R.L. Unipersonale	11,510
362646	Andritz Hydro GMBH	12,686
363890	Sumec Complete Equipment and Engineering Co. LTD	536
368089	Andritz Hydro GMBH	422
368085	Andritz Hydro S.R.L. Unipersonale	457
371111	Consorcio Huawei Technologies Co. Ltd.	261
	Other Prestamo Mogote	1,905
Total ICE Group		€ 27,777
Purchase order No.	Supplier	As of December 31, 2013
<u>Electricity</u>		
362644	Andritz Hydro S.R.L. Unipersonale	11,213
362646	Andritz Hydro GMBH	€ 12,359
363890	Sumec Complete Equipment and Engineering Co. LTD	543
368089	Andritz Hydro GMBH	411
368085	Andritz Hydro S.R.L. Unipersonale	446
371111	Consorcio Huawei Technologies Co. Ltd.	265
	Other Préstamo Mogote	1,931
Total ICE Group		€ 27,168

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 24. Accrued Expenses for Employer Obligations

Accrued expenses for employer obligations are as follows:

Accrued expenses - employer obligations	As of March 31, 2014	As of December 31, 2013
<u>ICE:</u>		
Back-to-school bonus	€ 4,151	16,130
Vacation	7,701	11,475
Statutory Christmas bonus	8,515	1,652
Subtotal ICE	20,367	29,257
<u>CNFL:</u>		
Back-to-school bonus	1,210	4,633
Vacation	3,036	3,177
Statutory Christmas bonus	1,117	344
Third biweekly salary payment	819	-
Subtotal CNFL	6,339	7,745
<u>RACSA:</u>		
Statutory Christmas bonus	208	43
Vacation	420	662
Subtotal RACSA	628	467
<u>CABLE VISION:</u>		
Statutory Christmas bonus	22	4
Vacation	10	2
Subtotal CABLE VISION	32	6
Total ICE Group	€ 27,366	37,475

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement of accrued expenses for employer obligations is as follows:

Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
March, 2014					
Opening balance	¢ 1,780	21,034	14,661	-	37,475
Expensed - investments	2,422	874	1,538	1,955	6,789
Expensed - operations	5,633	4,571	5,407	-	15,611
Used	(116)	(21,118)	(10,838)	(979)	(33,051)
*Adjust External Audit 2013	143	-	399	-	542
Total ICE Group	¢ 9,862	5,361	11,167	976	27,366
*Adjust External Audit 2013, pending resgistration					
Accrued expenses - employer obligations	Statutory Christmas bonus	Back-to- school bonus	Vacation	Third biweekly and fifth	Total
December, 2013					
Opening balance	¢ 1,927	20,158	18,015	-	40,100
Expensed - investments	8,851	3,567	7,478	7,880	27,776
Expensed - operations	17,896	18,433	16,506	-	52,835
Used	(26,894)	(21,124)	(27,338)	(7,880)	(83,236)
Total ICE Group	¢ 1,780	21,034	14,661	-	37,475

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 25. Legal Provisions

Legal provisions are as follows:

Legal provisions	As of March 31, 2014	As of December 31, 2013
<u>ICE:</u>		
Severance benefits	¢ 15,214	12,713
Occupational hazards	5,907	5,756
Provision for contingent liabilities	5,106	5,038
Subtotal ICE	26,227	23,507
<u>CNFL:</u>		
Severance benefits - short-term	1,000	1,000
Severance benefits - long-term	17,856	17,818
Employee Protection Law	142	197
Cash shortages and cash accounts	3	6
Provision for contingent liabilities	-	-
Subtotal ICE	19,099	19,317
<u>RACSA:</u>		
Severance benefits	9	-
Other provisions	-	101
Subtotal RACSA	9	101
<u>CABLE VISION:</u>		
Severance benefits	15	6
Provision for contingent liabilities	-	100
Subtotal CABLEVISION	15	106
Total ICE Group	¢ 45,350	43,031

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement in legal provisions is as follows:

Legal provisions		Severance benefits	Occupational hazards	Provision for contingent liabilities	Employee Protection Law	Cash shortages and cash accounts	Other Provisions	Total
March, 2014								
Opening balance	¢	31,537	5,756	5,535	197	6	-	43,031
Expensed - investments		1,846	1,080	155	567	3	-	3,651
Expensed - operations		3,053	-	-	-	-	-	3,053
Used		(3,596)	(868)	(385)	(622)	(6)	-	(5,477)
*Adjust External Audit 2013		1,255	(61)	(101)	-	-	-	1,092
Total ICE Group	¢	34,094	5,907	5,204	142	3	-	45,350

*Adjust External Audit 2013, pending registration

Legal provisions		Severance benefits	Occupational hazards	Provision for contingent liabilities	Employee Protection Law	Cash shortages and cash accounts	Other Provisions	Total
December, 2013								
Opening balance	¢	30,149	5,841	6,645	184	7	-	42,826
Encrypts the time of acquisition - CABLE VISION		56	-	85	-	-	-	141
Expensed - investments		9,076	4,314	2,617	1,910	13	-	17,930
Expensed - operations		15,094	-	-	-	-	101	15,094
Used		(22,838)	(4,399)	(3,812)	(1,897)	(14)	-	(32,960)
Total ICE Group	¢	31,537	5,756	5,535	197	6	101	43,031

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 26. Retrospective Adjustments

During the quarter ended March 31, 2014, the adjustments made retrospectively to the figures corresponding to ICE Group as a result of the above are as follows:

	Operation and maintenance (note 30)	Operating asset depreciation expense	Supplemental service and purchase expense	Administrative (note 32)	Surplus, net
<i>Balances as of March 31, 2013, previously informed (unaudited)</i>	¢ 68,296	59,492	36,792	20,971	9,181
<u>Accumulated effect of changes to accounting policies and adjustments due to corrections in 2013:</u>					
Due to late recording of Accounts payable to operators for local interconnection (1)			629		(629)
<i>Total effect of adjustments due to changes to accounting policies and adjustments due to corrections in 2013</i>	-	-	629	-	(629)
<i>Sub total aforementioned adjustments</i>	-	-	629	-	(629)
<i>Balances as of March 31, 2013, adjusted</i>	68,296	59,492	37,421	20,971	8,552
<u>Accumulated effect of reclassifications in 2013:</u>					
Due to reclassification of administrative expenses of RACSA to the corresponding accounts (2)	581	1,341	-	(1,922)	-
<i>Subtotal reclassifications</i>	581	1,341	-	(1,922)	-
<i>Balances as of March 31, 2013, adjusted</i>	¢ 68,877	60,833	37,421	19,049	8,552

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(1) Recording the Accounts Payable to Operators

For delayed recording of Accounts payable to operators for local interconnection in 2013, they will be recorded in June 2013.

(2) Reclassification of Administrative Expenses

The reclassification of administrative expenses of RACSA to the corresponding profit and loss accounts (operation and maintenance expenses and operating asset depreciation), they are corrected in 2013 to be compared with March 2014. The expenses related to the Underground Cable are included for comparison purposes.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 27. Memoranda Accounts

Memoranda accounts	As of March 31, 2014	As of December 31,2013
ICE:		
Guarantees received:		
Performance bonds (1)	¢ 291,113	259,104
Collection agents (2)	3,381	3,181
Bid bonds (3)	1,936	4,882
Tenders	8	8
Subtotal	296,438	267,175
Other guarantees received:		
Sundry services	755	773
Subtotal	755	773
Guarantees issued to third parties:		
Surety	720	815
Subtotal	720	815
Subtotal ICE	¢ 297,913	268,763
CNFL:		
Contingent assets:		
Savings and loan fund	¢ 34,727	32,422
CNFL Employees Association (ASEFYL)	13,002	12,502
Performance bonds - procurement	10,493	10,592
Materials in transit	762	694
Bid bonds	355	350
Collection of electricity services	906	868
Materials loan	578	592
Employee guarantees	228	227
Rental of posts	124	117
Performance bonds - labor	83	83
Guaranty deposits (electricity consumption)	123	123
ICE easement - Cote Plant	7	7
Parque Eólico Valle Central	80	-
Subtotal CNFL	61,468	58,577
Contingent liabilities:		
Payment arrangements - financing of appliances	27	22
Subtotal	27	22
Subtotal CNFL	61,495	58,599
RACSA:		
Guaranty deposits	425	393
Subtotal RACSA	425	393
Total ICE Group	¢ 359,833	327,755

(1) Performance bonds

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

- *ICE-CNFL surety*

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

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

- *ICE-JASEC surety*

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(2) *Collection agents*

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

(3) *Bid bonds*

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 28. Income from Services

Income from services is detailed as follows:

Income for services	For the period ended on March 31	
	2014	2013
<u>ICE:</u>		
Telecommunication Services	¢ 128,595	120,446
Electricity Services	109,234	114,698
Institutional Services	85	528
Subtotal ICE	237,914	235,672
<u>CNFL:</u>		
Electricity Services	74,493	76,948
Subtotal CNFL	74,493	76,948
<u>RACSA:</u>		
Telecommunication Services	6,485	5,904
Subtotal RACSA	6,485	5,904
<u>Cable Visión</u>		
Telecommunication Services	1,157	-
Institutional Services	2	-
Subtotal Cable Visión	1,159	-
Total Group ICE	¢ 320,052	318,524

Regulation of Electricity Services

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

2013 Rate adjustments

On December 21, 2012 and through Decision No. 1031-RCR-2012 published in Official Gazette No. 248, Alcance No. 211, dated December 24, 2012 (corrected and clarified through Decision No. 1031- RCR-2012 of January 10, 2012), the Regulatory Committee of ARESEP published the factors related to the cost of fuels in accordance with the Variable Fuel Cost (CVC) Methodology and the rate schedules to be applied in the four quarters of 2013, in effect as of January 1, 2013.

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

Telecom Service Regulation

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 29. Operation and Maintenance Costs

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

Fuel consumption	For the period ended on March 31	
	2014	2013
<u>Thermic plant:</u>		
Garabito	¢ 29,140	27,156
Moin III	10,571	5,763
Moín I	2,153	1,862
Moín II	9,498	8,129
Pujol - Pococi Plant	1,440	945
Pujol - Orotina Plant	1,535	1,191
Colima	-	871
San Antonio	213	135
Barranca	40	71
Total Group ICE	¢ 54,590	46,123

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 30. Operation and Maintenance Costs of Leased Equipment

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

Cost of operation and maintenance for rented equipment	For the period ended on March 31	
	2014	2013
ICE:		
Thermic generation	¢ 37,413	35,568
Hydraulic generation	5,069	3,619
Aeolian generation	2,223	2,217
Substations	1,399	1,472
Access	652	2,168
Transmission lines	560	607
Civil and electromechanics	443	2,346
Transportation	35	1,631
Platforms	27	1,329
Sub total	47,821	50,957
Elimination of institutional services	463	642
Total Group ICE	¢ 47,358	50,315

* Internal consumption of electricity and telephone services of the different areas of the institution.

