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As of December 31, 2014 and 2013, the shareholding participation is as follows:

Shareholder	Participation percentage %
GCZ Energia S.A.C.	15.00
Manuel Montori Alfaro	19.30
Latin America Power Perú S.A.C.	30.54
HSC Holding S.A.C.	35.16
	<u>100.00</u>

(b) Legal reserve—

Pursuant to the General Act of Corporations, it is required that a minimum of 10 percent of the distributable income of each period be transferred to a legal reserve up until it equals 20 percent of the capital stock. The legal reserve can offset losses or be capitalized, existing in both cases the mandate of replenish it. The Company records the appropriation of the legal reserve when it is approved by the General Shareholders' Meeting.

(c) Other reserves—

The Shareholders made statutory reserves and capital premiums as part of the development process of the construction project of the Santa Cruz I and II Hydroelectric Plants and Huasahuasi I and II Hydroelectric Plants.

(d) Retained earnings

During 2014, the Annual Shareholders' Meetings agreed the distribution of dividends for the year 2013, which were approved in the following meetings:

Agreement date for the Annual Shareholders' Meetings	Agreed amount	Total amount S/.
January 6, 2014	S/ 983,000	983,000
April 24, 2014	US\$ 400,000	1,122,000
July 9, 2014	US\$ 400,000	1,114,000
October 3, 2014	US\$ 400,000	<u>1,157,000</u>
		4,376,000

These dividends were entirely paid by the Company in January, April, July and October, 2014.

The Annual Shareholders' Meetings held on June 21, 2013 and September 13, 2013, agreed on the distribution of dividends of the year 2012 for S/ 1, 113,000 and S/ 1, 110,000, respectively. These dividends were entirely paid by the Company in July and September 2013.

15. Tax situation

- (a) The Company is subject to the Peruvian tax legislation. As of December 31, 2014 and 2013, the statutory income Tax rate was 30 percent on the taxable income, after deducting the workers' profit sharing which is calculated with a 5 percent rate on the taxable income.

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