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In accordance with Honduran legislation, all corporations must record a legal reserve equal to 5% of the net income of the year, until it reaches 20% of the common share capital. In 2013 the company increased the legal reserve to 5% of the common share capital. The reserve amount of US\$431,181 established in 2014 (2013: US\$248,692) was based on 5% of the net income earned in Lempiras, the Honduran official currency.

**Equity transactions**

During the year ended December 31, 2013 the Company issued share capital with a stated amount of US\$9,488,608 in exchange for US\$8,269,966. The difference of US\$1,218,642 was recorded as a reduction of contributed capital.

During the years ended December 31, 2014 and 2013, capital contributions were made by Company shareholders in the amount of US\$6,392,546 and US\$11,242,824, respectively. Furthermore, during the years ended December 31, 2014 and 2013, capital withdrawals were taken by Company shareholders in the amount of US\$3,926,637 and US\$27,926,846, respectively.

**Dividends**

Dividends for a total of US\$7,869,567 were declared by the Company's shareholders in 2014, equivalent US\$1.08 per share (2013: US\$5,881,217, equivalent to US\$0.81 per share).

Distributions to Company shareholders, including dividends or any reduction of capital, are considered "restricted payments" as per the loan agreements with Ex-Im and CABEL. Therefore, the Company must comply with certain requirements before such distributions can be made.

**Hedging reserve (other equity components)**

This reserve includes the portion of gains or losses of the hedge instruments that the Company has determined to be effective cash flow hedges.

**16. Cost of operations**

	2014	2013
Repair and maintenance of equipment	\$ 2,299,587	\$ 1,245,878
Professional services	1,020,897	1,267,327
Insurance	948,617	730,939
Donations	809,113	473,623
Employee salaries and benefits	476,278	520,229
Leasing of land and equipment (Note 19.5)	337,687	326,196
Travel	204,607	211,795
Environmental costs	172,858	67,944
Public utilities	97,777	97,119
Operating permits	87,435	703,468
Certified emission reductions costs	20,253	87,824
Materials and supplies	18,611	55,743
Others	351,893	235,367
	<b>\$ 6,845,413</b>	<b>\$ 6,023,452</b>

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