In 2013, costs for the operating leases of the plants mentioned above amounts to ¢15.230 para el 2014 (¢21.079 for 2013).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Generalities of the Agreement				Amount in Millions of US Dollars											
Service Order	Supplier	Date of Agreement	Start date	Approximate end date	Agreed Amount	Total Paid	Service Order Balance as of March 31, 2014	Paid in 2014	Number of payments	Payment amount	Value of the Purchase Option	Expense recorded in 2014	Payment Frequency	Object of the Agreement	
ICE															
343012	Consortio Huawei Technologies (1)	10-feb-09	25-feb-10	26-mar-15	233	233	0	0	20	First stage US\$8; segunda fase US\$4 (in thousands)	23	54	Quarterly	Third-generation wireless system.	
1691	Fideicomiso Titularización Peñas Blancas (2)	16-ago-00	31-ene-08	16-jul-15	119	107	13	1	155	Between US\$875 and US\$725 (in thousands)	19	696	Monthly	Electricity infrastructure .	
Sin orden	Cariblanco Securitization Trust (2)	03-jul-03	29-feb-08	31-dic-19	304	159	145	4	147	2	8	2,080	Monthly	Lease of Cariblanco Hydroelectric Power Plant	
Sin orden	Garabito Geothermal Power Plant Trust (2)	05-nov-07	01-jul-10	31-mar-22	743	230	513	10	142	5	213	7,990	Monthly	Lease of Garabito Thermal Plant	
333059	Las Pailas Geothermal Power Plant Trust(3)	07-mar-07	28-mar-12	31-dic-23	240	33	207	-	24	8	-	2,048	Semi-annual	Lease of Las Pailas Geothermal Power Plant.	
351643	Junta Administradora de Servicios Electricos Municipal de Cartago JASEC (4)	14-abr-10	04-dic-13	14-abr-22	25	3	22	-	20	Between US\$ 1 637 and US\$ 854 (in thousands)	-	227	Semi-annual	Infrastructure for Tejar Step-Down Substation, easement rights, and expansion tower sites for Rio Macho transmission lines	
Sin orden	Toro 3 Trust (2) and (5)	01-jun-13	30-jun-13	30-nov-24	131	8	123	2	137	\$1	-	1,184	Monthly	Lease of Toro 3	
Subtotal- Operating Leases -US dollars					US\$	1,796	773	1,023	18			€	14,279		
Generalities of the Agreement				Amount in millions of colones											
ICE															
350702	Cooperativa de Electrificación Rural Guanacaste (6)	16-feb-10	06-abr-10	06-sep-21	€ 87,848	24,423	63,425	951	138	Variable Between €617 and €473	€3.541 approximately	€	951	Monthly	Infrastructure for electricity transmission Liberia, Papagayo - Nuevo Colon.
Subtotal- Operating leases -colones					€	87,848	24,423	63,425	951			€	951		
Total- Operating leases -ICE Group											€	15,230			

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

(1) **Huawei Technologies Consortium:**

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

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

(2) **Securitization Trusts:**

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

The trusts may obtain those resources by acquiring commercial loans and by issuing, placing, and managing securities through securitization. Currently, the trusts are authorized to issue public debt and have liabilities recorded therefor in their financial statements as of December 31, 2013 and 2012.

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

The main clauses of the trust agreements are summarized below:

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- a) The liquid assets generated by the trusts from the issue and placement of debt securities.
 - b) Tangible and intangible assets of the trustor, which are essential to the object of the contract, will be transferred as trust property to the Trust; the civil works, equipment, facilities, workshops, vehicles, equipment and materials inventory, office equipment, computer equipment, including software, licenses, and any others that have been acquired with the trust's resources for the development of the projects and for the operation and maintenance of the plants, as well as the right to use the land owned by the trustor, as required for the development of the projects, and all the intellectual information and studies produced for and during the development of the project's works in charge of the trusts.
 - c) The agreed-upon income from the lease of power plants.
 - d) Any other income obtained by the trusts in the normal course of business.
- The trustee may only use the trust assets according to the provisions expressly contained in the trust agreements and pursuant to the instructions issued by the trustor. Both, the trustee's powers of disposal over the trust assets as well as the trustor's powers to issue instructions on such assets, are limited to the execution of those acts that are strictly necessary to fulfill the purpose of the trust.
 - The trust's financial policy will be to allocate the resources obtained from the securitization process and temporary investments to construction of the projects, debt servicing, and covering the trust's operating costs. Upon compliance with such obligations, all of the trust assets will become the property of the trustor ipso jure.
 - The trustor must appoint a Manager from the Execution Unit, who should be accepted by the trustee, and who shall act as the superior, with the inherent rights and duties.
 - The trustor and the trustee agree that ICE will be hired by the Trust to assume the responsibility of the construction of the projects, through an engineering and construction agreement.
 - Upon expiration of the trust agreements, all of the trust assets, without exception, delay, or condition, will be automatically transferred ipso jure to the trustor, who will become the legitimate owner.
 - The Peñas Blancas trust is for a term of 20 years and the Cariblanco, Garabito, and Toro 3 trusts are for terms of 30 years.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

- A lease is set for a term of 12 years with a purchase option for Las Pailas Geothermal Plant, starting upon the satisfactory receipt of the works by ICE.
- The total amount of the lease is US\$240 (in millions), including lease installments and maintenance fees.
- At the end of the lease term, the purchase option may be executed in the amount of 15% of the total investment accrued during the construction stage.
- CABEI will invest in the construction of the plant in an amount of up to US\$130 (in millions).
- CABEI agrees that ICE will carry out construction of the entire plant and its interconnection to the National Interconnected System. The total cumulative investment at the end of the construction phase will have been made in U.S. dollars, comprised of the following:
 - a) Actual cumulative direct investments made by CABEI for construction of the plant.
 - b) 0.75% (one time only) of CABEI's direct investment at the time CABEI makes the first disbursement of the direct investment.
 - c) 0.75% of the estimated direct investment that has not yet been used for construction of the plant.
 - d) Return calculated at the 6-month LIBOR rate + 2.25% on the partial cumulative investment made during construction of the plant.
 - e) Administrative expenses derived from creation and operation of the Project Management Unit to be set up by CABEI in accordance with the agreement.
- ICE agrees to lease the plant and act as the "lessee". CABEI will be the "lessor".
- The term of the lease will start 48 months after the beginning of construction of the plant.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

(4) Tejar Step-down Substation - JASEC:

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

The term of the lease is 10 years from the date on which JASEC delivers the substation and related works to ICE in the conditions required to start commercial operations (June 4, 2012).

(5) Toro 3 Hydroelectric Power Project:

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

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

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

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 31. Supplemental Services and Purchases

Supplemental services and purchases are as follows:

Supplementary purchases and services	For the period ended on March 31	
	2014	2013 (Restated*)
Telecommunications:		
Telephone participation	€ 3,471	4,222
National Traffic Operators	3,261	2,464
Channels rental	248	239
Television	271	215
Integral solutions	96	101
Total Telecommunications	7,347	7,241
Electricity:		
Import:		
Regional Operating Entity (EOR)	4,466	427
Cenergica S.A de c.v.	832	479
Others	654	366
Sub total import	5,952	1,272
Cogenerators:		
Planta Eólica Guanacaste, S.A.	4,072	4,075
Unión Fenosa Generadora La Joya	3,744	3,691
Hidroenergía Del General (HDG), S.R.L.	2,628	2,894
Geoenergía de Guanacaste Ltda.	2,138	2,136
Molinos de Viento Del Arenal, S.A.	1,389	1,515
Hidroeléctrica Doña Julia	1,329	1,405
Plantas Eólicas, S.A.	1,472	1,346
Hidroeléctrica Platanar, S.A.	1,110	1,277
Ingenio Taboga, S.A.	1,315	1,220
Azucares el Viejo S.A	1,545	998
Hidroeléctrica Zarcas, S.A.	726	926
Hidroeléctrica Río Lajas, S.A.	720	912
Proyecto Hidroeléctrico Río Volcán, S.A.	567	681
Proyecto Hidroeléctrico Pedro, S.A.	596	659
Aeroenergía S.A	458	472
Inversiones la Manguera S.A	341	359
Empresas Electricas Matamoros S.A	299	347
Others	1,057	1,234
Sub total cogeneradores	25,506	26,146
Purchases for export:		
Regional Operating Entity (EOR)	2,550	2,762
Total Electricity	34,007	30,180
Total Group ICE	€ 41,354	37,421

* See Note 26.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Cogenerators:

Under the terms of Law 7200 “Law for the Authorization of Autonomous or Parallel Energy Generation,” which declares a matter of public interest the purchase of energy by ICE to those private companies that comply with the conditions contained in this Law, ICE has entered into agreements with various cogenerators for purchasing energy. This Law provides for two systems or chapters: Chapter I, “Autonomous or Parallel Generation” and Chapter II, “Purchase of Power under the Competition System”.

As of March 31, 2014, ICE has subscribed power purchase agreements under Chapter II that correspond to BOT agreements (Built, Operate, and Transfer) with the following independent power producers: Geoenergía de Guanacaste, S.R.L.; Unión Fenosa Generadora La Joya; Hidroenergía del General (HdG), S.R.L.; and Planta Eólica Guanacaste, S.A. As a result, the following projects are in the construction phase: PH Chucás, S.A.; Unión Fenosa Generadora Torito, S.A.; Hidrotárcoles, S.A.; Acciona- Ecoenergía Consortium and Inversiones Eólicas de Orosi Dos, S.A.; Consorcio Eólico Chiripa; P.H. Capulin San Pablo; and Miravalles III Geothermal Power Plant. During the life of the agreements, those independent power producers must build, operate, and provide maintenance to the corresponding plants. The power generated will be sold exclusively to ICE. At the end of the term of those agreements, the ownership, management, and operation of the plants will be automatically transferred to ICE, free of any liens and encumbrances. The corresponding cogenerators or ICE may request the early transfer of the power plants.

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

The agreements are in effect for terms that range between 15 and 20 years and expire between March 2015 and October 2033.

For cogenerators who have subscribed agreements under Chapter I of Law No. 7200, the following three types of agreements are in effect:

- Class A: Applicable to hydroelectric power plants with a power output of less than 5 MW.
- Class B: Applicable to hydroelectric power plants with a power output greater than 5 MW and.
- Class C: applicable to wind power generation plants.

The general terms of these agreements establish that, during the life of the agreement, ICE will purchase any surplus electric power that the cogenerator may supply once its own energy needs are met, up to the maximum power output agreed. The cogenerator commits to operate the plant so that the power output delivered to ICE at the point of measurement does not exceed the power output agreed. ICE will not make any payments for the power delivered by the cogenerator exceeding of the maximum power output agreed. Electricity received in light of these agreements is paid at the rates in effect set by ARESEP upon delivery.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 32. Administrative Expenses

Administrative expenses are detailed below:

	For the period ended on March 31	
	2014	2013
	<i>(Restated*)</i>	
<u>ICE:</u>		
Remunerations	¢ 8,984	8,531
Services	500	623
Current transfers	436	312
Depreciation of other assets in operation	355	356
Materials and supplies	84	94
Use of service centers	21	986
Others	614	622
Subtotal	10,994	11,524
* Elimination of institutional services	83	97
Total ICE	¢ 10,911	11,427
<u>CNFL:</u>		
Remunerations	2,756	2,483
Rental and services	147	165
Materials and supplies	40	77
Transportation	9	9
Others	325	255
Subtotal CNFL	3,277	2,989
<u>RACSA:</u>		
Remunerations	2,347	2,267
Services	1,395	1,160
Depreciation of other assets in operation	220	234
Materials and supplies	40	32
Others	712	939
Subtotal RACSA	4,714	4,632
<u>Cable Visión</u>		
Administrative expenses	402	-
Subtotal RACSA	402	-
Total Group ICE	¢ 19,304	19,049

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

* See Note 26.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 33. Marketing Expenses

Marketing expenses are detailed as follows:

	For the period ended on March 31	
	2014	2013
<u>ICE:</u>		
Materials and supplies	14,024	8,379
Remunerations	13,404	12,742
Services	¢ 12,120	13,328
Current transfers	2,477	2,506
Depreciation of other assets in operation	1,114	934
Use of service centers	126	5,760
Others	2,183	1,923
Subtotal ICE	45,448	45,572
* Elimination of institutional services	431	402
Subtotal ICE	45,017	45,170
<u>CNFL:</u>		
Expenses consumers	5,742	4,996
Subtotal CNFL	5,742	4,996
<u>Cable Visión:</u>		
Remunerations	80	-
Services	35	-
Materials and supplies	1	-
Others	5	-
Subtotal Cable Visión	121	-
Total Group ICE	¢ 50,879	50,166

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 34. Pre-Investment Studies

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

	For the period ended on March 31	
	2014	2013
<u>ICE:</u>		
Ayil Hydroelectric Project (2)	770	88
Savegre Study (1) ¢	155	732
P.H Tejona II	124	-
RC 500 Study	-	59
Pocosol - Arenal Study	-	2
Others	111	73
Total Grupo ICE ¢	1,160	954

- (1) In 2014, the SAVEGRE Project incurred expenses for ¢155 (¢732 in 2013), for engineering and site feasibility studies and ancillary works related to the headrace tunnel and water intakes.
- (2) An agreement was subscribed with the indigenous communities in respect of the Ayil Hydroelectric Power Project, which will be located in the Cabécar indigenous territory in Bajo Chirrió, Matina, Limón, whereby a term of 3 years (from May 27, 2011 to May 27, 2014) is granted to perform project studies related to pioneer roads that require the construction of several bridges. In 2014, expenses therefor amount to ¢770 and ¢88 in 2013.

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 35. Preliminary Studies

Preliminary studies are as follows:

	For the period ended on March 31	
	2014	2013
<u>ICE:</u>		
Remunerations	¢ 3,208	3,547
Use of service centers	687	1,401
Services	154	166
Current transfers	96	106
Depreciation of other assets in operation	110	111
Materials and supplies	34	30
Others	326	314
Subtotal	4,615	5,675
* Elimination of institutional services	48	47
Total Grupo ICE	¢ 4,567	5,628

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 36. Other Operating Expenses

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

	For the period ended on	
	March 31	
	2014	2013
<u>ICE:</u>		
Advance mobile services	¢ 126	269
Torito Hydroelectric Project	93	73
Chuscas Hydroelectric Project	74	83
Balsa Inferior Hidroeléctrica Project	17	25
Pirris Hydroelectric Project	10	25
Reventazon Hydroelectric Project	-	172
Other	97	46
Total Grupo ICE	¢ 417	693

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 37. Other Interests and Other Expenses

Other interests and other expenses are detailed below:

Other products	For the period ended on March 31	
	2014	2013
ICE:		
Construction services (1)	183,436	3,551
Exchange fluctuations (2)	¢ 21,996	34,865
Interests and other financial products(3)	7,243	4,207
Other products (4)	4,039	2,091
Subtotal ICE	¢ 216,714	44,714
CNFL:		
Exchange fluctuations	437	511
Financial income	51	74
Other products	1,000	1,041
Subtotal CNFL	¢ 1,488	1,626
RACSA:		
Exchange fluctuations	-	316
Interests and other financial products	50	75
Other products	77	63
Subtotal RACSA	¢ 127	454
Cable Visión:		
Exchange fluctuations	55	-
Interests and other financial products	2	-
Subtotal Cable Visión:	¢ 57	-
Total Group ICE	¢ 218,386	46,794
<hr/>		
Other expenses	For the period ended on march 31	
	2014	2013
ICE:		
Interests and other financial expenses(5)	¢ 19,551	25,671
Contracts of civil and electromechanical works (1)	179,489	3,725
Exchange fluctuations (2)	160,602	5,585
Other expenses	43	43
Subtotal ICE	¢ 359,685	35,024
CNFL:		
Interests and other financial expenses	569	433
Exchange fluctuations (2)	7,347	125
Other expenses	360	534
Subtotal CNFL	¢ 8,276	1,092
RACSA:		
Interests and other financial expenses	33	309
Exchange fluctuations	1,983	-
Other expenses	20	21
Subtotal RACSA	¢ 2,036	330
CRICRSA:		
Interests and other financial expenses	210	-
Exchange fluctuations	178	-
Subtotal CRICRSA	388	-
Total Group ICE	¢ 370,385	36,446

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- (1) This item includes invoices for percentage of completion or completed works related to agreements subscribed for engineering, design, construction, or other specialized services provided to ICE by third parties for projects under construction, such as the Reventazón Hydroelectric Power Project and the Balsa Inferior Hydroelectric Power Project. The costs related to these construction agreements are booked under “Agreements for civil and electromechanical works”.
- (2) In January 2014, ICE received from Fideicomiso UNO P.H Reventazón the amount of US\$221 million (equivalent to ¢111.045), and ¢71.917, as payment for the construction services of Reventazón Hydroelectric Power Project.
- (3) As of March 31, 2014, an exchange rate of ¢550,25 (¢500,25 in 2013) for US\$1,00, respectively, was used to value the monetary assets and liabilities denominated in foreign currency.
- (4) Interest includes income on external sector securities.
- (5) In 2014, this item mainly includes the collection of compensation for noncompliance with agreements, administrative penalties, etc.
- (6) This item mainly presents expenses for fees and commissions derived from management of derivative financial instruments and the corresponding interest thereon as well as interest on debt.

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 38. Tax Regulations

Tax Obligations

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

Income Tax

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

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

Given that ICE must reinvest the total net profit it obtains, no taxable income is produced and, therefore, it has no income tax liability. However, the Costa Rican Tax Authorities normally imposes income tax withholdings that are subsequently applied as a credit to the sales tax liability.

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

General Sales Tax

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

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

As of December 31, 2013, two administrative proceedings are open related to notices of deficiency No. 27520000028443 and No. 2752000033081 issued against RACSA by the Large Taxpayer Division of the Finance Ministry in relation to the general sales tax on telecom services for the 2008 and 2009 tax periods, respectively. As of the date of this report, RACSA challenged the notices of deficiency with the Tax Administration. According to the opinion of the Legal Department, there is uncertainty as to whether a favorable ruling will be handed down (see note 41).

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

Article 39 of the General Telecommunications Law N° 8642 sets forth a quasi-fiscal tax to finance the National Telecommunications Fund (FONATEL) to ensure compliance with the principles of universal access, universal service, and cooperation. The quasi-fiscal tax will

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

levy on the gross income directly earned by the operators of public telecommunications networks and telecommunications service providers available to the public who generated the taxable event by performing the aforementioned activities and receiving the specific benefit from State activities.

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

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

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

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

Tax in favor of the Firefighter Department of Costa Rica

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

Customs Duties

As set forth in the customs legislation, custom duties are comprised of custom duties and internal taxes, and they must be paid in full to legally import goods. The customs tax referred to as DAI is the Import Tariff Law, which is defined as follows: It is an ad-valorem tax determined according to a classification within the tax code established. The following are

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Other Obligations

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

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

(Continúa)

Note 39. Institutional Financial Risk Management

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

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

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

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

The Financial Risk Management and Institutional Financial Coverage Policy was approved and will be in force starting April 12, 2011. Its main goal is to "standardize institutional risk management by minimizing as much as possible the exposure to systemic or market risks in the financial operations, through an efficient financial risk management, taking advantage of the market opportunities, the available financial instruments and in accordance with the Financial Risk Coverage Strategy".

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

Credit Risk:

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

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

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

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

Accounts Receivable

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

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- Online collection process, through contracts with external collectors and banks, or internal collection through ICE cashiers.
- In the event that the balance outstanding is not recovered, the administrative collection process begins 35 days after the services have been suspended. Administrative collection involves locating the customer and informing about the delinquency as well as notifying the credit protector thereof so that the situation is included in the customer's credit history. For such purposes, ICE uses companies dedicated to collection or coordinating payment arrangements with customers to mitigate arrears.
- As a last resort, any residual past due accounts are processed by ICE's Legal Division and collection is pursued by legal action.

Section (d) "Current assets", item "Allowance for doubtful accounts" of note 3 "Significant accounting policies" explains in detail the accounting policy for booking the allowance and the administrative and legal collection processes.

Investments

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

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

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

Currently, no limit has been established to operate financial derivatives in respect of credits.

Impairment Losses

"Trade receivables" are aged as follows:

		As of March 31, 2014	As of December 31, 2013
Current	¢	103,743	92,984
Judicial and administrative collection		35,055	35,055
Total ICE Group	¢	138,798	128,039

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Movement in the allowance for accounts receivable is as follows:

		As of March 31, 2014	As of December 31, 2013
Opening balance	¢	32,917	35,616
Allowance booked during the period		(1,391)	(12,526)
Allowance used during the period		1,156	7,998
Adjustments		(2,110)	1,829
Closing balance	¢	30,572	32,917

Liquidity Risk:

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

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

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

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

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

Liquidity is guaranteed by optimizing the payment cycle, first using no-cost sources and short-term lines of credit (if necessary). Terms of payment for providers are approximately 30 days from the event generating the payment and submittal of the invoice. Also, in

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

accordance with ICE's policy, payments are made weekly and all payments are made by bank transfer and payment orders are processed through ICE's Payment System.

Lines of credit are used to meet working capital needs, open letters of credit, or issue performance bonds. Limits are the amounts offered by the bank.

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

Market Risk:

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

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

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

The following risks have been determined for financial operations: variations in the interest rate (domestic and foreign) and foreign currency exchange rate, which affect the cash flow results, the value of instruments, and others. For such purpose, 8 derivative financial instruments have been acquired: 3 to cover interest rate risk (interest rate swaps), 1 to cover Japanese yen exchange rate to the US dollar, called Cross Currency Swap, and 4 Non Delivery Currency Swap to cover part of the colón/dollar exposure.

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Detail	Tranche B	Tranche A	HSBC	Yens	Dollar/colón three year	Dollar/colón three year	Dollar/colón seven year	Dollar/colón three year
Hedged debt:	BID-1931 B/OC-CR	BID-1931 A/OC-CR	Project - Extension of capacity of submarine cables	JIBC-CR-P3	Bonds 2043	BID-1908	BID-1908	Bonds 2043
Principal amount	\$120	\$135	\$7	¥6,096	\$50	\$40	\$40	\$20
Hedged amount	\$120	\$135	\$7	\$67	¢25,000	¢20,167	¢20,132	¢10,005
Exchange rate	N/A	N/A	N/A	\$91	¢500	¢504,17	¢503,30	¢500,259
Hiring date	08/05/2008	27/01/2009	04/11/2010	18/06/2012	14/11/2013	29/03/2011	29/03/2011	22/07/2013
Hedge starting date of first payment	15/08/2008	14/01/2010	08/11/2010	22/10/2012	14/11/2013	28/07/2011	02/05/2011	15/11/2013
Hedge expiration date	15/02/2018	14/07/2023	08/11/2015	20/04/2026	14/11/2016	28/01/2017	02/11/2017	16/05/2016
Term	10 years	15 years	5 years	14 years	3 years	3 years	7 years	3 year
Base rate	Libor 6 months	Libor 6 months	Libor 3 months	2.20%	6.38%	Libor 6 months	Libor 6 months	Libor 6 months
Spread over/under base rate	3.00%	3.23%	4.95%	5.11%	13.89%	9.08%	2.95 pb	-
Fixed rate	-	-	0.95%	-	-	-	Base Rate	8.11%
Total Fixed rate	4.37%	3.23%	5.90%	5.11%	13.89%	9.08%	Base Rate +2,95 pb	8.11%
Strategy	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge	Hedge
Hedged risk	Interest rate	Interest rate	Interest rate	Exchange rate Yen/dollar	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón	Exchange rate Dollar/colón
Hedge Type	Cash flow hedge	Cash flow hedge	Cash flow hedge	Fair value hedge accounting	Fair value hedge accounting	Fair value hedge accounting	Fair Value Hedge Accounting	Fair value hedge accounting
Hired instrument	Interest rate swap	Interest rate swap	Interest rate swap	Cross currency swap	Non deliverable currency swap	Non deliverable currency swap	Non deliverable currency swap	Non deliverable currency swap

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

Millions Dollar	Expected Cash Flows	less than 12 month	more than 12 month
Forward staring swap	¢ (9,043)	(415)	(8,628)
Plain vanilla swap	4,347	2,285	2,063
Swap	23	11	11

Millions Dollar	Expected Cash Flows - Leabilitys	less than 12 month	more than 12 month
BID-1931A/OC-CR	¢ 60,005	3,334	56,672
BID-1931B/OC-CR	56,145	7,018	49,127
Banistmo S.A.	3,517	1,507	2,010

Capital Management

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

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

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

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

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

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Index Debt - Capital	Up to March 31,	Up to December 31,
	2014	2013
Group ICE		
Total liabilities	¢ 2,630,854	2,424,549
(-) Cash and equivalent to cash	(199,557)	(96,777)
Debt, net	2,431,297	2,327,772
Total patrimony	2,795,605	2,935,956
Minus:		
Amount accumulated in patrimony in relation to coverage of cash flow	(4,604)	(10,944)
Capital adjusted	2,800,209	2,946,900
Index debt Group ICE	0.869	0.791

Exposure to Credit Risk

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

Value in books of financial assets	Up to March 31, 2014	Up to December 31, 2013
Group ICE		
Banks	¢ 10,809	10,126
Transitory investments	263,095	133,782
Valuation of investments	(131)	20
Long term investments	50,847	47,727
Funds of restricted use	1,342	5,406
Documents and account payable	188,882	195,331
Total Group ICE	¢ 514,844	392,392

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

By geographical region		Up to March 31, 2014	Up to December 31, 2013
National	¢	183,857	188,995
External		5,025	6,336
Total Group ICE	¢	188,882	195,331

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

By type of client		Up to March 31, 2014	Up to December 31, 2013
Private people	¢	81,331	98,896
Toro III		-	179
Clients high, medium and low tension		22,640	19,901
Telephonic administrators		1,525	2,108
Distributing companies s		13,680	8,448
Government		15,757	10,999
Selling of devices (terminals)		192	269
Operators and suppliers of services		4,571	5,790
Public lighting system		763	904
Others		48,423	47,837
Total Group ICE	¢	188,882	195,331

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The risk ratings for ICE Group reported as of March 31, 2014 are shown as follows:

Issuing	ISIN	Instrument	Risk Rating
ICE			
Banco BAC San José, S.A.	00BSJ00C26U5	Certificado de deposito a plazo (macrotitulo)	SCR1
Banco BAC San José, S.A.	00BSJ00C36U4	Certificado de deposito a plazo (macrotitulo)	SCR1
Banco BAC San José, S.A.	00BSJ00C38U0	Certificado de deposito a plazo (macrotitulo)	SCR1
Banco BAC San José, S.A.	00BSJ00C80U2	Certificado de deposito a plazo (macrotitulo)	SCR1
Banco BAC San José, S.A.	CRBSJ00B1608	Bono BSJ	SCR AAA
Banco BAC San José, S.A.	CRBSJ00B1640	Bono BSJ	SCR AAA
Banco BANSOL Banco de Soluciones	00BASOLC27V6	Certificado de deposito a plazo (macrotitulo)	SCR2
Banco BCT	CRBCT00B0143	Bono	SCR AAA
Banco Central de Costa Rica	CRBCCR0B3371	Bono estabilización monetaria tasa fija	BB
Banco Central de Costa Rica	CRBCCR0B3553	Bono estabilización monetaria tasa fija	BB
Banco Central de Costa Rica	CRBCCR0B3827	Bono estabilización monetaria tasa fija	BB
Banco Central de Costa Rica	CRBCCR0B4080	Bono estabilización monetaria tasa fija	BB
Banco Central de Costa Rica	CRBCCR0B4353	Bono estabilización monetaria tasa fija	BB
Banco Central de Costa Rica	CRBCCR0B4361	Bono estabilización monetaria tasa fija	BB
Banco Central de Costa Rica	CRBCCR0C3990	Bono estabilización monetaria 0 cupón	BB
Banco Central de Costa Rica	CRBCCR0C4006	Bono estabilización monetaria 0 cupón	BB
Banco Central de Costa Rica	CRBCCR0C4162	Bono estabilización monetaria 0 cupón	BB
Banco Central de Costa Rica	CRBCCR0C4170	Bono estabilización monetaria 0 cupón	BB
Banco Citibank (CMB Costa Rica)	00CITIBC40C1	Certificado de deposito a plazo (ventanilla)	F1+ (cri)
Banco Citibank (CMB Costa Rica)	00CITIBC41C9	Certificado de deposito a plazo (ventanilla)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C1718	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C22H0	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C70H9	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C72H5	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco Crédito Agrícola de Cartago	00BCAC0C80H8	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco Crédito Agrícola de Cartago	CRBCAC0B1181	Bono	AA(cri)+
Banco Crédito Agrícola de Cartago	CRBCAC0C1222	Bono	F1+ (cri)
Banco de Costa Rica	00BCR00CHH34	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco de Costa Rica	00BCR00CHK96	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco de Costa Rica	00BCR00CHL12	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco de Costa Rica	00BCR00CIA48	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco de Costa Rica	00BCR00CIA89	Certificado de deposito a plazo (macrotitulo)	F1+ (cri)
Banco de Costa Rica	0NR0ICE00378	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	0NR0ICE00379	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	0NR0ICE00380	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	0NR0ICE00381	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	0NR0ICE00382	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	0NR0ICE00383	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	0NR0ICE00384	Certificado de depósito a plazo	F1+ (cri)
Banco de Costa Rica	CRBCR00C3288	Papel comercial	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	0NR0ICE00292	Certificado de deposito a plazo (ventanilla)	F1+ (cri)
Banco Hipotecario de la Vivienda -BANHVI-	CRBANVIB0037	Bono Banhvi	F1+ (cri)
Banco Improsa	00BIMPRC7309	Certificado de deposito a plazo (macrotitulo)	SCR1
Banco Internacional de C.R. -Miami-	0NR0ICE00046	Overnight	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00049	Certificado de deposito a plazo (ventanilla)	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-	0NR0ICE00280	Overnight Cachi	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00358	Overnight BID 2747	AA -
Banco Internacional de C.R. -Miami-	0NR0ICE00375	Overnight BCIE 2109 PH Reventazón	AA-

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Issuing	ISIN	Instrument	Risk Rating
ICE			
Banco Nacional de Costa Rica	00BNCR0C08M7	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C13M7	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C20N0	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C21N8	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C40M0	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C42M6	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C52M5	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C60K2	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C69M9	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C88M9	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C89K1	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Nacional de Costa Rica	00BNCR0C97K4	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C9N56	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0491	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0731	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0749	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0814	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0855	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0913	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0954	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0C0919	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP175	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP233	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP274	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP571	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CP654	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CQ116	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CQ124	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CQ223	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CQ496	Term Certificate of Deposit (global note)	F1+ (cri)
Banco Popular y de Desarrollo Comunal	00BPDC0CQ587	Repurchase	F1+ (cri)
Banco Popular y de Desarrollo Comunal	CRBPDC0B6723	Repurchase	F1+ (cri)
Banco Promérica	CRBPR0MB1169	Bond	SCR AA +
Banco Scotiabank de Costa Rica, S.A.	0NR0ICE00324	Term Certificate of Deposit (Window)	F1+ (cri)
Compañía Nacional de Fuerza y Luz -CNFL-	CRCF0L0ZB0207	Bond CNFL	AAA (cri)
Florida ICE & Farm Company S.A.	CRFIFCOB0972	Bond FIFCO	SCR AAA
Florida ICE & Farm Company S.A.	CRFIFCOB0998	Bond FIFCO	SCR AAA
Government	CRG0000B41G1	Repurchase	BB
Government	CRG0000B54G4	Repurchase	BB
Government	CRG0000B55G1	Repurchase	BB
Government	CRG0000B59G3	Title deed	BB
Government	CRG0000B60G1	Title deed	BB
CRICRSA			
BN Sociedad de Fondos de Inversión, S.A.	FI-000000001	Fondos de inversión	SCR-AA
CNFL			
Banco Nacional de Costa Rica	no standardized	Term Certificate of Deposit	F1+ (cri)

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Estimation of potential losses:

Pursuant to international standards, a risk rating and write-off percentage is assigned to each investment based on the maturity of the instrument, as follows:

	Risk International	Risk Local	
Class			
1 AAA yAA	F1,A-1 yP-1		
2 A y BBB	F2, A-2 y P-2		
3 BB	F3 y P-3	Scr-AAA y scr-AA y AA(cri)	Scr-1 y F1(cri)
4 B	B, A-3 y	Scr-A y A (cri)	
	Not prime***	scr-BBB y BBB 8cri)	Scr-2 y F2(cri)

* Fitch Ratings S.A. Standard Poor's y Moody's.

**Society risk (SCR) y Fitch Ratings S.A.

***N-P or "Not prime"

Category	Maturity	Sovereign risk*	Corporate and financial institutions**
1	Less than or equal to 360 days	0.00%	0.01%
	Less than or equal to 1800 but more than 360 days	0.00%	0.38%
	More than 1800 days	0.00%	0.81%
2	Less than or equal to 360 days	0.00%	0.17%
	Less than or equal to 1800 but more than 360 days	1.84%	1.56%
	More than 1800 days	2.81%	3.53%
3	Less than or equal to 360 days	0.34%	0.48%
	Less than or equal to 1800 but more than 360 days	2.90%	4.52%
	More than 1800 days	6.14%	8.27%
4	Less than or equal to 360 days	0.95%	2.35%
	Less than or equal to 1800 but more than 360 days	6.09%	10.88%
	More than 1800 days	14.04%	14.97%

*Sovereign risk percentages are applied to issues by the public sector.

**Corporate and financial institution percentages are applied to issues by the private sector.

In the case of Central Bank, Government, and Finance Ministry investments, a 5% write-off is applied; for investments without risk rating, the issuer's rating is used; in the event that the issuer does not have a rating either, a 150% write-off is applied. The final result corresponds to the "potential loss".

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Exposure to Liquidity Risk

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

Liabilities	Value on Books	Expected Cash Flow	12 months or less	1-2 years	2-5 years	More than 5 years
Long Term Liabilities						
Title deeds payable	¢ 1,118,305	1,118,305	757	38,222	488,877	590,449
Documents payable	683,983	683,983	68,952	155,777	216,938	242,316
Accounts payable	27,777	27,777	18,668	6,879	2,230	-
Total Long Term Liabilities	1,830,065	1,830,065	88,377	200,878	708,045	832,765
Circulating						
Documents payable	197,811	197,811	197,811	-	-	-
Accounts payable	145,243	145,243	145,243	-	-	-
Total Short Term Liabilities	343,054	343,054	343,054	-	-	-
Total Group ICE	¢ 2,173,119	2,173,119	431,431	200,878	708,045	832,765

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

Millions Dollar	Book Value	Expected Cash Flows	6 months or less	6-12 months	1-2 year	2-5 years	More than 5 years
Cross Currency Swap							
Liabilities	¢ (5,416)	11,339	874	830	1,569	3,881	4,184
Swap							
Liabilities	(23)	23	6	6	8	3	-
Forward Staring Swap							
Liabilities	(3,901)	(9,043)	(142)	(273)	(996)	(4,283)	(3,349)
Plain Vanilla Swap							
Liabilities	(4,637)	4,347	1,223	1,062	1,338	725	-
Non Delivery Currency Swap 3 años							
Liabilities	1,098	805	805	-	-	-	-
Non Delivery Currency Swap 7 años							
Liabilities	459	7,555	1,067	1,061	2,007	3,420	-
Non Delivery Currency Swap 1 año							
Assets	1,890	5,819	954	983	1,936	1,946	-
Non Delivery Currency Swap 3 años							
Liabilities	458	1,810	394	385	713	318	-

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

The lines of credit with financial institutions used for working capital, acquired during the period ended as of March 31 del 2014:

Global Features credit line					Terms of disbursements made				Disbursement Amount (in millions of U.S. dollars, as indicated)
Financial Institution	Purpose	Currency	Interest Rate	Amount approved line	Disbursement Date	Expiration date	Date cancellation	Renewal Date	
Citibank	Working Capital. Opening letters of credit and refinancing	US\$	Libor (1m) + 2.10% = 2.26735%	50	13/12/2013**	30/12/2013	-	30/12/2013	14
		US\$	Libor (2m) + 2.10% = 2.3128%		30/12/2013**	13/02/2014	13/02/2014	-	14
Scotiabank	Opening letters of credit and refinancing, working capital, issuance of performance bonds	US\$	Libor (2m) + 1,13% = 1,2985%	60	13/12/2013	30/12/2013	-	30/12/2013	5
		US\$	Fixed rate 1,295%		30/12/2013**	13/02/2014	-	13/02/2014	31
		US\$	Fixed rate 1,2973%		27/12/2013**	10/02/2014	-	10/02/2014	5
		US\$	Fixed rate 1,40%		13/02/2014**	13/06/2014	-	-	31
		US\$	Fixed rate 1,40%		10/02/2014**	10/06/2014	-	-	5
		US\$	Fixed rate 1,40%		14/02/2014**	13/06/2014	-	-	24
		US\$	Fixed rate 1,40%		31/01/2014**	30/05/2014	-	-	33
BLADEX	Opening letters of credit and refinancing and working capital	US\$	Libor (1m) + 0.95% = 1.1185%	100	08/11/20103	27/12/20103	-	27/12/2013	13
		US\$	Libor (1m) + 0.95% = 1.1185%		13/11/2013	27/12/2013	-	27/12/2013	10
		US\$	Fixed rate 1,1185%		27/12/2013**	10/02/2013	-	10/02/2014	23
		US\$	Libor (1m) + 1.00% = 1.1670%		25/11/2013	30/12/2013	-	30/12/2013	38
		US\$	Libor (1m) + 1.00% = 1.1675%		06/12/2013	30/12/2013	-	30/12/2013	32
		US\$	Libor (1m) + 1.00% = 1.1675%		13/12/2013	30/12/2013	-	30/12/2013	7
		US\$	Fixed rate 1,1675%		30/12/20103**	13/02/2014	-	13/02/2014	77
		US\$	Fixed rate 1,41823%		10/02/2014**	10/06/2014	-	-	23
Global Bank	Working capital	US\$	Fixed rate 1,25%	20	13/12/20103	30/12/20103	-	30/12/20103	10
		US\$	Fixed rate 1,75%		30/12/2013**	13/02/2014	-	-	10
Mercantil Commerce Bank	Working capital, openness and credit card financing	US\$	Fixed rate 1,10%	30	08/11/2013	27/12/2013	-	27/12/2013	5
		US\$	Fixed rate 1,14%		27/12/20103**	10/02/2014	10/02/2014	-	5
		US\$	Fixed rate 1,125%		09/12/2013	30/12/2013	-	30/12/2013	20
		US\$	Fixed rate 1,14%		30/12/2013**	13/02/2014	13/02/2014	-	20
		US\$	Fixed rate 1,30%		11/02/2014**	10/06/2014	-	-	5
		US\$	Fixed rate 1,14%		14/02/2014**	13/02/2014	-	-	20
		US\$	Fixed rate 1,30%		31/01/2014	30/05/2014	-	-	5

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Lines of credit as of December 31, 2013

Global Features credit line				Terms of disbursements made					
Financial Institution	Purpose	Currency	Interest Rate	Amount approved line	Disbursement Date	Expiration date	Date cancellation	Renewal Date	Disbursement Amount (in millions of U.S. dollars, as indicated)
Citibank	Working Capital. Opening letters of credit and refinancing	US\$	Libor (1m) + 1.35% = 1.5497%	50	17/04/2013	17/05/2013	17/05/2013	-	12
		US\$	Libor (1m) + 1.33% = 1.5292%		24/04/2013	24/05/2013	24/05/2013	-	3
		US\$	Libor (1m) + 2.10% = 2.26735%		13/12/2013	30/12/2013	-	30/12/2013	14
		US\$	Libor (2m) + 2.10% = 2.3128%		30/12/2013**	13/02/2014	-	-	14
Scotiabank	Opening letters of credit and refinancing, working capital, issuance of performance bonds	Colones	Fixed rate 9.35%	60	14/12/2012	14/03/2013	-	14/03/2013	7,500
		Colones	fixed rate 7.65%		14/03/2013	12/06/2013	12/06/2013	-	7,500
		US\$	Libor (3m) + 1.48% = 1.789%		19/12/2012	19/03/2013	-	19/03/2013	20
		US\$	Libor (3m) + 1.48% = 1.76%		19/03/2013	17/06/2013	17/06/2013	-	20
		US\$	Libor (1m) + 1.29% = 1.48820%		08/05/2013	07/06/2013	07/06/2013	-	3
		US\$	Libor (3m) + 1.25% = 1.5231%		03/07/2013	24/09/2013	24/09/2013	-	11
		US\$	Libor (2m) + 1.13% = 1.35889%		29/07/2013	30/09/2013	30/09/2013	-	15
		US\$	Libor (2m) + 1.05% = 1.2682%		27/09/2013	26/11/2013	-	-	3
		US\$	Libor (1m) + 0.93% = 1.0985%		07/11/2013	16/12/2013	-	-	11
		US\$	Libor (1m) + 0.93% = 1.0985%		08/11/2013	23/12/2013	-	-	20
		US\$	Libor (2m) + 1.13% = 1.2985%		13/12/2013	30/12/2013	-	30/12/2013	5
		US\$	Fixed rate 1.295%		30/12/2013**	13/02/2014	-	-	5
		US\$	Fixed rate 1.295%		30/12/2013**	13/02/2014	-	-	31
BLADEX	Opening letters of credit and refinancing and working capital	US\$	Libor (6m) + 1.55% = 2.0156%	100	14/02/2013	13/08/2013	13/08/2013	-	18
		US\$	Libor (3m) + 1.48% = 1.76660%		28/02/2013	29/05/2013	29/05/2013	-	25
		US\$	Libor (3m) + 1.48% = 1.7601%		18/03/2013	17/06/2013	17/06/2013	-	13
		US\$	Libor (1m) + 1.30% = 1.4992%		24/04/2013	24/05/2013	24/05/2013	-	9
		US\$	Libor (1m) + 1.30% = 1.4982%		30/04/2013	30/05/2013	30/05/2013	-	16
		US\$	Libor (1m) + 1.30% = 1.4982%		08/05/2013	07/06/2013	07/06/2013	-	7
		US\$	Libor (1m) + 1.30% = 1.4992%		10/05/2013	10/06/2013	10/06/2013	-	12
		US\$	Libor (3m) + 1.20% = 1.46760%		18/07/2013	30/09/2013	30/09/2013	-	8
		US\$	Libor (3m) + 0.95% = 1.2164%		12/08/2013	12/11/2013	12/11/2013	-	48
		US\$	Libor (1m) + 0.95% = 1.1185%		08/11/2013	27/12/2013	-	27/12/2013	13
		US\$	Libor (1m) + 0.95% = 1.1185%		13/11/2013	27/12/2013	-	27/12/2013	10
		US\$	Fixed rate 1.1185%		27/12/2013**	10/02/2013	-	-	23
		US\$	Libor (1m) + 1.00% = 1.1670%		25/11/2013	30/12/2013	-	30/12/2013	38
		US\$	Libor (1m) + 1.00% = 1.1675%		06/12/2013	30/12/2013	-	30/12/2013	32
		US\$	Libor (1m) + 1.00% = 1.1675%		13/12/2013	30/12/2013	-	30/12/2013	7
US\$	Fixed rate 1.1675%	30/12/2013**	13/02/2014	-	-	77			
Global Bank	Working capital	US\$	Fixed rate 1.25%	20	13/12/2013	30/12/2013	-	30/12/2013	10
		US\$	Fixed rate 1.75%		30/12/2013**	13/02/2014	-	-	10
Mercantil Commerce Bank	Working capital, openness and credit card financing	US\$	Libor (3m) + 1.50% = 1.8090%	30	19/12/2012	19/03/2013	19/03/2013	-	13
		US\$	Libor (6m) + 1.53 = 1.9959%		14/02/2013	13/08/2013	13/08/2013	-	17
		US\$	Libor (1m) + 1.34% = 1.5397%		17/04/2013	17/05/2013	17/05/2013	-	13
		US\$	Libor (2m) + 1.05% = 1.27789%		06/08/2013	30/09/2013	30/09/2013	-	10
		US\$	Libor (2m) + 1.00% = 1.2180%		27/09/2013	26/11/2013	26/11/2013	-	20
		US\$	Libor (2m) + 1.00% = 1.2145%		18/10/2013	16/12/2013	-	-	5
		US\$	Fixed rate 1.10%		08/11/2013	27/12/2013	-	27/12/2013	5
		US\$	Fixed rate 1.14%		27/12/2013**	10/02/2014	-	-	5
		US\$	Fixed rate 1.125%		09/12/2013	30/12/2013	-	30/12/2013	20
US\$	Fixed rate 1.14%	30/12/2013**	13/02/2014	-	-	20			

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Market Risk

Exposure to Currency Risk

As of March 31, 2014, ICE Group's exposure to foreign currency risk is the following:

Assets	Balances in foreign currency					
	US\$		Yenes		EUROS	
	March 2014	December 2013	March 2014	December 2013	March 2014	December 2013
ICE						
Material in transit for investment	73	96	6	7	76	83
Long Term Investments	2	3	-	-	-	-
Receivables	36	37	30	3	1	1
Banks and temporary investments	177	108	-	-	-	-
Restricted funds	2	2	-	-	-	-
Accounts receivable for services	13	13	-	-	-	-
Accounts receivable no trade	6	2	-	-	-	-
Guarantees received in securities	1	1	-	-	-	-
Material in transit for operation	42	32	-	-	-	-
Valuation of derivative financial instruments	2	-	-	-	-	-
Total foreign currency ICE's assets	354	294	36	10	77	84
CNFL						
Banks and temporary investments	33	33	-	-	-	-
Accounts and notes receivable	3	33	-	-	-	-
Environmental commitments Guarantees	-	-	-	-	-	-
Total foreign currency CNFL's assets	36	36	-	-	-	-
RACSA						
Banks and temporary investments	1	1	-	-	-	-
Accounts Receivable	1	2	-	-	-	-
Total foreign currency RACSA's assets	2	2	-	-	-	-
CABLE VISION						
Banks and temporary investments	529	529	-	-	-	-
Total foreign currency CABLE VISION's assets	529	529	-	-	-	-
Total foreign currency ICE Group's assets	921	1,325	36	10	77	84
Liabilities						
ICE						
Securities payable	1,588	1,734	-	-	-	-
Notes payable long term and short term	1,117	885	6,230	12,824	-	-
Obligations against loans	-	2	-	-	-	-
Deposits received as collateral	1	1	-	-	-	-
Accounts payable	5,366	127	28	5	59	60
Financial accrued expenses	50	47	-	-	-	-
Income received in advance	-	-	-	-	-	-
Deposits by individuals	2	2	-	-	-	-
provisions	1	1	-	-	-	-
Valuation of derivative financial instruments	29	47	-	-	-	-
Total foreign currency ICE' liabilities	8,154	2,846	6,258	12,829	59	60
Excess of assets over liabilities					18	24
Excess of liabilities over assets	7,800	2,552	6,222	12,819		
CNFL						
Notes payable long term and short term	160	143	-	-	-	-
Financial accrued expenses	1	1	-	-	-	-
Total liabilities by currency	161	144	-	-	-	-
Excess of liabilities over assets	125	108	-	-	-	-
RACSA						
Notes payable long term and short term	40	39	-	-	-	-
Deposits received as collateral	1	1	-	-	-	-
Accounts payable	4	2	-	-	-	-
Financial accrued expenses	-	1	-	-	-	-
Total liabilities by currency	45	43	-	-	-	-
Excess of liabilities over assets	43	41	-	-	-	-
CABLE VISION						
Accounts payable	1,835	1,725	-	-	-	-
Total liabilities by currency	1,835	1,725	-	-	-	-
Excess of liabilities over assets	1,306	733	-	-	-	-
Total foreign currency ICE Group's liabilities	10,195	4,758	6,258	12,829	59	60
Excess of liabilities over ICE Group's assets	9,274	3,433	6,222	12,819	(18)	(24)

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Items in U.S. dollars were updated using the sell exchange for the colón with respect to the U.S. dollar established by the Central Bank of Costa Rica for operations with the non-banking public sector, which as of March 31, 2014, was ₡550,25 (₡502,47 as of December 31, 2013).

The main exchange rates used are as follows:

Name of currency	Exchange rate to U.S. \$	
	At 31 march 2014	At 31 december 2013
Swedish krona	6,49	6,44
Pound sterling	1,66	1,66
Swiss franc	0,88	0,89
Euro	1,38	1,37
Colon	550,25	502,47
Japanese yen	103,20	105,31

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Sensitivity Analysis

The table below shows the sensitivity as of March 31, 2014; to an increase or decrease in the foreign exchange rate. ICE Group applies a sensitivity index of 10%, which represents its best estimate of foreign exchange rate variations.

U.S dollars

Sensitivity to an increase in the exchange rate:

Net position in U.S dollars (expresse en colones) al the closing excjange rate	5,103,065,573,987
Net position in U.S dollars	9,274,085,550
Increase of 10% en exchange rate	8,430,986,864
Loss	<u>(463,915,052,181)</u>

Sensitivity to a decrease in the exchange rate:

Net position in U.S dollars (expresse en colones) al the closing excjange rate	5,103,065,573,987
Net position in U.S dollars	9,274,085,550
Increase of 10% en exchange rate	8,430,986,864
Loss	<u>463,915,052,181</u>

Yen

Sensitivity to an increase in the exchange rate:

Net position in U.S dollars (expresse en colones) al the closing excjange rate	33,174,956,395
Net position in U.S dollars	60,290,698
Increase of 10% en exchange rate	54,809,725
Loss	<u>(3,015,905,127)</u>

Sensitivity to a decrease in the exchange rate:

Net position in U.S dollars (expresse en colones) al the closing excjange rate	33,174,956,395
Net position in U.S dollars	60,290,698
Increase of 10% en exchange rate	54,809,725
Loss	<u>3,015,905,127</u>

Euros

Sensitivity to an increase in the exchange rate:

Net position in U.S dollars (expresse en colones) al the closing excjange rate	(13,668,210,000)
Net position in U.S dollars	(24,840,000)
Increase of 10% en exchange rate	(27,324,000)
Loss	<u>(1,336,821,000)</u>

Sensitivity to a decrease in the exchange rate:

Net position in U.S dollars (expresse en colones) al the closing excjange rate	(13,668,210,000)
Net position in U.S dollars	(24,840,000)
Increase of 10% en exchange rate	(27,324,000)
Loss	<u>1,336,821,000</u>

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Exposure to Interest Rate Risk

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

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

	Note
Securities payable	21
Temporary Investments	12
Notes payable	22
Long Term Investments	8
Effects receivable	10

Sensitivity Analysis

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

During the year ended March 31, 2014, it is estimated that an overall increase or decrease of one percentage point in interest rates would have caused the following changes in financial assets and liabilities:

	Results Effects on Income	
	At 31 March 2014	At 31 December 2013
ICE		
Temporary investments (Strengthening of 1 percent) ¢	2,627	(2,627)
Long-term investments (Strengthening of 1 percent)	366	(366)
Long-term notes receivable (Strengthening of 1 percent)	73	(73)
Titles pay long-term value (Strengthening of 1 percent)	20	(20)
Securities Short-term payables (Strengthening of 1 percent)	(10,779)	10,779
Long-term Notes payable (Strengthening of 1 percent)	(4,991)	4,991
Short-term Notes payable (Strengthening of 1 percent)	(1,900)	1,900
Net effect ICE	(14,585)	14,585
CNFL		
Temporary investments (Strengthening of 1 percent)	2	(2)
Securities Short-term payables (Strengthening of 1 percent)	(519)	519
Long-term Notes payable (Strengthening of 1 percent)	(1,239)	1,239
Net effect CNFL	(1,755)	1,755
RACSA		
Temporary investments (Strengthening of 1 percent)	-	-
Long-term Notes payable (Strengthening of 1 percent)	(11)	11
Net Effect RACSA	(11)	11
Cable Vision		
Long-term Notes payable (Strengthening of 1 percent)	(1)	1
Net Effect Cable Vision	(1)	1
Net Effect GROUP ICE	(16,352)	16,352

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 40. ICE Group's Operating Segments

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

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

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

The information for these segments is detailed below:

ICE Energy Segment:

Consolidated Balance Sheet	Up to March 31 2014	Up to December 31 2013
Properties, machinery and equipment	¢ 3,396,170	3,380,157
Investment and long term accounts receivable	27,300	25,095
Circulating assets	381,257	268,668
Other assets	294,998	375,873
Total assets	4,099,725	4,049,794
Long term liabilities	1,710,751	1,582,929
Short term liabilities	476,425	431,281
Other liabilities	140,008	140,393
Total liabilities	2,327,184	2,154,604
Patrimony	1,772,541	1,895,190
Total liabilities and patrimony	¢ 4,099,725	4,049,794

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

ICE Energy Segment:

Consolidated statement of income and expenses	For the period ended on March 31	
	2014	2013
Income of operation	¢ 240,873	252,804
Costs and expenses of operation	260,275	246,113
Surplus (Loss) of Operation	(19,402)	6,691
Other products	192,387	32,758
Other products for exchange fluctuations	18,109	7,690
Financial expenses	17,765	23,662
Other expenses	180,139	4,576
Other expenses for exchange fluctuations	147,375	4,266
Net Surplus (Loss)	¢ (154,183)	14,634

ICE Telecommunications Segment:

Consolidated Balance Sheet	Up to	Up to
	March 31 2014	December 31 2013
Properties, machinery and equipment	¢ 967,468	982,744
Investment and long term accounts receivable	103,610	100,110
Circulating assets	303,310	309,926
Other assets	157,287	153,133
Total assets	1,531,675	1,545,914
Long term liabilities	254,850	239,544
Short term liabilities	121,463	135,061
Other liabilities	114,102	111,788
Total liabilities	490,415	486,393
Patrimony	1,041,260	1,059,520
Total Liabilities and Patrimony	¢ 1,531,675	1,545,914

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

ICE Telecommunications Segment:

Consolidated statement of income and expenses	For the period ended on March 31	
	2014	2013
Income of operation	¢ 137,334	127,240
Costs and expenses of operation	140,055	136,216
Surplus (Loss) of Operation	(2,722)	(8,976)
Other products	4,888	3,288
Other products for exchange fluctuations	2,395	3,870
Financial expenses	3,296	2,860
Other expenses	98	21
Other expenses for exchange fluctuations	20,599	1,510
Net Surplus (Loss)	¢ (19,431)	(6,209)

Eliminations between segments:

Consolidated Balance Sheet	Up to	Up to
	March 31 2014	December 31 2013
Property, machinery and equipment	¢ (11,636)	(15,641)
Investments and long term accounts receivable	(72,769)	(70,368)
Circulating assets	(115,484)	(147,149)
Other assets	(5,051)	(2,042)
Total Assets	(204,940)	(235,200)
Long term liabilities	(73,212)	(74,637)
Short term liabilities	(113,533)	(141,809)
Other liabilities	2	0
Total liabilities	(186,743)	(216,446)
Patrimony	(18,197)	(18,754)
Total liabilities and patrimony	¢ (204,940)	(235,200)

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Eliminations between segments:

Consolidated statement of income and expenses	For the period ended	
	on March 31	
	2014	2013
Income of operation	¢ (58,155)	(61,519)
Costs and expenditures of operation	(58,380)	(62,009)
Surplus (Loss) of Operation	225	490
Other products	(1,378)	(24,944)
Financial expenses	(698)	(109)
Other expenses	(324)	(273)
Other expenses for exchange fluctuations	0	(66)
Surplus before income tax	1,854	127
Minority interest (1.4%)	106	13
Net Surplus (Loss)	¢ 1,960	140

The nature of the main elimination entries generated in the consolidated balance sheet is as follows:

- ICE's long-term investment corresponding to subsidiaries in the amount of ¢13.739.
- Accounts receivable for services rendered to RACSA and accounts due to ICE for telephone and infocommunication services in the amount of ¢157.
- Elimination of account payable to RACSA for lease of areas in ICE's buildings throughout the entire country, for ¢171.
- Interest due from RACSA and accounts due to ICE related to interest on the financing for the V-SAT platform in the amount of ¢167.
- Long-term loans and mortgages payable (RACSA) and long-term notes receivable to eliminate the financing agreement for the V-SAT platform subscribed between ICE and RACSA in the amount of ¢110.
- Elimination of notes receivable for the (CONAVI-BNCR) financing agreement for ¢2.299 long term and current portion of ¢894.
- Long-term loans and mortgages payable (RACSA) and long-term notes receivable to eliminate the liability restructuring agreement in the amount of ¢16.038.
- Elimination of accounts payable to and receivable from ICE-RACSA for mutual services, including invoices of Balsa Inferior for ¢11.723.
- Elimination of notes receivable ICE-CNFL for a financing agreement secured by ICE in the amount of ¢652.
- Elimination of account payable and receivable ICE-CNFL for electricity services, leasing of lamp posts and ducts, and other services in the amount of ¢832.
- Elimination of accounts payable and receivable ICE-RACSA for mutual services in the amount of ¢233.

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- Elimination of Account payable and receivable ICE-RACSA for lease of office space to ICE for ¢31.
- Elimination of power sales to CNFL in the amount of ¢21.362.
- Elimination of agreement with CNFL for the purchase of electricity in November 2013 with a 2-year term for ¢10.360, long term and current portion ¢3.786.
- Elimination of RACSA's security deposits for ¢8.
- Elimination of Notes receivable and payable ICE-CNFL and finance expenses payable and interest receivable ICE-CNFL related to the Moín III loan in the amounts of ¢469 and ¢3.
- Elimination of Profit from ICE's invoices for the Balsa Inferior Project: investment of ¢1.625 and other liabilities for ¢1.582.
- Elimination of ICE's purchase of bonds placed in the market by CNFL in the amount of ¢400.
- Elimination of Donation of Back Haul use (RACSA) for ¢3.063.
- Elimination of Maya cable link in the amount of ¢3.259.

The nature of the main elimination entries generated in the consolidated statement of profit or loss are as follows:

- Leasing of lamp posts for telephone wiring and ducts in the amount of ¢221.
- Income and expenses for billings of power to CNFL by ICE in the amount of ¢54.471.
- Income and expenses for billings of telephone services to CNFL in the amount of ¢48.
- Income and expenses for power meter services CNFL-ICE in the amount of ¢1.575.
- Mutual services (RACSA) in the amount of ¢2.
- Finance interest for V-SAT agreement in the amount of ¢321.
- Income and expenses for telephone services, leases, operation, and maintenance of backhaul, and VSAT warehousing in the amount of ¢188.
- Administrative income and expenses for rental of buildings, electricity, and cleaning- ICE-RACSA for ¢35.
- Operating income and expenses for commercial billings RACSA-ICE in the amount of ¢40.
- Amortization of Back Haul use for 0219 corresponding to depreciation and profit in the amount of ¢729.
- Foreign exchange differences on booking capital contribution in the amount of ¢66.

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 41. Contingent Assets and Liabilities

Active judicial processes involving ICE Group as of March 31, 2014, are as follows:

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31,	As of December 31,
				2014	2013
				Provision for Lawsuits	
Contingent Assets - Lawsuits filed by ICE:					
Arbitration	Telecommunications	Claim of damages for noncompliance with Public Tender No. 6378. Verizon filed a plea claiming lack of competence that was taken to the First Chamber.	9,717	-	-
Ordinary Contentious	Telecommunications	Annulment of administrative action issued by ARESEP ordering ICE to refund the amounts charged to Radio Mensajes S.A. for its platform to provide content services. Court proceeding filed by ICE to annul the administrative action issued by ARESEP, ordering ICE to refund to Radio Mensajes S.A. the amount of ₡ 305 and to pay the Government a fine of ₡1,831. The Executive Branch has not yet processed the collection of said fine. A preliminary hearing was scheduled for March 2013, in which ICE expanded the complaint and amended the claims, which were accepted by the Court; the expansion was transferred and the continuity of the preliminary hearing is pending for August 2013., which took place and a summons for a hearing is pending.	1,800	-	-
Legal Collection	Electricity	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for electricity services. ICE has 3724 proceedings as of December 31, 2013. ICE's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	3,039	-	-
Expropriations	Electricity y Telecommunications	As of December 31, 2013, there are 588 court proceedings for forced expropriation, in order to take possession and gain legal title to the property required for the different projects being developed. Those proceedings are related to appraisals made by ICE appraisers that were not formalized through the administrative venue, either due to legal issues or rejection of the appraisal.	8,046	-	-
Legal Collection	Telecommunications	The Legal Collections Area handles executive proceedings in order to recover unpaid amounts for telephone services. ICE has 12,734 proceedings as of December 31, 2013. ICE's Legal Department estimates that 95% of the rulings will be favorable and the remaining 5% will be unfavorable, given various matters related to unpaid amounts, statute of limitations, and lack of documentation.	1,658	-	-
Ordinary Contentious	Electricity	Claim of damages. ICE claims payment of outstanding fines and Odebrecht claims breach of contract. Partially granted. Currently in execution of ruling pending resolution of the merits. Declaration of incompetence so the execution is going to be heard by the Contentious Procedural Court. Both parties filed liquidation in process of execution of ruling. CLAIM ODEBRECHT: ₡1.942 CLAIM ICE: ₡974.	974	-	-
Total contingent assets - ICE			₡ 25,234	-	-

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31,	As of December 31,	
				2014	2013	
				Provision for Lawsuits		
Contingent liabilities - lawsuits filed against ICE:			Brought forward	25,234	-	-
Ordinary	Electricity	Claim for the nullity of several administrative acts and the recognition of US\$ 3,8 for economic unbalance in the BOT agreement - public tender 6670-e. Public proceeding on August 26 and 27, 2013. Hearing in favor of ICE. An appeal was filed, pending the decision of the Chamber to accept it.	1,905	-	-	
Ordinary	Electricity	It is accumulating with two other proceedings. There was a preliminary hearing, pending the trial because there is a lack of expert evidence and balance the other two proceedings. (files No. 12-003480-1027-CA and 10-003975-1027-CA), estimated amount in dollars US\$ 1.3.	653	-	-	
Ordinary	Electricity	A request to pay machinery rental fees which according to the plaintiff were not recognized in the execution of the agreement. A request to pay a price readjustment. Awaiting the compliance of the plaintiff with an order issued by the judge.	1,416	-	-	
Ordinary Contentious	Telecommunications	A security officer who worked for a hired company suffers an occupational accident at the premises of ICE. The security officer seeks compensation for damages. The claim was answered. Awaiting the date of the preliminary hearing.	1,290	-	-	
Ordinary Contentious	Electricity	Request for the recognition of US\$7,9 for extra costs for the interruption of the construction of the tunnel of La Joya HP which affected the economic balance of the agreement. An expert was appointed as requested by the plaintiff to validate the calculations regarding the economic unbalance of the agreement.	3,972	-	-	
Ad Hoc Arbitration	Electricity	Alternative claim of the plaintiff was accepted, pending the execution of the ruling. Main: Civil liability for alleged purchase-sale agreement. Amount updated to the present value and interest. Subsidiary: civil liability for the provision of provisional works and concrete forms, plus the updating of the amount to the present value and interest and costs.	500	500	500	
Ordinary Contentious	Electricity	Claim for damages. In this case, a claim was filed by ICE payment of outstanding fines and Odebrecht claims breach of contract. In this case, a claim was filed by ICE for payment of outstanding fines and by ODEBRECHT for breach of contract. The Chamber ratified the ruling in second instance in favor of ICE. Both parties filed liquidation in process of execution of ruling. CLAIM ODEBRECHT: ₡1.942 CLAIMICE: ₡974.	1,942	1,942	1,942	
Ordinary	Electricity	In this proceeding for the claim of damages for differentiated rates, there have been three preliminary hearings, the last one was held at 9:00 hours on 02/24/2011, and was suspended while were assessing the disputed facts and were about to assess the documentary evidence provided by the parties. The preliminary hearing will continue on 03/28/2012. Through resolution at 10:00 hours on 10/15/2013, the Court requested the Association of Economic Sciences Professional for the appointment of the expert.	1,326	1,326	1,326	
Total contingent liabilities - ICE			₡ 38,238	3,768	3,768	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31,	As of December 31,	
				2014	2013	
				Provision for Lawsuits		
			Brought forward	38,238	3,768	3,768
Ordinary Contentious	Electricity	Favorable ruling for the plaintiff during the trial stage, it is final. Seeking recognition of price readjustment for the economic balance of the agreement and interest payment.	706	774	706	
Ordinary	Electricity	The claim for this proceeding is for the recognition of damages by ICE, for the execution of the energy purchase-sale agreement and rulings during the trial and appeal stages in favor of the plaintiff. Appeal ruling against ICE, awaiting the drafting of the complete vote.	500	-	-	
Ordinary	Electricity	Annulment of administrative actions and payment of demonstrable damages in execution of a judgment for removing an excavator in the Miravalles Project. The appeal for nullification with a higher court filed by the plaintiff was dismissed in May 2011. The execution of judgment by the plaintiff is pending.	500	-	-	
Ordinary	Telecommunications	The plaintiff requests compensation from ICE due to the termination of an agreement in the administrative venue. The reference agreement is 6852-T. A trial is to be scheduled.	12,551	-	-	
Ordinary Contentious	Telecommunications	The plaintiff requests compensation from an ICE's contractor for alleged losses as a result of breach of contract by ICE and the contractor.	32,293	-	-	
Ordinary Contentious	Telecommunications	The claim was answered, and the hearing on the accumulation of proceedings was answered, the formalities were rejected by the Court through resolution 675-2012 at 9:20 hours on March 21, 2012. A request to interrupt the fiber optic works in Parrita Saavegre the works of EPR and not to energize it.	4,095	-	-	
Ordinary	Telecommunications	Through ruling No.547-2009 at 10:20 hours on 03/03/2009, the claim was accepted and ICE was ordered to pay damages, and through ruling No. 547-20 bis, the sentence was increased to include moral damage payment. Through motion of 06/03/2009, an Appeal was filed, reserving the written bases of appeal for a timely proceeding opportunity. The appeal ruling No. 14-2010-IX at 11:30 hours on 02/26/2010 ratified the trial-stage ruling, ordering ICE to pay damages and costs. Waiting for the plaintiff to submit the damage payment. On October 7, 2011, it submits the execution of the ruling and it estimates the amount. Motion of 11/21/2011 rejects the payment of costs by ICE. Order issued at 08:08 on 12/06/2012 establishes the expert fees in ₡0,8, which must be deposited by the plaintiff. Order issued at 10:08 on 02/13/2012, the expert is appointed. Order issued at 09:29 requires the expert to provide the original expert report within 3 days. Motion issued on November 01, 2012, rejected the entire expert appraisal issued by Víctor Vargas. Resolution issued at 14:00 on 01/28/2013, grants an 8 day term so that ICE submits its conclusions. Motion issued on 02/19/2013 presents the conclusions.	565	565	564	
Total contingent liabilities - ICE			€ 89,448	5,106	5,038	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31,	As of December	
				2014	31,2013	
				Provision for Lawsuits		
			Brought forward	89,448	5,106	5,038
Administrative Sanctioning	Electricity - Telecommunications	On September 17, 2009, ICE was issued assessment notices related to the general sales tax for December 2007, which as of today's date is being disputed. The balance of the provision as of December 31, 2010, corresponding to interest and fines is for ¢ 404, interest and fines for ¢ 221, plus the estimated amount of the lawsuit determined by ICE's Legal Department is ¢ 883, so a appeal was filed against the ruling by the Tax Administration, a record of interest for the year 2011 for ¢ 128, a record of interest for period as of June 2012 for ¢ 54 , a record of interest as of December 2012, for ¢ 76 . A record of accounting opinion #v 349 for the adjustment of interest and fees for the year of 2007 for ¢ (66).	1,701	-	-	
Administrative Proceeding	Telecommunications	Through official notice N°256-197-2013 dated 12/3//2013, an Appeal was filed with the Tax Administrative Court. On 12/11/2013, a notice of resolution N° APE-DGCN-095-2013 was received, accepting the appeal filed by the National Large Taxpayer Administration. A request is made to waive the collection of Fonatel Tax corresponding to 2008 and 2009.	7,984	-	-	
Administrative Proceeding	Telecommunications	Commencement of the administrative proceedings of the assessment notice for the adjustment of the reserve tax on the radio-frequency spectrum for the 2012 budget period. ICE challenges the administrative actions through Official Letter No. 094-197-2012 dated October 31, 2012, requesting to nullify assessment notice No. SRCST-TC-108-2012 and suspend the current administrative proceedings until a ruling is issued by the Board of Directors of ARESEP with respect to the concomitant appeal and annulment filed by ICE against agreement No. 002-018-2012.	1,099	-	-	
Arbitration	Electricity	The company has indicated that it will request an arbitration process for several items amounting to about US\$ 1,5, it has not been notified yet.	754	-	-	
Contentious - Administrative and Civil of Ta	Electricity	Recognition of compensation at a present value because a high voltage line passes across the property of the plaintiff. On appeal since April 18, 2013. There is an expert appraisal for an amount of about US\$ 1.0.	502	-	-	
Sutel	Customer Management	ICE implemented unfair competition and price practices, it was heard during oral private hearing and the defense motion and conclusions were submitted .	2,500	-	-	
Sutel	Telecommunications	The Telecommunications Superintendence through ruling RCS-286-2013 requires filing a Sanctioning Administrative Proceeding to impose a sanction to ICE for breach of provisions of the General Telecommunications Law and the National Frequency Allocation Plan, and for breach of instructions issued by SUTEL to exercise its duties. The purpose of ICE's defense in this proceeding is to exempt ICE from the fines applied by SUTEL.	500	-	-	
Sutel	Telecommunications	SUTEL files a proceeding to verify the compliance with quality parameters in accordance with the Service Quality and Provision Regulations. In the event of verifying the noncompliance with quality parameters, ICE will be required the rates in proportion to the noncompliance. In this case, appearing in person at ICE will avoid an economic penalization by SUTEL.	140,000	-	-	
Total contingent liabilities -ICE			¢ 244,488	5,106	5,038	

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March 31, 2014 Provision for Lawsuits	As of December 31, 2013
Contingent liabilities - Lawsuits filed by CNFL:					
Ordinary	Electricity	Compañía Nacional de Fuerza y Luz S.A deposited funds as payment of indemnity for flooding of a property near Lake Cote in connection with a hydroelectric power project. The plaintiff (Rufea, S.A.) is disputing the amount deposited.	200	72	72
Ordinary	Electricity	The plaintiff (Vega Fonseca Wendy) files a lawsuit against CNFL and CONAVI alleging that the lighting of the Florencio del Castillo Highway did not meet the respective regulations; consequently, her husband died in a car accident.	445		
Ordinary	Electricity	Refusal by CNFL to recognize a claim in relation to execution of the contract for the construction, design, and start-up of operations of a hydroelectric power plant. (Consorcio Hydrocote S.A.).	1,528	15	15
Ordinary	Electricity	Counterclaim filed against CNFL for the requested collection from a third party of fines rested to the underground electrification project in San Jose and for the delays in the review and approval of engineering plans. No judgment has been issued and no costs assessed.	4,801		
Ordinary	Electricity	Counterclaim filed against CNFL for the requested collection from a third party of 15 claims filed during the underground electrification project in San Jose. No judgment has been issued and no costs assessed.	5,090		
Ordinary	Electricity	The plaintiff (Ghella Spa Costa Rica) is requesting an extension to the execution term, nullity of certain actions taken by CNFL, reversal of withholdings for fines, and reimbursement of those amounts plus statutory interest. No judgment has been issued and no costs assessed.	359		
Ordinary	Electricity	The purpose of this lawsuit is to nullify the limits established in Addendum No. 01 to the contract for the design, construction, fitting, and start-up of a hydroelectric power project and the annexes thereto for recognition of price adjustments. Accordingly, CNFL must pay the plaintiff (Ghella Spa Costa Rica) based on those price adjustments.	18,332		
Ordinary	Electricity	The plaintiff (Grupo Corporativo Saret) filed for precautionary measures against CNFL as a result of execution of the performance bond and collection of fines. A formal complaint was also filed to collect indemnity for consequential damages, lost profits, and lost opportunity.	13,878		
Ordinary	Electricity	Lawsuit filed on the grounds of civil tort liability for damages. (Ortiz Mondragón César)	275	199	199
Ordinary	Electricity	Lawsuit filed by Banco de San José for a change in voltage that damaged computer equipment and lighting. Provisiion for ruling 2608-2012. (Banco de San José)	-	10	10
Total contingent liabilities - CNFL			€ 44,908	296	296

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

Proceeding	Sector	Nature and Current Status	Estimated Amount of Lawsuit	As of March	As of December
				31, 2014	31, 2013
				Provision for Lawsuits	
Contingent liabilities - Lawsuits filed against RACSA:					
Ordinary contentious	Telecommunications	Ordinary contentious administrative proceeding 13-0002186-0163-CA Employees against RACSA and CGR (Savings Fund)	Inestimable	-	-
Ordinary contentious	Telecommunications	Ordinary contentious administrative proceeding 13-0009000-1028-CA-6 against RACSA (Execution of constitutional ruling)	2,283	-	-
Ordinarios Contenciosos y laborales	Telecommunications	Several minor ordinary, administrative, and labor proceedings, which are in different stages.	30	-	-
Ministerio de Hacienda	Telecommunications	The General Tax Administration (DGTD), seeks the collection of sales tax in connection with Internet services provided in 2008. Precautionary measures and a claim were filed.	12,640	-	-
FONATEL	Telecommunications	Administrative claim. Appeal dismissed by the Administrative Tax Court.	1,463	-	-
Total contingent liabilities RACSA			¢ 16,416	-	-
Total contingent liabilities ICE Group			¢ 305,812	5,402	5,334

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

Note 42. Laws

General Telecommunications Law

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

The objectives defined by this Law are:

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

Other important matters contained in this Law are the following:

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

(In millions of colones)

- Access to and interconnection with public telecom networks is guaranteed in order to ensure efficiency, true competition, optimization in the use of limited resources, and greater benefits for users. Interconnection prices shall be aligned with costs, as prescribed in paragraph 13) of article 6 of this law, and are to be freely negotiated among operators using the procedures established by SUTEL.
- A tax corresponding to SUTEL is established for the Telecommunication Services, which is a single annual regulatory charge determined in conformity with article 59 of Law No. 7593 dated August 9, 1996. This tax will provide the resources necessary for effective management.
- A reserve tax is imposed on the radio-frequency spectrum. That tax is to be paid annually by network operators and telecom service providers with the purpose of planning, managing, and monitoring the use of the radio-frequency spectrum rather than for complying with the objectives of the tax policy. It is collected to finance SUTEL's activities pursuant to articles 7 and 8 of this law.
- Taxpayers will be the network operators or telecommunication service providers to whom frequency bands within the radio electric spectrum has been assigned, regardless of the use of the band or lack thereof. The amount to be paid for this tax is estimated directly by SUTEL, considering a number of engineering and economic parameters established in the law. This tax is defined by the taxpayer in a tax return issued for periods of one calendar year. The term for filing the tax return and paying the corresponding tax is two months and fifteen days after yearend.
- On October 4, 2012, the Large Taxpayer Division of the Finance Ministry notified ICE on the start of administrative proceedings related to a notice of deficiency for an adjustment to the reserve tax on the radio-frequency spectrum for the 2012 budget period. ICE objected the administrative act through Official Letter No. 094-197-2012 dated October 31, 2012. As of the date of this report, ICE has not received or been notified of a decision or response issued by the Large Taxpayer Division (see note 41).

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Number portability

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

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

Law for Strengthening and Modernizing Public Entities in the Telecommunications Sector

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

The main objectives of this Law are the following:

- Strengthen, modernize and provide the *Instituto Costarricense de Electricidad (ICE)*, its companies and affiliated entities with the legislation that will allow adapting to all the changes in the legal framework regarding generation and rendering of services in the energy sector, as well as telecommunications, info-communication, information products and services, and other converging services.
- Supplement Law Decree Number 449 of April 8, 1949, Regulation for the Creation of *Instituto Costarricense de Electricidad*, and its amendments, to provide ICE with the legal, financial, and administrative conditions necessary to continue providing and marketing products and services within the energy and telecommunication sectors within the national territory and abroad.

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

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

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

Water Law and National Electric Service Law

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

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

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

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

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

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

(Continúa)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Electricity Agreement

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

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

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

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